It is now apparent, especially in the aftermath of the regional financial crisis of 1997, that globalization has been impacting upon the Southeast Asian economies and societies in new and harrowing ways, a theme of many recent studies. Inadvertently, these studies of globalization have also highlighted that the 1980s and 1990s debate on democratization in the region – which focused on the emergence of the middle classes, the roles of new social movements, NGOs and the changing relations between state and civil society – might have been overly one-dimensional.

This volume revisits the theme of democratization via the lenses of globalization, understood economically, politically and culturally. Although globalization increasingly frames the processes of democracy and development, nonetheless, the governments and peoples of Southeast Asia have been able to determine the pace and character – even the direction of these processes – to a considerable extent. This collection of essays (by some distinguished senior scholars and other equally perceptive younger ones) focuses on this globalization–democratization nexus and shows, empirically and analytically, how governance is being restructured and democracy sometimes deepened in this new global era. A historical review introduces the volume while an analytical assessment of the ten case-studies concludes it.
SOUTHEAST ASIAN RESPONSES TO GLOBALIZATION
The Nordic Institute of Asian Studies (NIAS) is a research and service institute located in Copenhagen where it collaborates closely with Copenhagen University and the Copenhagen Business School as well as with Lund University in Sweden and the wider Nordic Asian Studies community. Funded in part by the governments of Denmark, Finland, Iceland, Norway and Sweden via the Nordic Council of Ministers and in part directly by the Nordic scholarly community, NIAS works to encourage and support Asian Studies in the Nordic countries as well as actively participating in the international scholarly community in its own right. In so doing, NIAS has published books since 1969 and in 2002 launched NIAS Press as an independent, not-for-profit publisher aiming at a premium reputation among authors and readers for relevant and focused, quality publishing in the field of Asian Studies.

The Institute of Southeast Asian Studies (ISEAS) was established as an autonomous organization in 1968. It is a regional centre dedicated to the study of socio-political, security and economic trends and developments in Southeast Asia and its wider geostrategic and economic environment. The Institute’s research programmes are Regional Economic Studies (RES, including ASEAN and APEC), Regional Strategic and Political Studies (RSPS), and Regional Social and Cultural Studies (RSCS).

ISEAS Publications, an established academic press, has issued more than 1,000 books and journals. It is the largest scholarly publisher of research about Southeast Asia from within the region. ISEAS Publications works with many other academic and trade publishers and distributors to disseminate important research and analyses from and about Southeast Asia to the rest of the world.
Southeast Asian Responses to Globalization
Restructuring Governance and Deepening Democracy

EDITED BY
Francis Loh Kok Wah and Joakim Öjendal
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For the purposes of this comparative book project, it became necessary to include colleagues, not members of the above institutions who were researching other Southeast Asian countries, not covered by the original team of researchers. Thanks to Andrew Aeria, Chua Beng Huat, Bent Jørgensen, Michael Connors, Carolina López and Eva-Lotta Hedman who responded to our invitation, we have been able to extend the scope of coverage of the book. Indeed, thanks to them and the other contributors, who responded to our requests for rewriting and updating promptly and with good cheer, we are able to present a publication not only wide in its coverage, but containing excellent in-depth analysis as well. Suffice to say it was a pleasure working with colleagues like them.
Southeast Asian Responses to Globalization

We very much appreciate the assistance of Leena Höskuldsson, Gerald Jackson and Janice Leon of NIAS Press, and Teh Gaik Lan and Leong Ho Ming of School of Social Sciences USM in the preparation of this volume for publication.

We record our love and thanks to our families who have been most patient with us.

Francis Loh and Joakim Öjendal

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List of Contributors


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## Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
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<td>Abim</td>
<td>Angkatan Belia Islam Malaysia (Malaysian Islamic Youth Movement)</td>
</tr>
<tr>
<td>ABRI</td>
<td>Indonesian Armed Forces</td>
</tr>
<tr>
<td>Adil</td>
<td>Movement for Social Justice</td>
</tr>
<tr>
<td>Aliran</td>
<td>Aliran Kesedaran Negara</td>
</tr>
<tr>
<td>AMP</td>
<td>Association of Muslim Professionals</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
</tr>
<tr>
<td>ASPC</td>
<td>Anglo-Saxon Petroleum Company</td>
</tr>
<tr>
<td>AWARE</td>
<td>Association for Women in Research and Action</td>
</tr>
<tr>
<td>BA</td>
<td>Barisan Alternatif (Alternative Front)</td>
</tr>
<tr>
<td>BCIC</td>
<td>Bumiputera Commercial and Industrial Community</td>
</tr>
<tr>
<td>BCL</td>
<td>Borneo Company Limited</td>
</tr>
<tr>
<td>BN</td>
<td>Barisan Nasional (National Front)</td>
</tr>
<tr>
<td>BNM</td>
<td>Bank Negara Malaysia</td>
</tr>
<tr>
<td>CARERE</td>
<td>Cambodian Rehabilitation and Regeneration</td>
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<td>CDRC</td>
<td>Corporate Debt Restructuring Committee</td>
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<td>CDRI</td>
<td>Cambodian Development Resource Institute</td>
</tr>
<tr>
<td>CGI</td>
<td>Consultative Group on Indonesia</td>
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<td>CIA</td>
<td>Central Intelligence Agency</td>
</tr>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
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<td>CIDES</td>
<td>Center for Information and Development Studies</td>
</tr>
<tr>
<td>CMEA</td>
<td>Council for Mutual Economic Assistance</td>
</tr>
<tr>
<td>CMS</td>
<td>Cement Manufacturers Sarawak</td>
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<td>CNEA</td>
<td>Citizen’s National Electoral Assembly</td>
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**Abbreviations**

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<th>Abbreviation</th>
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<tr>
<td>COMECON</td>
<td>Council for Mutual Economic Assistance</td>
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<td>CPP</td>
<td>Cambodian People’s Party</td>
</tr>
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<td>CPP</td>
<td>Communist Party of the Philippines</td>
</tr>
<tr>
<td>CPV</td>
<td>Communist Party of Vietnam</td>
</tr>
<tr>
<td>CVDB</td>
<td>Commune and Village Development Budget</td>
</tr>
<tr>
<td>DAP</td>
<td>Democratic Action Party</td>
</tr>
<tr>
<td>DoLA</td>
<td>Department of Local Affairs</td>
</tr>
<tr>
<td>DPR</td>
<td>Dewan Perwakilan Rakyat (People’s Representative Council)</td>
</tr>
<tr>
<td>EDSA</td>
<td>Epifanio de los Santos Avenue</td>
</tr>
<tr>
<td>EOI</td>
<td>Export Oriented Industrialization</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FM2S</td>
<td>Forum Masyarakat Majalaya Sejahtera</td>
</tr>
<tr>
<td>FOCAS</td>
<td>Focus on Contemporary Art and Society</td>
</tr>
<tr>
<td>FUNCINPEC</td>
<td>United National Front for an Independent, Neutral, Peaceful and Cooperative Cambodia</td>
</tr>
<tr>
<td>Gagasan</td>
<td>Coalition for People’s Democracy</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>Gerak</td>
<td>Malaysian People’s Movement for Justice</td>
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<tr>
<td>GNP</td>
<td>Gross National Product</td>
</tr>
<tr>
<td>GSP</td>
<td>General System of Preferences</td>
</tr>
<tr>
<td>Hakam</td>
<td>National Human Rights Society</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>ICMI</td>
<td>Ikatan Cendekiawan Muslim se-Indonesia (Association of Muslim Intellectuals)</td>
</tr>
<tr>
<td>ICORC</td>
<td>International Committee on the Reconstruction of Cambodia</td>
</tr>
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<td>IGGI</td>
<td>Inter-Governmental Group on Indonesia</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Insan</td>
<td>Institute of Social Analysis</td>
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<td>IPGI</td>
<td>Indonesian Partnership for Local Governance Initiatives</td>
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<td>ISA</td>
<td>Internal Security Act</td>
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<tr>
<td>Acronym</td>
<td>Definition</td>
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<tr>
<td>ISI</td>
<td>Import Substitution Industrialization</td>
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<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>ITB</td>
<td>Bandung Institute of Technology</td>
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<tr>
<td>JIM</td>
<td>Jemaah Islah Malaysia (Islamic Reform Congregation of Malaysia)</td>
</tr>
<tr>
<td>JUSMAG</td>
<td>Joint United States Military Assistance Group</td>
</tr>
<tr>
<td>Just</td>
<td>International Movement for a Just World</td>
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<td>JVC</td>
<td>Joint-Venture Company</td>
</tr>
<tr>
<td>KLSE</td>
<td>Kuala Lumpur Stock Exchange</td>
</tr>
<tr>
<td>KKN</td>
<td>Korupsi, Kolusi, Nepotisme (Corruption, Collusion, Nepotism)</td>
</tr>
<tr>
<td>LBH</td>
<td>Lembaga Bantuan Hukum</td>
</tr>
<tr>
<td>LDAP</td>
<td>Local Development Assistance Program</td>
</tr>
<tr>
<td>LDC</td>
<td>Lesser Developed Countries</td>
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<tr>
<td>LDI</td>
<td>Local Development Institute</td>
</tr>
<tr>
<td>MARD</td>
<td>Ministry of Agricultural and Rural Development</td>
</tr>
<tr>
<td>MBC</td>
<td>Makati Business Club</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>MoI</td>
<td>Minister of Interior</td>
</tr>
<tr>
<td>MP</td>
<td>Member of Parliament</td>
</tr>
<tr>
<td>MPR</td>
<td>Majelis Permusyawaratan Rakyat (People’s Consultative Assembly)</td>
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<td>MRDP</td>
<td>Mountain Rural Development Program</td>
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<td>MUIS</td>
<td>Islamic Religious Council of Singapore</td>
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<td>NAC</td>
<td>National Arts Council</td>
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<td>NAMFREL</td>
<td>National Citizens Movement for Free Elections</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NCR</td>
<td>Native Customary Rights</td>
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<td>NCSC</td>
<td>National Council to Support Communes</td>
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<td>NDP</td>
<td>National Development Plan</td>
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<td>NED</td>
<td>National Endowment for Democracy</td>
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<td>NEP</td>
<td>New Economic Policy</td>
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<td>NESDB</td>
<td>National Economic and Social Development Board</td>
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<td>NGO</td>
<td>Non-governmental Organization</td>
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### Abbreviations

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<th>Abbreviation</th>
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<td>NIC</td>
<td>Newly Industrialized Countries</td>
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<tr>
<td>NIDL</td>
<td>New International Division of Labor</td>
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<td>NIEO</td>
<td>New International Economic Order</td>
</tr>
<tr>
<td>NIIO</td>
<td>New International Information Order</td>
</tr>
<tr>
<td>NMP</td>
<td>Nominated Member of Parliament</td>
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<tr>
<td>NPA</td>
<td>New People's Army</td>
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<td>NPL</td>
<td>Non-Performing Loans</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OIC</td>
<td>Organization of Islamic Conference</td>
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<td>OQC</td>
<td>Operation Quick Count</td>
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<td>PANA</td>
<td>Philippine National Association of Advertisers</td>
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<tr>
<td>PAP</td>
<td>People’s Action Party</td>
</tr>
<tr>
<td>PAS</td>
<td>Parti Islam SeMalaysia (Islamic Party of Malaysia)</td>
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<tr>
<td>PBDS</td>
<td>Parti Bansa Dayak Sarawak</td>
</tr>
<tr>
<td>PBSP</td>
<td>Philippine Business for Social Progress</td>
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<td>PCCI</td>
<td>Philippine Chamber of Commerce and Industry</td>
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<tr>
<td>PELU</td>
<td>Public Entertainment Licensing Unit</td>
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<tr>
<td>PFF</td>
<td>Police Field Force</td>
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<td>PKI</td>
<td>Partai Komunis Indonesia (Communist Party Indonesia)</td>
</tr>
<tr>
<td>PKPIM</td>
<td>Persatuan Kebangsaan Pelajar Islam Malaysia (National Association of Islamic Students Malaysia)</td>
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<td>PoLA</td>
<td>Provincial Department of Local Affairs</td>
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<td>PRA</td>
<td>Participatory Rural Assessment</td>
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<td>PRM</td>
<td>Parti Rakyat Malaysia (Malaysian People’s Party)</td>
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<tr>
<td>RGC</td>
<td>Royal Government of Cambodia</td>
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<tr>
<td>RM</td>
<td>Malaysian Ringgit</td>
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<td>SAF</td>
<td>Singapore Armed Forces</td>
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<td>SAS</td>
<td>Sarawak Administrative System</td>
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<td>SEACON</td>
<td>Southeast Asian Council</td>
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<td>SEDC</td>
<td>Sarawak Economic Development Corporation</td>
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<td>SIF</td>
<td>Social Investment Fund</td>
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<td>SIJU</td>
<td>South Indian Jamiathul Ulama</td>
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<td>SMI</td>
<td>Sarawak Motor Industries</td>
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Southeast Asian Responses to Globalization

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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>SNAP</td>
<td>Sarawak National Party</td>
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<tr>
<td>SOC</td>
<td>State of Cambodia</td>
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<tr>
<td>SPDP</td>
<td>Sarawak Progressive Democratic Party</td>
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<tr>
<td>SRP</td>
<td>Sam Rainsy’s Party</td>
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<td>Suaram</td>
<td>Suara Rakyat Malaysia</td>
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<td>Suhakam</td>
<td>Suruhanjaya Hak Asasi Manusia (Malaysian Commission for Human Rights)</td>
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<td>TNC</td>
<td>Transnational Companies</td>
</tr>
<tr>
<td>TNI</td>
<td>Indonesian Armed Forces</td>
</tr>
<tr>
<td>TRT</td>
<td>Thai Rak Thai</td>
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<tr>
<td>UDHR</td>
<td>Universal Declaration of Human Rights</td>
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<tr>
<td>UEM</td>
<td>United Engineers Malaysia Berhad</td>
</tr>
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<td>UMNO</td>
<td>United Malays National Organization</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>UNTAC</td>
<td>United Nations Transitional Authority in Cambodia</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
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<td>USSR</td>
<td>Soviet Union</td>
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<td>VMG</td>
<td>Village Management Group</td>
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<td>WB</td>
<td>World Bank</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>YLKI</td>
<td>Yayasan Lembaga Konsumen Indonesia</td>
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</table>
Introduction

Francis Loh Kok Wah and Joakim Öjendal

This is a volume on changes in governance systems and practices pertaining to the idea of ‘democratization’ in Southeast Asia, intentionally positioned in a ‘thick’ historical context of globalization. Starting with a regional historical review, it travels through 10 case studies and arrives at some generalized conclusions on the nature, pace and depth of democratic change in Southeast Asia.

DEBATING AND DEFINING GLOBALIZATION

The term globalization asserts that the basic conditions of the world that we live in have been significantly altered. When globalization began depends on whether one emphasizes the political, economic or cultural aspect of that globalization process. It also depends on the situational experiential perspective – specifically, whether from the US or Europe or Southeast Asia – one brings to bear on understanding that process. Whichever the case, the notion of globalization is in many ways retrospective.

One of the major changes that has occurred, especially when considered from European and American vantage points, are the events related to 1989, which marked the beginning of the collapse of the USSR and the Eastern European bloc. The security arrangements associated with the Cold War were rapidly dismantled and the East-West divide, symbolically marked by the Berlin Wall, rendered obsolete (and the Wall itself destroyed). The emergence of a ‘New World Order’ was also proclaimed by Washington. With the break-up of the Soviet empire, liberal democracy was further extended to new parts of the globe.
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This line of analysis often includes a discussion of the expansion and consolidation of the European Union (EU), which further suggests that the individual European state’s autonomy and sovereignty, perhaps the most important feature of the Wesphalian order, was being replaced by more regional affiliations and interests on the one hand, and devolution of powers to the local sub-national levels on the other. The intervention of the European nations in the war-torn former Yugoslavia also highlighted the decline of the nation state and its replacement by multi-layered governance. Under the banner of the United Nations, for instance, multinational peace-keeping forces operated, among other places, in Bosnia-Herzegovina. International non-governmental organizations providing humanitarian aid further underscored the same trend towards multi-layered governance.

First, it is true that there no longer exists a Warsaw Pact: its security arrangements have been dismantled. But the Western Alliance’s security arrangements in the European theatre, spearheaded by NATO, remain intact, indeed have been extended. These security arrangements were used to great effect in the first post-Cold War conflict – the Gulf War 1991–92, and were used again in 2001 to line up the Western Alliance’s support for the US in its war against the Taliban in Afghanistan. Moreover, America’s own security arrangements have, if anything, been consolidated, especially under George W Bush. Although there has been a reduction of US forces in South Korea and Okinawa, American security arrangements in East Asia have not been dismantled. In part, this lack of change in policy relates to continued communist rule in China and North Korea and the perception among some US leaders that Beijing and Pyongyang pose threats to regional security: in China’s case because of the Taiwan and Spratly Islands issues, and in North Korea’s case because of all that is implied in being classified by the Americans as a ‘rogue nation’. In fact, there has also developed the interpretation contained in the strategic document The New American Century, that fast developing China poses the greatest long-term threat to America’s hegemony and security both regionally and globally.

By contrast, the winding down of the Cold War brought about important changes to security arrangements in Southeast Asia, specifically Cambodia. Not only was the life-support system from Moscow and other East European capitals cut, the Vietnamese also withdrew from Cambodia in September 1989. China, too, modified its geopolitical priorities and sought rapprochement with Vietnam and the Soviet Union over Cambodia. The end result of negotiations between the US, China, ASEAN and Vietnam led to the Paris Accords in October 1991.
In turn, the Accords sanctioned the formation of the United Nations Transitional Authority in Cambodia (UNTAC). Subsequently, ASEAN was expanded to include first Vietnam in 1995, Laos and Myanmar in 1997 and Cambodia in 1999.

A related aspect of the sea change in global politics was a march towards liberal democracy. The former Eastern European republics began to adopt multi-party systems, competitive electoral systems and even formal mechanisms to promote rule of law. Under the Paris Accords, it was agreed by the signatories that Cambodia’s new political system would be organized along liberal democratic lines, too, and UNTAC was charged with administering elections to form the new government. No doubt, elections were introduced and various other mechanisms of procedural democracy were adopted in many new places throughout the world. However, this was no guarantee that liberalism and democratic participation actually occurred. In this regard, it is necessary also to investigate the extent of power-sharing between the state and civil society. For although the Southeast Asian countries enjoyed unprecedented high rates of economic growth in the 1980s and 1990s, and experienced pluralization of their societies, nonetheless, the state authorities continued to dominate over their societies. To that extent the march towards liberal democracy, even more so participatory democracy, was arrested.

Second, there is the question of the demise of state sovereignty and the rise of multi-layered notions of governance. Except in Cambodia, and later East Timor, both emerging from extended periods of war and violence, there was little evidence that the developmental states of Southeast Asia were experiencing a loss of sovereignty.

No doubt multi-national forces have intervened in the former Yugoslavia, Somalia, Cambodia and East Timor, among other places. On these occasions, the sovereignty and autonomy of the countries have certainly been compromised. However, these are exceptions rather than the rule. For example, the countries involved in contributing to the multinational forces did not at any point give up the sovereignty and independence of action of their own nation-states. Australia, which played the leading role in the multinational force in East Timor, for instance, continued to guard its borders diligently and turned away – some would say callously – ships carrying would-be claimants to political refugee status.

Additionally, the consolidation and expansion of the European Union (EU), or the Association of Southeast Asian Nations (ASEAN) for that matter, is no doubt a consequence of state action. Regionalism
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is on the move, but the state has not been transcended. Thus the question becomes why national states have acted in such a manner as to seemingly undermine their autonomy and sovereignty, for it is a rare institution indeed that would voluntarily weaken its own hold on power. In this regard, it could be argued that the consolidation of the EU or ASEAN represents an attempt by states to re-coup their lost authorities vis-à-vis the market, which is increasingly transnationalized and falling under the authority of non-state actors. This need not be an either/or issue, that is, one of either state authority or non-state authorities prevailing over the other. More likely, it is a complex mix of state and non-state authorities, usually colluding especially when confronting external threats, but sometimes in tension with one another, especially when the state authorities attempt to redistribute power among competing classes and coalitions domestically.

Third, it should be kept in sight that the apparent decline of the sovereignty of many nation states is also related to the supremacy of one state, the United States, over all others (Strange: 1996; Panitch 2000; Johnson 2003; and Chomsky 2003). It has prevailed over other states with which it has come into conflict. In addition, its position has also prevailed over those of its security allies when multilateral actions are undertaken, whether these come under the banner of the Western Alliance (as in Kosova), the UN (Yugoslavia), or the Coalition (Iraq). By contrast, though much global opinion is in favour of it, multinational intervention has not been undertaken in Palestine primarily due to American opposition to such an effort. Put simply, multinational intervention is on the increase, but these interventions are invariably dominated by the US. In the aftermath of September 11, US domination is even more clearly evident. Under George W Bush’s ‘National Defence Doctrine’, 2002, the US is not unprepared to act unilaterally even ‘before a threat is formed’. Still, states appear to act with one another in regional groupings, which are a response to the growing domination of the market by non-state authorities that are often transnationalized.

This brings us to the more significant process of economic globalization, namely the integration of new parts of the globe, especially the former communist countries of Eastern Europe, into the global capitalist economy. Although still under communist party rule, China and Vietnam have also opened their economies: in China’s case beginning from 1978, when Deng Xiaoping introduced an important policy shift towards accommodating the capitalist economy; in Vietnam’s case beginning from the late-1980s when Doi Moi, or renovation, began to be pursued vigorously.
The impetus for the consolidation of the capitalist economy is associated with the rise of neo-liberalism, which was a call for the reorganization of capital and class forces resulting in the promotion of monetarism and supply-side economics in the developed countries. This neo-liberalism began in the early 1980s after Margaret Thatcher and Ronald Reagan came to power. At a time when Fordist regulation and accumulation governing the manufacturing sector had led to a deterioration of macro-economic performances in America and the UK, Thatcher and Reagan promoted privatization of the public sector and deregulation of the economy that effectively broke the prevailing social contract.

When external price shocks further resulted in fiscal and debt crises in many developing countries in the early 1980s, international agencies like the World Bank and the International Monetary Funds (IMF) also incorporated these neo-liberal policies of deregulation and privatization into their structural adjustment packages when they provided aid to the debt-ridden countries such as Chile, Mexico and the Philippines. Although not seeking rescue aid from the international organizations, other developing countries, especially in Southeast Asia, also began to deregulate their economies and to privatize their public enterprises. The result was an accelerating pace of deregulation and privatization globally, reversing the previous trend of the expansion of the public sector. The establishment of the World Trade Organization (WTO), though marked by much debate and acrimony, nonetheless gave a fillip to the creation of a ‘world without borders’, namely, a freer flow of capital, goods and services, especially from America and Europe to the developing countries. However, the flow of ‘labour’ is still primarily restricted to professionals and technical personnel; those without skills can only move across borders under controlled circumstances, or illegally. All told, the present period represents one of the high points of such transnational movements.

Earlier on, Drucker (1986) suggested that capital movement had superseded trade (in goods and services) and become the driving force of the ‘changed world economy’. In retrospect, perhaps it is more accurate to distinguish between two phases in the transformation of the global economy. In the first phase, capital movement no doubt outstripped growth in trade values due to two factors. First, the demise of Bretton Woods and the shift to floating and managed floating exchange rates opened up the opportunity, indeed the requirement, for hedging activities in support of trade. Then the two oil crises and the huge profits made by the oil producers resulted in large amounts of
'petrodollars' being banked with Western financial institutions, which then had to find new ways and means of recirculating those funds. This was one of the causes of the debt crises of the early 1980s, as Western banks and other financial institutions extended loans to developing countries often without diligence.

The second phase happened in the latter half of the 1980s, and especially in the 1990s. It represents an autonomous development. With financial liberalization gaining orthodoxy, there occurred an explosive growth in financial transactions – loans, portfolio capital but especially FDIs. A large percentage of these FDIs were invested within the North Atlantic zone and to a lesser degree within the trans-Pacific zone. Taken together, the two phases led to a growth in financial flows, several times the order of the growth of trade transactions.

Finally, there was a socio-cultural aspect to globalization too. Even prior to ’1989 and all that’, largely on account of the transnationalization of production, some cultural theorists began to criticize the existing dominant understanding of culture (implying values, desires, dreams) as too rooted in traditions. For the critics, the association of culture with tradition over-emphasized its particularities, in turn associated with specific territories and histories that rendered meaning to particular peoples. In contrast, the critics stressed the modernity of culture, indeed the increasing global scope of cultural production and representation, due not only to the transnationalization of production but to the modern information and communications technology, and to the ease of mass travel over long distances as a result of developments in transportation (Robertson 1991). In the midst of these developments, this first group of critics emphasized that many of the earlier differences between peoples and places were rapidly being eroded. The result of this time-space compression was cultural homogenization, especially evident among the business and middle classes. An extension of this argument was that a particular kind of development driven by materialist mass consumption viz McDonald-ization and CocaCola-ization, was also put into place, a phenomenon especially evident among the lower classes.

However, a second group of critics was quick to add that the corollary to flexible specialization and just-in-time capitalism was more likely cultural hybridization, or creolization (Hannerz 1991: 126–127). Some further argued that cultural hybridization might have been taking place all along in history but had been concealed by religious, national, imperial and civilizational orthodoxies, or official narratives. Hybridization, therefore, is a perspective that is meaningful as a
counterweight to the introverted notion of culture, a factor in the
reorganization of social spaces, the emergence of new social practices
of cooperation and competition, evoking new cultural imaginings of
Related to the idea of hybridity is the erasure of the ‘in here-out there’
borders and the discovery of the global as a condition for the re-
production of local life, as well as adaptation of that global to local
circumstances. This is an important shift in subjectivity in the late
twentieth century. It posited that if indeed a global culture is emerging,
then it is filled with ironies and resistances.

More than that, as rapidly as forces from various metropolises are
brought into new societies, they tend to be localized or creolized or
hybridized in one way or another (Tomlinson 1997 and Appadurai
1990). Such a project was due to certain fundamental disjunctions
between economy, culture and politics (Appadurai 1990). Indeed, it is
argued that a politics of identity and representation, and its
contestation, has developed, resulting in new social movements
engulfed in cultural politics – viz the feminist, environmentalist, peace
and ethnic movements. Insofar as the ethnic movements were often
also territorially-bounded, a struggle for greater regional decentral-
ization and autonomy was also spawned. The resurgence of religious
movements is also related to this cultural turn in politics.

A case can be made that both homogenization and hybridization, or
globalization and localization, are occurring. For those business
people, professionals, academics and high level employees of TNCs,
international organizations and even NGOs whose work arena and
playground is ‘the global’, hybridity/localization (signifying agency)
might actually characterize their everyday culture. For the people at the
bottom of the domestic and global social ladder, it is more likely that
some form of homogenization accompanies their seduction into
material consumerism.

Consequently, it has been argued that the nation-state is now
increasingly intersected and disrupted not only by the new global
reaches of late capitalism and the increased role of international
organizations such as the UN, IMF, World Bank and WTO. It is further
intersected by new social movements based on gender, ethnicity and
religion, concern for the local community and the environment, all
demanding more autonomy. On account of these new intersections, it
has been suggested that the nation state itself is increasingly being
displaced as the major point of reference for societies in late modernity.
If so, this might be more true of people in the Western industrialized
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countries that have reaped greater benefits from globalization. It is less obvious in those developing countries, including in Southeast Asia, where neo-liberal globalization, though promoting growth, has resulted in much inequality. Consequently, there are calls by groups in these countries for the nation state to provide cover against globalization, against exploitation by the TNCs and their moving elsewhere suddenly, and restricting the entry of immigrant workers so as to prevent depression of wages, etc. Hence a tension has developed between the demands by some of the national elites (and certain segments of the middle classes) that the state liberalize, deregulate and privatize and calls by other segments of the middle and lower classes that the state intervene and pass legislation to protect and benefit the poor (Bauman 1998). This point is made in full awareness of neo-liberal arguments that state interventionism contributes towards distortions of the market, resulting in inefficiencies, and only benefits a small group of local elites. On the other hand, policies of liberalization, deregulation and privatization promote competition and efficiency and benefit all consumers ultimately. The truth is probably somewhere in between, wherein state interventionism, while leading to market distortions, nonetheless can benefit the poor in terms of social spendings, jobs and subsidies, and, yes, a small group of crony capitalists as well. In the wake of the 1997 financial crisis, there have been pressures upon the former developmentalist states to withdraw from the economy and to transform themselves into more ‘regulatory states’ that will apply higher standards of transparency in financial reporting and corporate governance more generally. Nonetheless, another outcome of the crisis is a recognition of the need to create ‘social safety nets’ (Jayasuriya 2000).

Globalization has come to mean all these: the extended reach of the global capitalist economy, which is nowadays driven as much by capital movements as by trade in goods and services; a global political order no longer distinguished by the communist-liberal divide but by variants of democracy, increasing regionalism and multilateral interventions, and not forgetting the dominance of the US in all these as the sole global superpower; and the emergence of a global culture driving common values, desires and dreams on the one hand, but also its contestation and localization on the other, and contributing to the emergence of a politics of culture and representation apart from the more traditional politics associated with elections, parties and other institutions of power. Put another way, globalization is multi-dimensional and although it impacts ever increasingly upon all peoples in all corners of
our world, nonetheless, it remains an open-ended process. From our point of view, the most interesting aspects of globalization in Southeast Asia (and elsewhere) are its consequences in particular locales and the responses that are animated at the local and national levels. These responses, which might be considered as localization of the global, are also a part of globalization itself. It is these particular kinds of responses to globalization that we consider most important to investigate. Such an approach requires that we be mindful of structural constraints even as we give play to agency. If globalization is to be a useful analytical concept in the study of Southeast Asia, we should contextualize our understanding of globalization and study the phenomenon, including the responses to it, empirically. This is what this volume sets out to do.

BACKGROUND TO THE BOOK

An earlier version of the above overview of globalization was made available to all the contributors to this volume. Each of them was requested to investigate empirically and critically: what kinds of local responses and restructuring of national governance were occurring, if any, in response to globalization pressures that the Southeast Asian countries might be experiencing?

The volume emanates from a six-year comparative research project entitled ‘Discourses and Practises of Democracy in Southeast Asia’, which began in 1996. The original Project involved five different research institutions (three universities and two research institutes/organizations) in Malaysia, Indonesia, Cambodia and Sweden. In fact, a larger group of individuals, including a good number from other institutions, were involved in the research as well as in the workshops we organized. Originally, the Project was conceived as an intellectual input into the ‘Asian-values’ debate, but was rapidly broadened to consider wider issues of democratization and national governance not only in Malaysia, Indonesia and Cambodia but throughout Southeast Asia. However, in mid-1997, shortly after the Project took off, the regional financial crisis suddenly occurred. In drafting the original terms of the Project, we had not anticipated any kind of a crisis occurring. Yet it now became more obvious than before that ‘outside forces’ were critically impacting on economic and political developments, including a new momentum towards democracy, in specific countries. However, there was widespread agreement that the push towards democratization was not simply due to external economic or political pressure per se, even
less to some on-going ‘third wave’ towards that end. As a result of research conducted in the first phase of the Project, it also became obvious that the lack of democratization up until that point in 1997 was not due to some essentialist notion of ‘Asian values’ either; for there were always contestations of the official discourses about what constituted the beliefs and values of those societies. Consequently, it was decided that the Project be redesigned in order to investigate both, pressures from above as well as demands from below.

This second phase of the Project was renamed ‘Globalization, national governance and local responses in Southeast Asia’ to capture our interest in investigating and understanding the dynamics of the three levels – global, national and local. This volume is based on original research conducted under this rubric. There has been a systematic attempt to place the findings of the research conducted in different countries alongside one another in order to draw out common threads and/or to think through more carefully the differences. Several work-in-progress workshops were organized and critical exchanges conducted. Our findings, based on rich empirical research, are contained in this volume. Finally, it should be clarified that the research was largely conducted in the tradition of critical political economy, emphasizing both structural considerations as well as agency in the Southeast Asian people’s and government’s engagements with globalization, development and democratization.

STRUCTURE OF THE VOLUME

The volume is divided into two major parts. Part One contains six chapters – one each about Singapore, Indonesia and the Philippines, and three from Malaysia (including Sarawak). In these chapters the authors discuss how globalization has impacted upon particular countries, how the developmental state has often adapted successfully to globalization, how certain alliances of political and business elites might have benefited from globalization and restructuring of governance and how civil society, in the form of business associations, human rights NGOs, political reformists, cultural activists or indigenous communities, has or has not benefited from the above developments and contributed towards democratization as their countries engage with globalization. The common denominator here is the contextualization of the specific issue being discussed at a macro or national level. Part Two of the volume contains four chapters, one
each on Thailand, Indonesia, Cambodia and Vietnam. In contrast, the discussion focuses on the impact of globalization and the restructuring of governance upon the local level. The issue of decentralization and its nexus with development and democratization constitutes the substance of these chapters. In addition, there is a historically based introductory chapter that attempts to present an overview of the region’s engagement with globalization in comparative perspective, and a concluding chapter that extracts the main arguments from the case studies in Parts One and Two, and tries to relate these findings to the extant literature on globalization and democratization, which often does not draw upon the Southeast Asian experiences adequately.

In Chapter One, Francis Loh Kok Wah introduces the volume. He reviews the origins and evolution of the democratic and development processes in historical and comparative perspective. He argues that there have been earlier phases of globalization, but acknowledges the significance of the current one wherein economic and political liberalization are both being given a global push. Loh is concerned whether the push has led to more equitable distribution as well as more participatory democracy. A critical concern is the role of the middle classes, and especially the radical element of the middle class involved in non-formal electoral politics, especially in those NGOs that, apparently, contest the official narratives and present alternative discourses. He does not see the current neo-liberal globalization leading towards a greater leveling of socio-economic opportunities for all Southeast Asians, even less a homogenization of Southeast Asian societies. Whether the on-going political liberalization results in more procedural or participatory democracy is an empirical question and should be investigated case-by-case. An earlier version of this chapter was also distributed among the contributors and might have inadvertently framed the parameters of the other contributions.

In this connection Chua Beng Huat’s depiction of Singapore as an ‘enigma’ in Chapter Two follows rather nicely from Loh’s opening chapter; for even though economic liberalization has occurred rapidly, political liberalization has not. Indeed, opposition political parties continue to be dealt with harshly. It is only in the cultural realm that some measure of liberalization has occurred. Even so, this opening up of the cultural space continues to be monitored scrupulously. Above all, Chua’s chapter shows that while the developmental state might be on the way out, the state as such continues to play a dominant managerial role, including defining and monitoring closely the terms and limits of
cultural, let alone political involvement. Globalization, therefore, sits comfortably with the strong state in Singapore.

Khoo Boo Teik, in Chapter Three, makes a similar observation. Like Singapore, Malaysia, too, has embraced neo-liberal economic globalization enthusiastically. ‘Malaysia Inc.’ represents a convergence of interests between advocates of neo-liberalism and the national political elite. At first glance, the regular holding of elections might suggest the consolidation of liberal democratization as well. In fact, opponents and critics of the political elite, like former deputy prime minister Anwar Ibrahim and the Reformasi movement, were dealt with harshly. Other longer-standing critical groups in Malaysia’s civil society have also challenged the neo-liberal orthodoxy and the notion that a more restrictive variant of democracy is more suitable for Asian societies like Malaysia’s. More than that, Khoo shows that there is no contradiction between a crony-based authoritarian political economy on the one hand, and an IMF-style neo-liberal globalization on the other.

In Chapter Four, Saliha Hassan and Carolina López look into a specific aspect of the globalization-responses theme, in their case competing discourses and practices associated with human rights, in Malaysia. What makes this study intriguing is that the fundamental human rights which are normally considered as universal, or global, are depicted by former Malaysian prime minister Mahathir Mohamad, as well as other top Malaysian political leaders, as ‘Western’. The so-called ‘Asian values’ and Islamic notions of civil society are cited to support their claims. However, although there exist Malaysian human rights NGOs that adopt a universalist perspective and reject the so-called Asian values perspective on human rights, some other NGOs rally around Islamic notions of civil society and a more particularist notion of human rights and freedom. It further appears that the ruling elites have more popular support than the critics and human rights NGOs during general elections, as well as in the popular discourse on human rights. While the question of human rights will surely continue to be an issue and the political elites will need to respond to global and internal pressures, Saliha and López suggest, paradoxically, that the survival and coherence of the local human rights movement will probably be undermined by the lack of a political consensus among Malaysia’s NGOs.

In contrast to the foregoing chapters, Eva-Lotta Hedman in Chapter Five focuses not on the state but on business associations in the Philippines. She traces the origins and evolution of these associations and assesses their impact on the shaping of Filipino politics, especially during elections. This chapter presents a ‘governance view’ rather than
a statist view of politics. She highlights how international networks, alliances, and contacts in different periods have contributed towards the strengthening of these business associations and how, in fact, the formation of the Filipino business class was facilitated not only by national but global considerations as well.

Andrew Aeria in Chapter Six analyses how Sarawak’s incorporation into the global economy has led to its economic growth. However, he clarifies that this development has been uneven. The benefits have largely accrued to a small group of tycoons and certain political elites while a majority of ordinary Sarawakians have lost out. Going beyond the pro-/anti-globalization debate, Aeria investigates the durability and comprehensiveness of the political institutions that have been established to deal with the negative effects of globalization, and also whether these institutions facilitate more or less political participation. He opines that globalization does not need to be detrimental to local development. However, insofar as the institutions remain weak and are unlikely to act as checks on the skewed development trend, it is questionable whether the necessary political forces can be mobilized to right the wrongs of globalization in Sarawak. In other words, the procedures of democracy are extremely important and ought to be put into place.

In Chapter Seven, Dewi Fortuna Anwar assesses how global forces contributed towards the rise, as well as to the fall of Suharto. She also argues that the Suharto regime simply lacked the necessary understanding of the new global conditions – the hazards of global financial flows but also the global push towards ‘corporate governance’ and democratization – after the end of the Cold War. Consequently, little economic, and even less political reform was undertaken so as to maintain itself. In the aftermath of the 1997 financial crisis, the regime was confronted with the power of the Bretton Woods institutions to rid itself of cronyism on the one hand, and a popular movement demanding a change of regime on the other. She discusses some of the major political changes that took place and evaluates the prospects for democratization in Indonesia.

The next four chapters present more hopeful views than those above. At any rate, they focus on initiatives being undertaken at the local level towards decentralization and democratization. In Chapter Eight, Hans Antlöv elaborates on some of the provisions of the new laws on decentralization in Indonesia, and shares his empirical findings on the workings of local government thus far. No doubt, the laws offer much promise for the future. In fact, progress towards popular participation in decision-making has been slow. Antlöv fears that the lack of
trust in the state, its institutions and policy-making process associated with the Suharto era will persist into the post-Suharto era despite these new decentralization laws, and that coupled to the potentially destabilizing aspects of political transition, this mistrust will undermine a move from authoritarian patrimonialism to participatory democracy and more equitable development. In this regard, the introduction of multiparty electoral politics and a greater attention given to individual rights might overwhelm the interests and rights of the local communities, including those weaker members thereof. Antlöv draws our attention to a few citizen groups that are trying to reverse these trends and the major problems they face in trying to do so.

In Chapter Nine, Michael Kelly Connors focuses on the issue of localism in Thailand. He takes us through the discourse on localism conducted in the Thai language and clarifies that it has come to represent one of the most credible, and more culturally rooted, alternatives to a ‘simple’ one-dimensional neo-liberal path toward economic development. Compared to its military past, no doubt, many democratic procedures have since been put into place, especially during the 1990s. However, close co-operation between the moderate school of localism, which has grown fastest, and the current Thaksin government, does not augur well for the future, Connors suspects. Instead, localism, like so many other initiatives by NGOs in the past, might not maintain a critical distance from the state, which is necessary in order to facilitate the recovery of an autonomous public sphere for Thai civil society.

Cambodia, long considered Southeast Asia’s ‘basket case’ after decades of war and the Khmer Rouge atrocities, is presented in Chapter Ten. Joakim Öjendal discusses how Cambodia is fast adopting more ‘normal’ political procedures and institutions, and consequently facing the ‘normal problems’ of realpolitik as well. However Öjendal focuses not on that realpolitik, but on the decentralization process. He clarifies that decentralization has been put on the agenda because of a coincidence of support by several different groups, often for different reasons – the donor community that wishes to promote democratization, the neo-liberals trying to advocate economic liberalization policies for Cambodia, the opposition, who hope to break the stranglehold of the ruling party at the local level, but also some of the ruling elites, too, in order to ensure continued aid from the donor community on the one hand, and perhaps even to stimulate economic production at the local level on the other. Support for decentralization from such varied elements is yet another unexpected result of the impact of globalization. The workings of this decentralization process are then investigated empirically.
In the last of these four studies on decentralization, Bent Jørgensen discusses in Chapter Eleven the relatively minor, but nonetheless remarkable changes that have emerged at the local village and commune levels in Vietnam during the last decade. As a result of economic reforms in the Soviet Union and subsequently the end of the Cold War, Vietnam, too, was pressured towards rolling back the role of the state in the economy and carrying out economic reforms. Jørgensen focuses specifically on the decentralization of the development process down to the local level and the decision to involve ordinary villagers in deliberations of the commune and village development budget. Might this decentralization lead to democratization in this one-party state? His discussion, based on a three-year study of eight villages in the upland districts of northern Vietnam, suggests that there might be important changes in the offing. For although the economic reforms enhanced production and contributed towards legitimizing the state and party in difficult economic times, they might also have caused increased stratification of rural Vietnamese society, not unlike what has occurred elsewhere in Southeast Asia. How, therefore, might the communist party manage a widening gap between the rich and the poor as these reforms further run their course?

As the reader will discover, there is no single or simple pattern in the responses to globalization. However, after presentation of all these cases, Joakim Öjendal attempts to draw certain trends from all these studies in a Conclusion. He further locates our specific cases of globalization and responses to that globalization, to the existing literature, which thus far has not adequately drawn from Southeast Asia case studies. It is our hope that this collection of essays will show not only a plurality of responses to globalization, but that the Southeast Asians are neither victims nor champions of globalization, yet nonetheless able to act upon these globalization pressures in ways that bring about positive benefits, often for those in power, and sometimes for the ordinary Southeast Asians too.

REFERENCES
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CHAPTER 1

Globalization, Development and Democratization in Southeast Asia

Francis Loh Kok Wah

A cursory survey of the literature available suggests that the globalization theme had not yet become the focus of attention among most researchers of Southeast Asia until very recently. However, this does not mean that Southeast Asianists had not been researching and writing about particular aspects of globalization, as outlined by Loh and Öjendal in the Introduction.

For instance, in the 1980s, especially after the Plaza Accords of 1985 and the realignment of currencies, economists had already noted the unprecedented inflow of FDIs and subsequently portfolio capital into certain Southeast Asian countries (see articles in Soon 1990). Other economists like Yoshihara (1988), even earlier, had traced the role of foreign capital in the rise of what he termed ‘ersatz capitalism’ in Southeast Asia. The collection of essays in Robison, Hewison and Higgott (1987), on the other hand, discussed the fiscal crisis and foreign debt problems in Southeast Asia in the early 1980s, which resulted in a swing in the balance of power away from the domestic states and capital to international financial institutions, and a similar change in the balance of influence over policy from protectionists to proponents of neoliberalism. Related studies traced how economic liberalization policies often enhanced cronyism (Gomez and Jomo 1997). There have also been studies of cultural developments in the Southeast Asian countries, highlighting how the new information and communication technology had contributed towards cultural homogenization and hybridity, as well as local responses to these cultural developments. Studies of Southeast
Asia’s ‘new politics’ – the human rights and feminist movement, the consumer and environmental movements, religious revivalism, ethno-regional movements, NGOs and their cultural politics – and democratization more generally had also been conducted (ICJ and CAP 1982; ACHRO 1984; Kahn and Loh 1992; Saravanamuttu 1992; Maznah and Wong 1994; Loh 1996; Robinson 1996; Jaturong and Gavin 1995; Eldridge 1995; Rodan 1993 and 1996; Uhlin 1996; and Heryanto 1997).

The pertinent observation is that the study of these processes and developments was not then directly related to the theme of globalization. Put another way, the point of departure for most of these studies on Southeast Asian developments was not globalization per se, which is not surprising. For viewed through Southeast Asian lenses, changes in the global economy did not amount to new market opportunities for expansion into new areas. Despite the changes, there appeared a continuation, if not a deepening of the domination of the Southeast Asian economies by the developed countries. There was also no ‘New World Order’ *writ large* on account of ‘1989 and all that’ in the Southeast Asian region, except in Cambodia. Nor was there an erosion of state autonomy and sovereignty despite the expansion and consolidation of ASEAN. And in spite of much contestation and increased demand for democratization, often associated with the rise of the middle classes, it did not seem as though the authoritarian regimes were relaxing their grip over their populace. Nor was cultural hybridity or localization of the global altogether novel or as exciting as it was in America and Europe: interethnic acculturation was an age-old phenomenon in Southeast Asia. In fact, ethnic boundaries persisted, and conflict sometimes occurred, despite acculturation. The struggle for regional autonomy and in a few instances for secession in the outer reaches of some Southeast Asian countries were also not new, having first reared their heads shortly after independence was proclaimed in the late 1940s and 1950s (Brown 1994; and Christie 1996).

Southeast Asianists had been discussing various aspects of globalization as now understood, without reference to the notion of globalization itself, which, after all, is being introduced retrospectively. Indeed, when used retrospectively, one might argue that Southeast Asia has impacted on the process of globalization as much as the region has been impacted upon by globalization. For instance, it might be noted that Southeast Asia was an early mover in establishing free trade zones, beginning from the 1970s, so as to facilitate off-shore processing for the transnational corporations. However, these initiatives were then regarded as part of the emerging ‘new international division of labour’,
not globalization as such. Outside of the Philippines, deregulation and privatization were adopted rather than forced upon Southeast Asian states, although the reasons they did so may well have had to do with domestic distributional coalitions centred on the state, rather than neoliberalism per se, let alone awareness of and in response to the globalization process. One might even argue that Southeast Asia was already ‘globalizing’ in the pre-colonial era, only to be ‘parochialized’ into extensions of one or another European colonial empire, when the origins of what is now regarded as ‘globalization’, but earlier simply associated with imperialism and colonialism, first occurred in the region approximately 100 years ago.

While recognizing the significance of globalization in this volume, it is nonetheless necessary to stress that it might not have the same implications for Southeast Asia as it does for Europe and America, upon which much of the theoretical discussion is based. The following historical survey of Southeast Asia’s modernity suggests that globalization, especially with regard to the region’s integration into a global capitalist economy, goes back some time; so, too, when we consider the region’s encounter with outside cultures and their localization. It is perhaps especially with regard to the issues of democratization that a significant break from the past might be occurring. Although there had developed procedural and even participatory democracy in the late 1940s and 1950s, in most cases associated with the struggle for independence, there had subsequently occurred an authoritarian turn in the late 1950s and 1960s (Hewison and Rodan 1996). It was only in the mid-1980s, beginning perhaps with the People Power revolution in the Philippines in 1986, then becoming more widespread in other parts of Southeast Asia, especially in the late 1990s, that participatory and procedural democracy has re-emerged and contributed towards the consolidation of civil society in substantive ways. This new momentum towards democratization, no doubt, has to do with increasing social pluralization as a result of economic growth. However, it has also resulted from a global push, initiated by the Western powers especially following the end of the Cold War, towards multi-party electoral systems, rule of law and the protection of human rights. In some instances, a spatial reorganization of power through decentralization policies is also being promoted. It is this nexus between globalization, development and democratization that will be the focus of the following review. A historical and comparative review of Southeast Asia’s engagement with development and democratization will highlight that internal national-level and external global-level dynamics
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have shaped this process not just recently, but over an extended period of time.

First, I briefly review Southeast Asia’s pre-colonial and colonial experiences. I suggest that the region was already involved in an earlier globalizing process in its early modern period, ca. fifteenth to seventeenth century. Trade flourished, new cities emerged, technological progress occurred and, due to much interaction among peoples of different faiths, new scriptural traditions developed in the region, too. However, with European conquest and colonialism, the Southeast Asian region underwent ‘parochialization’: ties with the erstwhile kingdoms within the region, as well as with the Chinese, Hindu-Indian and Islamic civilizations, were minimized while ties with colonial metropolises maximized. Second, I focus on the region’s post-colonial experiences within the context of the Cold War, an event of global significance that had dire consequences for the newly independent Southeast Asian nation states. War engulfed the Indochinese countries while elsewhere in the region, pro-Western conservative leaders were often propped up by the United States and the former colonial powers. Meanwhile, popular leftist movements and their leaders were suppressed. During this period, some development did occur in the pro-Western countries due to economic and military aid, especially from the United States, and to some extent the introduction of import-substitution industrialization (ISI) policies, too. By the early 1970s, however, ISI had reached an impasse and a transition to export-oriented industrialization (EOI) was necessitated. This period coincided with the winding down of the US involvement in Indochina. Accompanying this development was the emergence of Southeast Asia’s developmental states, which involved themselves in directing economic development. The end result was rapid economic growth in most Southeast Asian countries. No growth occurred in the Indochinese countries because war broke out in those countries again.

Third, Southeast Asia’s encounter with the neo-liberal global economy, beginning from the mid-1980s, is next discussed. This refers to the introduction of liberalization, deregulation and privatization policies that reversed the trend in the growth of the public sector over the previous 10–15 years. These policies were also adopted in the former Indochinese countries, since peace finally arrived there. Unprecedented growth but also integration of the Southeast Asian economies into the global one followed. Social pluralism accompanied this economic growth. However, political liberalization did not always result although there were new external pressures and internal demands on
the ruling regimes to adopt democratic practices, especially multi-party electoral systems.

The fourth part then considers the impact of the 1997 financial crisis upon the region concluding that it did not contribute substantively, apart from the Indonesian case, towards regime change. The final part of the chapter investigates the discursive struggles of the NGOs, the linkages of the NGOs to new social groups and old political parties and, in spite of the lack of regime change in most cases, asserts nevertheless that it has become more difficult for the ruling regimes to re-establish their hegemonies over the complex societies that now characterize Southeast Asia. This is especially so in this era of globalization which allows access to new ideas, new networks and new ways of contestation.

EARLY ‘GLOBAL’ FORCES

The crossroads of overseas and overland trade featured prominently in Southeast Asia since early times. There is evidence of trade between the mainland and insular parts of Southeast Asia, as well as between the region with China and India, and areas beyond. Anthony Reid (1993a, 1993b) among others has argued that the early modern history of Southeast Asia witnessed a flourishing of commerce, the rise of new cities, progress in technology and the use of armaments, and changes to scriptural beliefs and practices. The region produced spices – pepper, nutmeg and cloves – which had preservative properties and so were in great demand in Europe. This was the initial pull for those European voyages of discovery to the region in the fifteenth and sixteenth century. This trade was one of the engines of early globalization in the region, attracting and sending merchants and sailors to and from the region.

Missionaries always accompanied the traders and sailors. Hence Hinduism, Buddhism, Islam and later Christianity were also introduced into this region of commercial interchange. The Angkor temple complexes in Siem Reap, as well as the Borobodur and Prambanan complexes in central Java, are testimonies to the spread of Hinduism and Indianization. As a result of Sinicization, the mandarinate and other aspects of Confucianism were adopted in the courts of Vietnam, while Mahayana Buddhism was introduced into parts of rural Vietnam too. Theravada Buddhism, on the other hand, spread via Sri Lanka to Burma and Siam. Beginning from the twelfth century, Islam spread from the coastal areas of insular Southeast Asia into the hinterlands. First
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brought by merchants, Islam converted the courts and subsequently the general populace. Melaka, one of the best known ports since its foundation around 1400, was an important staging point for the Islamization of the archipelago. But it was also the staging point for St. Francis Xavier, who introduced Christianity into the region. It was not until the late sixteenth century, however, that Christianity succeeded in converting large numbers of Southeast Asians, in this regard in the Philippine islands.

No doubt there were local reactions, including resistance, to the encroachment of these new religions into local societies. However, once the local elites accepted and accommodated the new beliefs and practices, more than mere footholds were achieved. In time, the political, economic and socio-cultural lives of the Southeast Asian peoples, including the relationship between lords and peasants, underwent transformation too. Acknowledgement of the influence of these external forces on Southeast Asian societies is not to suggest that transformation was total for there were continuities of past ways. Rather, adaptations of these early 'global' forces to local ways always occurred. Close observations of the great monuments as well as of the living communities of Hindus in Bali, of Buddhists in Thailand, of Christians in the Philippines or of Muslims in the archipelago, especially in Java, clearly indicate that these religions were localized and expressed a measure of their own distinctiveness. Localization was evident.

Thereafter, with the onslaught of colonialism, fuelled by economic competition among the European powers, the globalizing momentum in Southeast Asia was arrested. The region was carved up into particular spheres of influence under British, French, Dutch or Spanish rule. By the late nineteenth century, a parochialization or peripheralization of the region was becoming evident as trade and diplomatic relations between the erstwhile Southeast Asian kingdoms, and between themselves and India and China, were minimized, while relations with their European metropolises maximized instead. The colonial powers now impacted upon the politics, economics and to a lesser extent the cultures of Southeast Asia. In fact, many of the local elites were displaced and consequently there occurred less agency and ability on their part to respond to this colonialism in beneficial ways for the Southeast Asians, unlike during that earlier phase of globalization. In other words, a new wave of globalization under the initiative of the colonial powers was underway. Certain common consequences resulted.

First, modern state systems with clearly defined political boundaries, a claim to the monopoly of coercive powers and the right to collect
revenue and taxes were introduced. Laws promulgated, then gazetted, by the colonial state elites provided for the legal enforcement of these arrangements. Rule by bureaucracies organized along legal-rational principles with full-time officers assigned to particular departments specializing in specific tasks slowly replaced more arbitrary patrimonial rule.

Second, the colonial economies were also reoriented towards specializing in the production of certain raw materials needed by the metropolitan industrial powers from which the colonies purchased their manufactured goods. Often, immigrant labour from China and India were sponsored and brought to Southeast Asia to facilitate the development of the mines, plantations and modern transport systems. There also occurred movement of indigenous Southeast Asians from one region to another, principally in search of a livelihood. Furnivall’s ‘plural society’ resulted, clearly predating the emergence of ‘multi-cultural societies’ in Europe, nowadays considered a cultural consequence of globalization.

Third, as a result of progress in communications and transportation, hygiene and the delivery of social services, and especially modern secular and scientific education, notions of modernity including, paradoxically, citizenry and self-rule, were introduced. The latter were related to ‘imagined communities’ of nationhood, each with its distinctive cultural identity, historical memories and heroes. Nationalist stirrings, and then movements, emerged during colonial times. War disrupted the continuity of colonial rule and at the end of the Japanese occupation in 1945, the independence of new nation states was proclaimed throughout Southeast Asia. Viewed from this vantage point, the Southeast Asian region that had been colonized as a result of a European globalization initiative now, apparently, succeeded in loosening that grip by the colonial powers. To some extent it was recapturing some of the lost initiative. It was no longer simply a victim. It possessed agency, but only to a degree, as the following discussion clarifies.

DIFFICULTIES IN NATION-STATE BUILDING AND PURSUING DEVELOPMENT DURING THE COLD WAR

It needs reminding that the Southeast Asian region was directly and indirectly dragged into the Cold War, which followed upon the heels of the Pacific War. In fact, ‘nowhere in the world was it “hotter” in the third quarter of the [twentieth] century’ (Anderson 1998: 300). The
US fought two major wars, in the Korean peninsula and in Indochina. There were major communist insurrections throughout the region. In all cases, except in Malaysia (up to 1957 still a British colony), the US intervened on a massive scale militarily and economically. Local anti-communist, authoritarian and pro-Western regimes were propped up, ‘typical, but not invariably military-dominated. Many were tied to the United States in security arrangements, and in some the Americans had a broad variety of military installations... No world region received more [American] “aid” in various forms than did this tropical antipode.’ More than that, ‘... the Washington–Peking coalition against Moscow, consolidated after the “fall” of Indochina [in 1975], meant that from the 1970s till the collapse of the Soviet Union those countries of Southeast Asia who so wished continued to profit from Washington’s Cold War largesse without facing any severe internal or external difficulties... Nothing like this whole process occurred anywhere else in the world’ (Anderson 1998: 300–301). The fact that some of the Southeast Asian countries achieved political stability and enjoyed economic growth therefore should not belie the fact that to varying degrees all depended on coercive laws and outright repression, and to the wider military, economic and socio-cultural interventions of the Americans in the region, to achieve those goals.

Although the colonial powers were displaced, government of the newly independent countries was organized around the notion of the centralized modern state originally introduced by the colonialists. In fact, in response to the communist insurgency, the departing British continued to play a leading role in assisting the Malayan and Singaporean governments to expand and extend the state system into outlying areas during the transition to independence. Similarly, the United States helped the Filipino oligarchy and, in the midst of the Cold War, the Indonesian and Thai militaries too, to consolidate their respective state systems.

Apart from state building, the newly independent countries also directed attention towards two other pressing problems, namely, the transformation of the disparate peoples of each country into singular national communities, and pursuing economic development, so as to promote political stability. First, as a result of immigration and arbitrary mapping of political boundaries during colonial times, the new Southeast Asian states were expected to govern over societies that were in fact, multi-lingual, multi-ethnic and multi-religious in character. These polyglot societies were to be transformed into singular imagined nations. However, ethnic and religious differences had been exploited
by the minority white colonialists to build alliances with the upper classes of potential majorities, and these prejudices and enmities continued into the post-colonial period (Anderson 1998: 322–323). With independence, the contest for state and economic power, as well as the right to define the cultural character of the state, intensified inter-ethnic rivalries, often leading to conflicts. In some peripheral areas, ethno-regional movements emerged and demanded political and cultural autonomy, more development allocation, and sometimes threatened secession (Brown 1994; and Christie 1996). The weakness of the modern state systems in the outlying areas facilitated these fissiparous forces. In addition, the Americans sometimes made use of the minority groups to destabilize rulers who did not align themselves with Washington during the Cold War period (as, for instance, in Indonesia and Vietnam. See Kahin 1987 and 2003: 155–157).

Apart from this ‘divide and rule’ legacy of the former colonial powers, economic disparities between the center and the periphery, between regions, and between immigrant and indigenous peoples, and attempts by the state to assimilate minority groups into dominant cultures under so-called ‘national cultural’ policies, also fuelled these conflicts. At the same time, rapid modernization was eroding traditional social relations, resulting in considerable social dislocation. Still unable to achieve a sense of belonging and to relate meaningfully to the centres, the people living outside these centres, often belonging to ethnic minority groups who nonetheless had been absorbed as constituent parts of the new nation states, returned to their so-called ‘givens of social existence’, what Geertz (1968) had termed ‘primordial’ sentiments and attachments. The official project to persuade all the people to imagine themselves as members of a single community, even when pursued judiciously was, therefore, not easily achieved. The breakdown of Burma and Indonesia in the 1950s and early 1960s, both cases leading to military rule, is partially related to this difficulty in realizing a singular imagined nation.

But political stability was achieved to some extent in places like Malaysia through a combination of coercive and power-sharing arrangements, inclusive rather than exclusive national cultural policies and redress of ethnic economic disparities. Once the consociational arrangements were put into place, the ruling elites were able to maintain a measure of political stability. However, the calm that prevailed in Malaysia and certain other parts of Southeast Asia belied the fact that the ruling elites often used their coercive powers to suppress all those who threatened to disrupt the state authorities’
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consensus or their grip over civil society. At any rate, this period was characterized by a rolling back of democratic principles and practices and the military’s assumption of power in Burma, Thailand and Indonesia while in the Philippines, notwithstanding the adoption of American-style democratic procedures, power, in fact, was concentrated in the hands of the oligarchy (Thak 1979; Anderson 1998: 139ff and 192ff). (The outbreak of war in the Indochinese countries will be discussed later.)

The second major task was to promote economic development. Outside of north Vietnam, the capitalist economy and the linkages with the former colonial powers were initially maintained, even enhanced. With the aid of the World Bank, as in the cases of Malaysia and Thailand, development programmes were designed and launched to diversify the colonial-style economies in the 1950s and 1960s. Apart from modernizing the production of raw materials, the independent countries ventured into processing those raw materials and launched import-substitution industrialization (ISI). By doing the latter, it was hoped that the import of manufactured goods from the former colonial powers could be reduced and foreign exchange saved. However, ISI did not enable the Southeast Asian countries to overcome their under-development. For invariably, the ISI programmes required the import of machinery and often industrial raw materials as well. Moreover, ISI turned out to be capital-intensive rather than labour-intensive and did not create enough employment opportunities to absorb the unemployed, let alone the under-employed. The ISI strategy also faced the problem of the limited size of the local markets, since the majority of Southeast Asians still had little purchasing powers. Hence, unlike the relative success of ISI strategies elsewhere (say in Germany and the USSR), ISI did not succeed in resolving the problems of ‘under-development’. Economic development in Malaysia and the Philippines reached an impasse. Thailand’s economic growth in the 1960s was only partially related to ISI; it was principally brought about because of war-related construction and tertiary level activities, as well as American technical and military aid to develop the kingdom into America’s major staging post for the conduct of its war in Indochina (Thak 1979; and Anderson 1998: 139ff). Singapore, whose economy depended as much on its role as Britain’s strategic base in the region as on its entrepot trade, was then threatened by Britain’s decision to cut back on all its strategic interests ‘east of the Suez’, except for Hong Kong.

Indonesia, still reeling from political instability in the 1950s and 1960s, experienced runaway inflation which reached some 600 per cent
in the mid-1960s. It was only rolled back in the early 1970s after Suharto had replaced Sukarno, a changeover marked by much repression of communists and their sympathizers. Growth in resource-rich Indonesia was subsequently focused on the rehabilitation and modernization of its primary commodities sector, in particular, petroleum.

Most early programmes for Southeast Asian development ran aground by the late 1960s. ISI programmes had further deepened the ties with the former colonial powers not only as markets for their raw materials but as sources of capital, technology and managerial skills too.

The shift from ISI to labour-intensive export-oriented industrialization (EOI), beginning in Singapore from the late 1960s, in Malaysia from the early 1970s and in Thailand (to a lesser extent the Philippines too) from the late 1970s and 1980s, launched a new round of economic growth and enabled these countries to address the problem of unemployment to some extent. The adoption of EOI policies on the part of Singapore and Malaysia in particular coincided with changes in the global economy as a result of which international capital was increasingly redeployed towards EOI, or as the TNCs preferred to call it, ‘off-shore processing’. (Indonesia, with a vast domestic market, did not develop an EOI sector to the same extent. Moreover, Indonesia’s ISI only took off belatedly in the 1980s when the price of petroleum dropped drastically, thereby encouraging the Indonesian government to develop non-oil led sources of revenue.) As a result of the shift towards EOI, those old ties between the Southeast Asia economies and their former colonial powers were loosened (except in the case of the Philippines, a former US colony). As the European powers lost their pre-eminence in the region – economically, culturally and politically – new relations were developed with the two largest economies, the United States and Japan. In this manner Southeast Asia was integrated into the TNC-led ‘new’ global economy, or as it was then termed by some researchers, ‘a new international division of labour’ (Harvey 1990).

Meanwhile, the Cold War had more directly engulfed Vietnam and Laos through the 1960s, and following the 1970 coup against Prince Norodom Sihanouk (who had tried to steer a neutralist line), Cambodia as well. Fighting and bombing destroyed lives, properties and much infrastructure. The pro-Western authoritarian regimes of South Vietnam (from Diem to Ky to Thieu), Cambodia (under Lon Nol) and Laos (under Souvanna Phouma) were especially dependent on US military and economic aid to maintain themselves (Kahin 1987: 239, 296, 410–411). After the liberation of Saigon and Vientiane in April and August 1975 respectively, the communists directed their attention
towards consolidating their political grip over the newly liberated areas, in Vietnam’s case via demobilization and re-education of the former supporters of the deposed regime. The transformation of the economy from a privately-owned to a centrally-planned one was also given special attention. It was hoped that the problems of unemployment would be resolved in this manner. However, the Second Five Year Plan (1976–80) registered only 0.4 per cent growth per annum due to lack of funds, equipment, expertise and popular support (Masahiko 1997: 37). Moreover, the Vietnamese economy was cut off from the world’s market economy and integrated into the economic and trading system of the Soviet-led Council for Mutual Economic Assistance (CMEA) instead. Ultimately, economic development was further threatened by the outbreak of the ‘Third Indochinese War’ in 1978–79.

This new war was related to the Khmer Rouge’s accession to power in Cambodia in 1975. During its three-year rule, the Khmer Rouge depopulated Phnom Penh, destroyed family and village life and caused untold suffering throughout the land. An estimated two million people died due to repression and starvation, while almost a million others fled across the borders to Thailand and Vietnam. There occurred a total breakdown of the economy. Relations with Hanoi also worsened as the Vietnamese population in Cambodia as well as ethnic Khmers who had close ties with Hanoi were discriminated against and forced to flee to Vietnam. In December 1978, Vietnam invaded Cambodia and installed a pro-Hanoi government in Phnom Penh. The Chinese then invaded the northern provinces of Vietnam in early 1979 to protest alleged mistreatment of the Hoa minority by Hanoi. Laos stood by Hanoi during this war.

With the explicit support of China and the United States, the ASEAN countries encouraged two anti-communist Cambodian factions exiled in the Thai-Cambodian border. These two, together with the remnants of the Khmer Rouge, also gathered at the border region, began to organize small armies that conducted guerilla activities against the pro-Hanoi government installed in Phnom Penh, also backed by the Soviet Union. Subsequently, a coalition government of these anti-Phnom Penh groups was formed in 1982. Backed by ASEAN, China and the US, the Cambodia struggle developed into a civil war as well as a war of proxy involving the great powers. These conflicts prevented the Indochinese from engaging in developmental pursuits, like the other Southeast Asians, in any meaningful and sustained manner until the early 1990s.
THE ‘NEW’ GLOBAL ECONOMY

Initially, absorption into the new global economy was via EOI, in turn coinciding with advances in production and transportation technology, worsening industrial relations in Western industrialized countries and the TNCs’ search for cheaper sources of labour, especially for labour-intensive industries like textiles and garments, and the assembly of electrical and electronic component parts. With the relocation of certain production processes in East and Southeast Asia (especially in Singapore, Malaysia and Thailand), a new international division of labour resulted (NIDL). New employment opportunities were created and foreign exchange earnings accumulated. Subsequently, more valued-added hi-tech manufacturing industries were introduced, especially in the electrical and electronic, IT and communications industries. As labour costs crept up in Southeast Asia, and as higher precision in value-added production was required, automation was resorted to. Neo-Fordist, smaller-scale, highly specialized and flexible ‘just in time’ production processes were also adopted to maintain global competitiveness, especially in the electronics industry (Harvey 1990). Subsequently, low-end production was shifted to other parts of Southeast Asia like Vietnam and Cambodia or to China.

This latter round of industrialization, sometimes referred to as ‘a second industrial revolution’ in the region, facilitated another round of economic growth. Countries like Malaysia and Thailand took significant strides towards becoming NICs (like Singapore, South Korea, Taiwan and Hong Kong). No doubt, FDI facilitated the growth of the manufacturing sector. But the emergence of the developmental state, which involved itself especially in the modern sectors of the economy, was also critical. Through specific policies, the Southeast Asian developmental states designated certain areas as export processing zones and offered tax-exemption incentives to the TNCs. They further prepared the necessary infrastructure, including utilities, and provided basic education and training to potential workers. Through use of coercive laws, unionization and worker radicalism were curbed and wage levels capped. The state also ventured into various industrial, financial and trading activities, sometimes in joint-ventures with TNCs and/or domestic entrepreneurs (Saravanamuttu 1998; and Jomo 1998).

However, increased involvement in the global economy also resulted in certain unplanned consequences. The public sector in Malaysia, Indonesia, Thailand and the Philippines accumulated large foreign debts and experienced a short but severe financial crisis in
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1985–86. The consequence was a significant shift in the balance of power away from domestic states and capital to international financial institutions. More than that, proponents of neo-liberalism who had been arguing with protectionists on how to engage the global economy finally prevailed (see essays in Robison, Hewison and Higgott 1987).

As elsewhere in the world, privatization of public enterprises and deregulation of the Southeast Asian economies occurred. Malaysia was a pioneer in the region. In 1983, prime minister Mahathir Mohamad announced his government’s intention to embark on privatization, which was pursued in earnest after the mid-1980s recession. By 1995, 374 privatization projects had been implemented saving it reportedly about US$20 billion in capital expenditure and removing almost 97,000 workers from the government’s payroll (Loh 2000: 81). In Singapore, profitable public enterprises like Singapore Telecommunications Ltd (SingTel) and Singapore International Airlines (SIA) were listed in the Singapore stock market. In 1987, Suharto, too, established a committee to study proposals to sell off state enterprises to reduce the government’s financial deficit. Significantly, these shifts in economic policy were pursued voluntarily, perhaps because the business class as well as state authorities were attracted to neo-liberalism. Only in the Philippines, where Marcos sought IMF aid to overcome its fiscal and debt crises in the early 1980s, were similar policies of deregulation and privatization – part of the structural adjustment package required for acquiring IMF loans – forced upon a Southeast Asian nation at that point. When Corazon Aquino replaced Marcos in 1986, she launched a five-year plan to sell off US$32 billion worth of Filipino state-owned enterprises so as to spur economic growth. From 1992 to 1995, the Ramos government privatized more than 400 assets and agencies, netting more than US$1.9 billion in 1994 alone. By June 1995, the number of government-owned or controlled corporations had fallen to 101 (Clarke 2000). The result was an accelerating pace of deregulation and privatization of the Southeast Asian economies. Deregulation further facilitated the influx not only of FDIs, but of portfolio investments as well, especially following liberalization of the financial sector (Jomo 1998).

However, it would be wrong to surmise that privatization meant an end to the involvement of the state in economic activities or a retreat of the dirigiste developmental state. Its economic role was redefined. In Malaysia’s case, the government continues to hold the lion’s share, termed the ‘golden share’, of equity in publicly listed corporations like the Malaysian Airlines System (MAS), Tenaga Nasional Berhad (formerly the National Electricity Board) and Telekom Malaysia Berhad.
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(Telecoms), allowing it to direct management of those corporations including appointments to top positions. Likewise, the Singapore government continues to be the major shareholder in SingTel and SIA and to direct strategic decisions including SingTel’s takeover of Australia’s No. 2 telecommunications company, Cable and Wireless Optus, in 2001 so as to facilitate SingTel’s intention to become a regional player. The major difference, therefore, was to draw private capital into ‘mega-projects’ of strategic importance previously the sole purview of the public sector, while subjecting management to market movements and performance measurements. However, the adoption of neo-liberal economic policies opened new opportunities for patronage and spawned unprecedented levels of cronyism and nepotism as well (Jomo 1998). Yet these activities did not seem to threaten economic growth in the early 1990s. Consequently, the growth was based not only on the ‘real economy’ (production and trade of goods and services), it was as much if not more dependent on the ‘symbol economy’ or ‘invisibles’ of capital movement, exchange rates and credit flows (Drucker 1986; and Jomo 1998).

Again, the Indochinese countries were playing ‘catch-up’ with their fast-globalizing neighbours. For war only came to an end in the early 1980s. The Third Five-Year Plan (1981–86) in Vietnam for instance stressed rehabilitation of the economy, which had experienced a severe setback as a result of attempted nationalization of industries and suppression of trade in the south following liberation. Under the rubric of developing a ‘multiple-component economy with regional differences’, infrastructure development became the first priority instead. Development of the agricultural sector (self-sufficiency in rice production, animal husbandry and fish-farming) was the other major goal. Industrialization was largely geared towards complementing the agricultural goals – producing agricultural tools, rice milling, fertilizer production. Beyond this, a small ISI programme geared towards the production of textiles, cement, tools, plywood, etc, was established. Due to low revenue bases, budget deficits occurred.

Đoàn Mới, or renovation of the economy, was officially adopted during the Sixth Congress of the Vietnamese Communist Party in December 1986, partly in response to existing problems, partly influenced by reforms in the Soviet bloc. The goal of Đoàn Mới was to transform the centrally planned economy into a ‘multi-sectoral market-driven’ one with the state playing a key role in management; this was not dissimilar from how the pro-capitalist Southeast Asian state authorities had redefined their new roles following deregulation and privatization
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policies in the mid-1980s. However, it was only the family farms and privately-run small businesses that were initially affected. The big change occurred from 1989 onwards after the unraveling of the communist countries in Eastern Europe and the tragedy of Tiananmen. Following intense debate and revision of the original plans, economic reforms were pursued in earnest and became widespread. The reforms unleashed unprecedented growth. The real GDP growth rate rose from 5.1 per cent in 1990 to 8.6 per cent in 1992 to around 9 per cent during 1994–96. Triple-digit inflation experienced in the 1980s was brought down to about 10 per cent by 1993. Between 1992 and 1996, FDIs worth almost US$6 billion were disbursed in Vietnam. Not only were FDIs welcomed, consumer-goods production for the domestic market as well as for export was promoted. The IMF, WB and UNDP provided technical assistance to train managers, to strengthen financial institutions and to develop supporting legal frameworks in line with reorienting the Vietnamese economy into a market-oriented one (Turley 1999: 278–279; and Corral 1998: 142–147). In 1995, 56 per cent of Vietnam’s GDP was derived from the private sector. By that time, the agricultural sector was dominated by non-state operations although in industry, state enterprises continued to predominate. The service sector was split between state and non-state enterprises.

‘Catch-up’ was even slower in Cambodia because peace was even more elusive there. A major problem that needed immediate attention was the resettlement of refugees. Egged on by the reformist spirit occurring in Vietnam, the People’s Republic of Cambodia government, led by the Cambodian Peoples Party (CPP), also introduced economic reforms in 1986. And as in Vietnam, it was not until 1989 that the pace of reforms was accelerated and its scope widened. Among others, foreign investments were welcomed, private ownership was restored, state-owned enterprises privatized and price controls lifted (Tith 1998: 109). In 1993, 94 per cent of ‘large establishments’ (employing more than 10 workers each) were listed as private enterprises. Only 30 state enterprises were reported: 20 in utilities, 10 in manufacturing. That year, 89 per cent of the labour force was self-employed or working in family businesses. Only 7.2 per cent worked in the public sector (Corral 1998: 147).

In 1995, the Forum for the Comprehensive Development of Indochina was also launched ‘to ease their integration into ASEAN’. One of the Forum’s major tasks was to co-ordinate Official Development Assistance (ODA) projects and activities conducted under the auspices of the World Bank and the UNDP among others, with private sector activities. Indeed, a major goal of ODA is to create an ‘enabling
environment for a free market system' in the three Indochinese

Accompanying these economic reforms was the signing of the Paris
Peace Accords in October 1991. However, six months later, the Khmer
Rouge opted out of the Accords. Nonetheless, UNTAC pressed ahead
with its plans to conduct nation-wide elections in May 1993, wherein
FUNCINPEC (United National Front for an Independent, Neutral,
Peaceful, and Cooperative Cambodia), led by Prince Ranariddh
Sihanouk, emerged ahead of the CPP, led by Hun Sen. Such an
outcome had not been expected by the latter, which controlled the
military, police and civilian administration.

The modus operandi reached was a convoluted system of power-
sharing, with Ranariddh as first prime minister and Hun Sen as second
prime minister. Cooperation was deemed necessary to avoid conflict and
to access international financial assistance pledged by the International
Committee on the Reconstruction of Cambodia (ICORC).2 Such funds –
multilateral and bilateral grants, concessional loans and FDIs,
especially from ASEAN, Korea and Taiwan – estimated at some US$2
billion, enabled the Royal Government of Cambodia (RGC) to launch
reconstruction of its infrastructure and educational system, provide
basic social services, and maintain its civilian administration and police
force. It further contributed to growth of tourism, a major foreign
exchange earner. Cambodia’s real GDP grew at an average of 6.1 per

SOCIAL PLURALIZATION, THE MIDDLE CLASSES
AND DEMOCRATIZATION

Rapid growth resulted in considerable structural transformation. A
‘new rich’, comprising the local capitalist class and the educated
middle classes, became evident. A ‘new poor’, comprising the un-
skilled local labour force considered unemployable by the new
enterprises (and in Malaysia and Singapore including legal and illegal
migrant workers), also emerged. These new classes were added to the
older classes of workers, peasants and petty bourgeoisie. There also
emerged various coalitions of these old and new classes, organized as
specific interest groups. No doubt the Southeast Asian countries had
become more plural (in the sense of stratified) societies (Abdul
Rahman 2001; Hefner 2001; and Robison and Goodman 1996). Yet,
except for the Philippines, the trend in capitalist Southeast Asia during
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the 1980s was towards centralization and concentration of executive power. Political liberalization had not accompanied economic liberalization. Hence the Southeast Asian states were variously described as ‘corporate-paternalist’, or ‘neo-patrimonial’, ‘quasi-democratic’ or ‘soft-authoritarian’, or generally authoritarian but ‘developmentalist’ states.

In response to such negative categorization of the Southeast Asian states, leaders like Malaysia’s Mahathir Mohamad and Singapore’s Lee Kuan Yew, supported by a group of Western as well as local scholars, in a re-hash of neo-modernization theories, argued that cultural factors had important bearing on political modernity; that modernity and tradition as in orthodox modernization theories were misplaced polarities; and that the seemingly illiberal political systems in Asia had been inaccurately classified as ‘undemocratic’. They merited re-classification as ‘Asian variants’ of democracy. It was argued that such democracies were in line with traditional ‘Asian values’ anchored around the family, placing the community’s interests and the common good above that of the individual’s, seeking consensual and eschewing competitive politics, and displaying respect rather than disrespect of authority (Robinson 1996; Chua 1997; and Khoo 2002).

The emphases placed on the ‘community’ and ‘social welfare’, as part of the rhetoric of Asian values and as policy, apparently struck a chord among the Singapore people (Chua 1998), for instance. It enabled the leaders to reconstitute their legitimacy vis-à-vis Western critics in particular, at a time when these regimes experienced much economic growth and enjoyed considerable political stability.

To some extent, this reference to ‘Asian values democracy’ harkens back to similar claims by earlier Southeast Asian leaders of the uniqueness of their cultures and hence the inappropriateness of liberal democracy, viz. Sarit Thanarat’s ลากราน์มิตร ไทย, Sihanouk’s ‘Buddhist Democracy’, Sukarno’s ‘Guided Democracy’, Suharto’s ‘Pancasila democracy’ or negara integralis, or even the Rangoon military regime’s ‘Burmese Way to Socialism’. Significantly, where challenges to the regimes were occurring, as in the Philippines in the mid-1980s and then Thailand in the early 1990s, there was little resort to this discourse of ‘Asian values democracy’. In this regard, ‘Asian values democracy’ represented the apogee of regime self-confidence in Malaysia and Singapore in particular, a self-confidence derived from a period of explosive growth.

In trying to understand this impasse to democratization, some Southeast Asianists have directed their attention to the middle class.
Though sometimes differing on how the middle class ought to be defined, these researchers agreed that the economic growth had spawned a new urban-based educated middle class in addition to the older petty bourgeoisie. However, the debates over the political roles of this new and the older middle classes produced no consensus. Some argued that a leading segment of the new middle class was employed by the state as technocrats and bureaucrats, and still others by the transnational corporations. Hence they were disinclined to be involved in dismantling the undemocratic structures, since they considered occasional repression and coercive laws as necessary in order to maintain political stability and economic growth. No doubt this segment of the middle class benefited from that growth too.5

On the other hand, others argued that the overthrow of Marcos by ‘people power’ in February 1986 was led by the urban educated middle class. The Thai counterpart to people power was the middle-class revolt in Bangkok during ‘Black May’ 1992, when Suchinda Kraprayoon’s attempt to restore military rule was beaten back (Prudhisan and Chantana 2001: 269; and Anek 1996)6. However, the extent to which ‘regime change’7 had occurred, and participatory democracy rather than procedural democracy better characterized post-1986 Philippines and post-1992 Thailand, remains a moot point, the displacement of authoritarian regimes notwithstanding.

In the 1980s, several observers of Indonesian politics had attributed the struggle for constitutionalism (negara hukum) and public accountability to the new middle classes, especially professionals and others financially independent of the state (Lev 1990). However, surveying ‘Democratic Prospects in Indonesia’ in the early 1990s, Crouch (1993: 92) concluded pessimistically:

Neither the social structure nor political culture generates strong pressures towards democratization. Although economic development has brought about substantial change in the social structure, these changes have not gone far enough to provide a solid foundation for democratization... From the culturalist perspective, the predominant elite political culture is antagonistic to democracy...it is only at the political level that circumstances offer much prospect of democratization. As long as the elite remain divided and their rivalries involve mobilizing non-elite support, it is possible that the system will become more open and liberal.

Writing on the same theme on the eve of the regional financial crisis, Anders Uhlin (1997: 22), after surveying the growth of the NGOs,
nonetheless concluded that 'democratization had not yet started in Indonesia. Nor has a process of liberalization or regime transition. Instead, Indonesia is in a pre-transition phase'.

Rodan’s earlier study (1993) of the Singapore middle class argued that the steady erosion of electoral support for the ruling PAP (from 70–80 per cent in the 1970s to about 60 per cent in the late 1980s and early 1990s) and the emergence of several independent NGOs augured well for democratization in Singapore. However, this opinion was contested by others. Jones and Brown (1994) showed how the middle class, while keenly competitive in the educational and business spheres, stopped short when it came to competing for power. A *kiasu* (literally ‘afraid to lose’) psychology prevailed and the Singaporeans deferred to the state authorities instead. Indeed, in a later assessment, Rodan (1996) acknowledged that while a measure of middle-class activism had surfaced, this was of a ‘non-threatening nature’. Chua’s (1997) distinction between cultural activism and seeking more overt political power is perhaps useful. Whereas cultural pluralism was acceptable to the ruling PAP government, the devolution of power was not. Reading the message well, the Singaporeans did not try to take on the powerful state authorities and the PAP. (Besides, the PAP government, argues Chua, continued to be responsive to the working class and fulfilled their needs. There was no reason for them to usher in change that could undermine the country’s economic performance and threaten the lifestyles they were enjoying.)

On Malaysia, Saravanamuttu (1992) argued that the middle class contributed to the democratization process. He suggested a multi-ethnic coalition of middle class groups was instrumental in the opposition to amendments to the Societies Act and Official Secrets Acts, which sought to restrict civil liberties, and in the protests against the executive’s removal of the head of the judicial service in the 1980s. In so doing, these middle-class elements were said to have negated to a great extent communal politics, which for a long time had characterized Malaysia. This view, however, was in contradistinction to the opinion of Ishak Shari and Jomo (1984), for instance, who considered the middle class to be largely responsible for heightening communal polarization in the 1980s. This is because the ethnic factions of the middle class were in intense competition with one another for education, employment, promotion and business opportunities. Consequently, they did not hesitate to invoke communal sentiments to mobilize ethnic support for themselves in the competition against one another. Loh (2002) has focused attention on ‘developmentalism’, a new political
culture which valorises consumerist habits dependent on rapid growth, in turn dependent on political stability, which many Malaysians believe only the Barisan Nasional ruling coalition can guarantee. He claimed that developmentalism has captured the minds of Malaysians, particularly the middle class. For Loh, it is this discourse of developmentalism, not ethnicity, and certainly not ‘Asian values democracy’, that now posed limits to the discourse of democracy which had been re-emerging since the 1980s. In the same vein, Abdul Rahman (2001) has drawn attention to the ‘cultural baggage’ of the new middle class.

In the Indochinese countries, due to limited economic growth, the middle class is much smaller and its political impact hardly evident. In Cambodia, even though elections are held and political parties are allowed to exist, it is a small group of political elites from the CPP, FUNCINPEC and SRP (Sam Rainsy Party) that dominates politics. And although corruption is rampant and the rule of law abused, most Cambodians are not able to intervene politically to improve matters, notwithstanding the provisions for such intervention in the 1993 Constitution. Yet, the last decade has constituted ‘the most progressive and stable since the early 1960s’. In this regard it is noteworthy, as Lao (1998: 174) reminds us, that an entire generation of Cambodians were deprived of education and were cut off from the rest of the world during the period of Khmer Rouge rule and war years. The nascent civil society, he surmises, requires the continued support of the international community (see also Brown and Timberman 1998: 29).

Economic growth is also a recent phenomenon for Vietnam and hence its middle class and civil society remain extremely weak. Still under communist party rule, virtually no independent mass or middle-class organizations are in existence. However, fear of repression by the state authorities only partially accounts for Vietnam’s weak civil society. Rather, it can also be explained in terms of a Vietnamese version of developmentalism (apropos for urban Cambodia too), arising after extended periods of war, instability and limited economic growth. For the Doi Moi years have been a period of unprecedented growth and improved livelihoods for most Vietnamese, which have encouraged the vast majority to support the party’s economic policies, if not the party itself.

Contrary to the perspective of theorists like Seymour M. Lipset, the Southeast Asian experiences showed that the emergence of the middle class did not necessarily result in regime change and democratization. Although it was acknowledged that the push towards democratization, whenever it occurred, had come from the middle class, not the lower
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class, the evidence suggested that the middle class was divided and its political perspective fragmented. It is for this reason that Kahn (1996), for one, prefers the term ‘middle classes’. Apart from understanding the political perspectives and roles of the middle classes vis-à-vis the formal institutions of power, Southeast Asianists also began to study middle-class involvement in the NGOs, religious organizations and the new social movements. A significant observation was how these middle-class led NGOs began to contest the consensus and hegemony of the state authorities (to be discussed later).

THE FINANCIAL CRISIS – REGIME CHANGE?

The 1997 financial crisis in East and Southeast Asia suddenly transformed the economic miracles into Asia’s nightmares. Most analysts now agree that the crisis was immediately caused by the sharp devaluation of the region’s currencies, principally due to speculation by currency traders and hedge funds investors. It has also been highlighted that the crisis exposed the weaknesses of many of these economies, which had become overly dependent on international finance capital and on so-called ‘directly unproductive’ profit-seeking activities, specifically state-created rent (Jomo 1998). When we consider the Southeast Asian region as a whole, it is apparent that the 1997 financial crisis was but the culmination of the trends set into train by the integration of the Southeast Asian economies into the new global economy beginning from the mid-1980s, perhaps even earlier. Deregulation and privatization policies beginning in the mid-1980s had facilitated these developments. Patronage now characterized these economies. As bankruptcies became widespread, privatized projects halted, and bailouts attempted after mid-1997, the collusion between the political and the economic elite was made manifest.

Most pertinent for us is the fact that the crisis and economic meltdown struck a lethal blow to the developmental state as we have come to know it. Within two years, growth rates plummeted to unprecedented levels. Most countries also accumulated heavy debts and suffered serious socio-economic reverberations. In 1998 Indonesia saw an economic decline of more than 13 per cent, Thailand, almost 11 per cent and Malaysia, more than 7 per cent. Singapore registered next to no growth that same year (Jomo 1998; Saravanamuttu 1998; and Pang 2002). Even if the developmental state had not met its demise, the dirigiste state exercising control over national policies will now be a
thing of the past. For such a state is simply not compatible with the financial globalization that has occurred. The most likely scenario, given that development must continue, is the reconstitution of the state, perhaps as the more common ‘regulatory state’ (Jayasuriya 2000). Such a regulatory state already functions famously in the long-established neo-liberal orders of Europe and North America, save for a few crumbling social democracies. Under the circumstances, a more general loosening of national controls over the economy is inevitable as ownership and control of the economy changes hands. This augurs well for civil society.

Yet, politically speaking, it does not appear that the financial crisis was a triggering point for regime change in the region. The most significant change in the Philippines had occurred in 1986 when the people power revolution occurred and Marcos was overthrown. Although the Chaovilai Yongchaiyudh government was replaced by Chuanleekpai’s only months after the mid-1997 crisis, it did not signal a change of regime in Thailand. That had occurred earlier as well, marked by the so-called ‘Black May 1992’ incidents, which rolled back General Suchinda’s attempt to reinstall a military regime of the 1960s variety. Indeed, ‘liberalization though not democratization’, according to Sukhumbhand (1993), had occurred during the 1980s as a single constitution was maintained and several changes of government via the electoral process sustained. The changes of government, including Thaksin’s takeover in 2000, marked a desperate search for counter measures to resolve the financial crisis. A Reformasi movement – which has essentially pitted middle-class urban Malays against the UMNO-led ruling coalition – erupted in mid-1998 in Malaysia. However, had it not been for the sacking and incarceration of Anwar Ibrahim, the former deputy prime minister, the Reformasi movement would not have occurred (Loh 2003).

Cambodia’s economy also suffered a setback during this time because of its heavy dependence on FDIs from ASEAN countries, which were now suspended because of a financial crisis due to the 1997 coup. A drop in tourist arrivals from ASEAN countries further exacerbated its economic problems (Tith 1998: 114). Cambodia’s GDP fell for the first time since 1991. In fact, due to foreign pressure (and support), the second round of national elections were held in 1998, which the CPP won. It then had to win the support of the other parties to form a coalition government. On the assessment by foreign observers that these elections were fairly conducted, Hun Sen’s government regained legitimacy in the eyes of the international community, especially among
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the ASEAN countries, which belatedly welcomed Cambodia into the regional grouping in 1999. Be that as it may, it is evident that the pluralist political system ushered in by the Accords has not been working well. However, it also appears that ICORC and other international donors have re-focused their attention on economic development, which they hope will become the basis for maintaining peace and stability in Cambodia (Brown and Timberman 1998: 26–28).

No political turmoil like the 1997 Cambodian coup occurred in Vietnam. Its 1997–98 economic downturn was more directly caused by spillover effects of the financial crisis involving its neighbours. New foreign investment in 1997 totaled US$4.5 billion, about half the record US$8.6 billion approved the preceding year (Turley 1999: 291). Had it not been for investments from Europe, Japan, Taiwan and Hong Kong, the 1997 total would be less. However, it also appears that the drop in investment could be on account of increasing hostility of foreign investors to the inhospitable business environment they face in the country. Given this hostility and the increase in competitive pressures brought by devaluation of currencies in neighbouring ASEAN countries, there is danger of Vietnam losing its competitiveness in drawing in FDIs over the medium-term. At any rate, the economic downturn did not appear to have caused any untoward political development in Vietnam (Turley 1999: 289).

It was only in Indonesia (and South Korea), where popular dissent had been brewing and the legitimacy of the regime(s) fast eroding during the 1990s, that the financial crisis cemented the imminent change of regime. Subsequently, the structural adjustment packages forced upon Indonesia (and Korea) in order to be eligible for IMF rescue funds, which required that the state authorities cut back on social spending, on jobs and on subsidies, further fueled the Reformasi movement. Nonetheless, whether the revolts occurred before, or followed after the financial crisis, this series of revolts during the 1980s and 1990s indicated that the Asian peoples – contrary to neomodernization arguments of a docile people imbued with Asian values or fearful of repression – were capable of asserting their demands. In almost all cases, there were demands not only for their leaders to step down but for an end to corruption, restoration of the rule of law and social reforms generally.
THE NGOS, CONTESTATION AND DEMOCRACY

Although the financial meltdown in 1997 brought untold hardships to many, it nonetheless was a salutary event since it contributed towards dismantling authoritarian regimes. The developments in Indonesia, Thailand and Malaysia where the most significant struggles for democratic reforms occurred, will be briefly discussed.

Without doubt, the developments in Indonesia were the most far-reaching in terms of political reform. However, it has also become obvious that the trajectory of post-Reformasi democratization in Indonesia has been far from smooth. Within just six years after Suharto’s departure, Indonesia had had a fourth president. This notwithstanding, important constitutional amendments were passed and new democratic procedures put into place, among them: restoring the rights of citizens to establish political parties, trade unions and other organizations of their choice; introduction of a direct presidential election rather than through a vote in the People’s Consultative Assembly (MPR); presidential accountability to the MPR; whittling down of the role and representation of the military in the People’s Representative Council (DPR); decentralization of power via the creation of elected assemblies at the village and district levels; and the creation of a Constitutional Court tasked with legal review and mediating over legal disputes among state bodies.

It is significant that a new draft Constitution was passed in Thailand’s parliament in September 1997, amidst the financial meltdown. Arguably, Thailand now possesses its most democratic constitution ever, which augurs well for its transition from military to civilian rule. Among its provisions are: a House of Representatives comprising parliamentarians from single-member constituencies as well as multi-member constituencies; a directly elected Senate that was previously dominated by the military and pro-military civilians; local government elections and devolution of more power to local governments; the establishment of several independent bodies including the Election Commission, Constitutional Court and a National Counter-Corruption Commission; guarantees of press freedom; and so on.

A politics of reform also took hold in Malaysia, which saw the formation of a new multi-ethnic opposition coalition. Even more interesting than this ‘mainstream’ development was the fact that the Reformasi spawned the participation of new forces of civil society. The political ferment that occurred was also exceptional in that it saw for the first time since Independence, a genuine crack in the edifice of
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Malay hegemony, symbolized by the dominance of UMNO in Malaysian politics. In the 1999 general election, the ruling coalition retained control at the federal level but lost control of the states of Terengganu and Kelantan to PAS, the Islamic opposition party. However, after that highpoint, the Reformasi movement subsided and indeed witnessed a virtual dismemberment, following the withdrawal of a non-Malay party from the opposition coalition and the departure of significant Malay leaders from another opposition component party.

Three observations may be drawn from this brief review. First, it is evident that a power shift has occurred in these three countries. Thais, Indonesians and even Malaysians have been emboldened to reclaim their rights and move towards participatory democracy. Arbitrary rule, backed by military might, has been rolled back in Indonesia while in Thailand, civilian displacement of military rule has been further consolidated, a shift initiated by the ‘Black May 1992’ episode. Second, the new constitutions promulgated in Thailand and Indonesia potentially enshrine civil and political rights and rule of law as never before. By providing for multi-party systems and regular elections, checks and balances of executive power via strengthening the legislative and the judicial branches of government, sharing power with regional and local governments and introducing accountability procedures and transparency requirements, power ought not be centralized in the hands of particular individuals or groups as in the past. These are major moves towards consolidating democracy and must be safeguarded.

However, the third observation is that the resort to electoralism, or more generally, a turn to procedural democracy per se, is fraught with frustration. In two countries, Malaysia and Singapore, where electoralism has been practiced uninterruptedly since independence, a change of national government, let alone regime change, has never occurred. Via the use of government facilities, control over the mass media, possession of superior party machines and access to public as well as private funds, indeed, gerrymandering and perennial amendment of electoral laws too, electoral victories for the ruling regimes in Malaysia and Singapore have been guaranteed time and time again (on Malaysia, see Loh 2003). Despite adherence to electoralism, coercive laws, including detention without trial, are still in place and have been resorted to as recently as 2001 and 2002 in both Malaysia and Singapore, this time to incarcerate alleged Muslim terrorists. It is equally significant that even when changes of government occur as a result of elections, as in the case of the Philippines, and more recently in Thailand and Indonesia as well, they do so without necessarily a
change of the regime, in the sense of a significant shift in socio-economic policies, although new procedures and institutions might be put into place. Instead, elections have often resulted in the ‘domestication’ of popular demands for more thoroughgoing political and socio-economic reforms (Anderson 1998: 265ff).

That said, any attempt by state authorities to dominate over and homogenize an increasingly plural and stratified society with so many varied and competing interests cannot ever be complete. This is especially so because globalization has facilitated easy access to alternative ideas and imaginings. In fact, there has emerged an important corpus of literature which has shifted discussion from state-centric to societal-centric approaches in the study of that relationship and the question of democracy generally. This approach demands that we do not assume the existence of an omnipresent state, or its ability to mobilize support for itself via corporatist institutions. It requires a shift to a more *dialogical approach* wherein individuals, groups and communities are able to negotiate with the state, as well as around its rules and regulations (Kerkvliet 2001). In this connection, there is no doubt that the official narratives of the Southeast Asian authorities relating the state to civil society, and of the state–civil society complex to the question of development, are being challenged more and more.

It is here that a radical fraction of the middle class, and the new social movements, religious organizations and NGOs that they lead, come into their own. Following on the heels of the debate about the roles and perspectives of the middle class, Southeast Asianists have also been studying the NGOs (Loh 1996; Eldridge 1995; Uhlin 1997; Jones 2000; Clarke 2000; Siliman and Noble 1998; and Jaturong and Gawin 1995). Many of these studies have shown how the NGOs complemented the development activities of the state and usually involved the people in projects and decision making. But some studies further show that the NGO activists have also developed alternative discourses and practices and have grown increasingly autonomous of the state authorities, even undermining the authorities’ official narratives and consensus.

Significantly, the NGOs’ discourses and practices are largely extraelectoral. Apart from defending civil liberties and demanding that the governments be held accountable, the NGOs often oppose the orthodoxies of economic liberalization and the related privatization of social services. In this connection, they defend the rights of discriminated and marginalized groups like women, workers who are disallowed to unionize, landless peasants, indigenous peoples threatened by logging, or urban squatters rendered homeless due to
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development activities, and the like. Some NGOs are engaged in environmental activities and pose questions about sustainable development. Still others redefine the arts, create alternative media and demand that historical sites be restored rather than pulled down to make way for office blocks. There are also NGOs that seek to relate these social and political concerns to their religious beliefs and practices, sparking off controversies within their religious communities. Put another way, NGOs are not simply interested in a share of development and some private space to conduct their activities. They interrogate the economic and cultural orthodoxies and call for the creation of an autonomous public sphere too.

The extent to which these alternative discourses and practices resulted in shifts in the balance of power between the state authorities and civil society varied, depending on the linkages the disparate single-cause NGOs were able to establish among themselves in the first instance, and then between a consolidated group of radical NGOs with other forces in civil society involved in more institutionalized traditional politics. There were at least three or four of these latter groups. First, there was ‘old politics’ – the politics of political parties and elections led by counter elites who often possessed the financial means and the mobilizational know-how, which the middle-class NGO radicals often lacked. Second, there were the rural peasants as well as the urban workers, nowadays often ignored by the political parties, the NGOs and even the unions. Third there were the religious organizations whose members were often undergoing much soul-searching and ferment on account of globalization, or simply on account of rapid socio-economic changes to their lives. And sometimes there were ethno-nationalist or ethno-regionalist organizations representing minority communities that were beginning to assert their claims on state authorities who had often discriminated against them and ‘wished them away’.

I contend that the popular uprising which developed in the Philippines resulting in the overthrow of Marcos in 1986 was a result of successful linkages forged by the radical middle class with those groups involved in traditional politics. The ‘Black May 1992’ uprising was another case of the radical middle class successfully linking up with the other traditional opposition groups to overthrow Suchinda, with a little bit of help from the king, of course (Anek 1996). The coming together of these radical middle-class types, as well as the forging of these linkages, especially with ‘old politics’, labour and the Islamic groups, was also becoming evident in Indonesia, beginning from the 1990s.
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(Uhlin 1997; Heryanto 1997; Hadiz 1997; and Hefner 2000). In fact it was this group of the NGOs that first organized alternative political parties like the People’s Democratic Party, and the independent trade unions like Seikat Buruh Sejahtera Indonesia, founded by the lawyer Muchtar Pakpahan in 1992. Understandably, these efforts were subjected to harsh repression by the Suharto regime (Hadiz 2003: 101–104).

However, where the discourses and activities of the NGOs remained the exclusive purview of the educated middle class, as in Singapore, or in Malaysia prior to 1997, the radical middle-class challenges remained stillborn. In a sense, the formation of a new opposition coalition, the BA, brought together the various ethnic-based opposition parties and some of the major NGOs too. However, the Reformasi movement as well as the BA had little contact with the working class, which is generally pro-status quo. In fact, organized labour had been domesticated by the state since the 1950s after the left-leaning independent unions were smashed, and a separation of trade unionism and political activism strictly enforced (Jomo and Todd 1994: 172). The Malaysian Trade Union Congress has been kept pliant through government support for a separate major organization for state employees, as well as the formation of Japanese-style in-house unions. In contrast, the Islamic movements like Abim and Jemaah Islah Malaysia (JIM) grew rapidly and became increasingly critical of the ruling coalition.

In Cambodia and Vietnam, international NGOs predominate over local ones. In fact, in Vietnam, the term ‘local NGO’ is used as a catch-all term to refer to the Red Cross as well as to the commune, village or municipal-level chapters of state-sponsored bodies that ‘serve as counterparts to foreign NGOs in development activities’. These NGOs are involved in public health and nutrition, educational, commune-development and women-in-development programmes, among others, and are overseen by an official body called the ‘People’s Aid Coordinating Committee’ (Suzuki 2002: 149). Some protest activities involving farmers occurred in Dong Nai and Thai Binh provinces in the north in 1997, in the latter case leading to violent confrontation with local officials who were accused of corruption, irregularities and excessive demands. However, these incidents were largely localized and spontaneous affairs and did not involve NGOs (Thomas 2001).

There exist more independent local NGOs in Cambodia than in Vietnam, some of which are involved in human rights and more politically overt issues. Most, as in Vietnam, however, are principally engaged in development activities. Often they have not forged ties
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among themselves, let alone with the other groups involved in traditional institutional politics (Corral 1998: 67–70). Most NGOs have no members, but are run like small consultancy firms in the ‘development business’. Not surprisingly, they pose little political challenge to those in power.

CONCLUSION

It is important to stress without belittling the significance of procedural democracy and engaging in electoralism, that the struggle for democracy necessitates the engagement of citizens on a multiplicity of terrains. However, it is in the extra-electoral sites that a major contestation between the official narratives and counter-narratives often takes place. Without doubt, national ideologies and official narratives need to be re-packaged regularly in the era of globalization. In this regard, the promotion of Asian values in Malaysia and of ‘common shared values’ in Singapore in the 1980s, were intended to justify illiberal political systems and to restrict political participation. Probably in response to globalism, these discursive projects were also more inclusive, rather than focused on the cultural attributes of the majority ethnic group, in their new definitions of national identity.

In the post-1997 period, an ideology of state-led nationalism has been foregrounded. ‘Western vested interests’ are often criticized for advocating the removal of all tariff and trade barriers via the WTO, the World Bank, the IMF and other international forums. Malaysia’s Mahathir, for one, had highlighted these concerns. In his Independence Day address to Malaysia in 2001, he warned Malaysians of what he termed ‘the new imperialism’. For him and others, ‘Western vested interests’ also dominate the UN Security Council and other UN agencies. Such domination explains the UN’s ‘double standards’.

Accompanying state-led nationalism is a discourse of developmentalism, the cultural corollary to the developmental state of the 1980s and early 1990s. Initially promoted by the state authorities in order to legitimize the extensive reach of the state into the economy and civil society, developmentalism has come into its own. Due to successful economic growth throughout the region during the 1980s and early 1990s, and the delivery of rising incomes, improved standards of living as well as goods, services and subsidies to the majority, developmentalism has become part and parcel of everyday discourse among ordinary citizens, especially the middle and upper classes. Globalization further
contributed towards invidious comparison with the developed countries and their comfortable lifestyles. The ‘good times’ enjoyed prior to 1997 were often graphically contrasted to the pre-development days sans stable jobs, higher incomes and comfortable living. The good times of the early 1990s are nowadays also contrasted to images of instability and economic downturns, should support for the developmental regimes be withdrawn. In this case, those critics advocating change and opposing the state authorities are depicted as colluding with or manipulated by ‘Western vested interests’. A self-policing mechanism of valorizing developmentalism has kicked in as an everyday discourse of a large section of the rising middle classes and even working class.

Another aspect of repackaging is the increasing regulation of religious affairs by the state and para-state religious authorities, especially in Malaysia and Singapore, but increasingly in Indonesia and Thailand as well. Ostensibly to prevent inter-religious conflict, these curbs and controls are attempts by the state authorities to re-establish a consensus over the Muslim communities. For political Islam offers a comprehensive counter-discourse to the global capitalist discourse, as well as a complement to the otherwise disjointed state-led nationalist cum developmentalist narratives being promoted in the Muslim countries of Southeast Asia. In this regard, the para-state religious authorities are themselves involved in a contestation with independent and opposition party Islamisists over the ‘correct’ Islamic view for the Muslim communities in their respective countries. In the wake of September 11 and the US-led war on terrorism, Muslim radicals have now been linked, often without clear evidence whatsoever (see Sidel 2003), to the Al-Qaeda or the Jemaah Islamiyya, its alleged proxy in Southeast Asia. Alas, this has often led to detention without trial.

Be that the case, the counter-discourses and practices of the NGOs persist. They have begun to undermine the hegemony of the state authorities. It is increasingly difficult to speak of a consensus involving the many different classes and groups. Taking after Hall (1986), we might say that this encounter between the official narrative and the NGOs’ counter narratives, depending on the particular situation, renders the cultural sphere ‘disjointed and episodic’, ‘fragmentary and contradictory’, in other words, much contested. Given the circumstances, the roles and ideas of the NGOs, the public intellectuals, the alternative media, the new religious radicals, the renewed ethno-regional movements, etc. require re-investigation.
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The linkages or the absence of those linkages with other societal groups are also worthwhile reflecting upon. Are not the Reformasi movements that irrupted in Indonesia and Malaysia essentially linkages between the radical middle-class groupings and other established institutional political actors? What were the compromises necessary to forge those linkages so as to achieve a change of government at the center, as in the Philippines in 1986, Thailand in 1992 and in Indonesia in 1998? Whose agenda ultimately prevailed? Or put simply, has procedural democracy deepened into participatory democracy? However, these considerations also have to be linked back to the global economy, which has facilitated much growth (as well as the 1997 financial crisis), the post-Cold War global push towards democratization, and the alternative sets of ideas and imaginings now easily accessible due to the global revolution in information technology and communications.

AUTHOR’S NOTE
I wish to thank Khoo Khay Jin, my former Universiti Sains Malaysia colleague, and Joakim Öjendal for their critical comments on an earlier version of this chapter.

NOTES
1 The exodus of the wealthier, better-educated and more skilled Hoa (Chinese) minority and other southern Vietnamese – the ‘boat people’ – also jeopardized the Plan.
2 Through a series of manoeuvres, the CPP came to dominate the National Assembly. More than that, in July 1997, a coup was conducted by CPP units, which resulted in the deaths of some 41 key members of the FUNCINPEC and other parties, and the fleeing of others, including Ranariddh, to Thailand. In part, these political developments had to do with the competition by the various parties for the allegiance of former Khmer Rouge defectors. In addition, Cambodia’s entry into ASEAN was postponed and some foreign aid was temporarily suspended.
3 Perhaps this should not be that surprising in view of the fact that Britain, under Thatcher, while experiencing tremendous economic growth due to economic liberalization, nonetheless witnessed similar centralization of power.
In the period since the 1997 crisis, little has been said of Asian values by these regimes while the Western media has taken great pleasure in debunking the notion.

See the reviews in Kahn (1996), Oehlers (2001) and Heryanto (2003).

A more youthful educated middle class had also been instrumental in the overthrow of the Thanom Kittikachorn-led military regime in 1973 (Anderson 1998).

The notion of ‘regime change’ is taken from Pempel (1998: 20–21), who states: ‘The term regime refers to a middle level of cohesion in the political economy of a nation-state. A regime is far less sweeping and comprehensive than a “political system”, “constitutional order” or “economic system”. At the same time, the character of a regime usually transcends several specific administrations, presidencies, cabinets, sultanes, or juntas and is more comprehensive than any time-bound economic direction such as deficit-finance, balanced budgets or loose money….A regime is composed of three essential elements: socio-economic alliances, political-economic institutions, and a public policy profile. These three overlap and reinforce one another…”

After 22 years at the helm, Mahathir stepped down as prime minister in October 2003.

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Part One: Restructuring Governance
CHAPTER 2

Liberalization without Democratization: Singapore in the Next Decade

Chua Beng Huat

For analysts of political development, Singapore is an extremely frustrating case. The economy is opened to global flows, thus highly influenced by external forces, in spite of the government’s heavy presence in the domestic economy through state-capitalist enterprises. The economy had been inevitably affected by the 1997 Asian regional financial crisis and the global recession during the early years of this century; nevertheless, it has had four decades of expansion with very few disruptions. These four decades of sustained economic development have changed the society in very significant ways. Educational attainment of the population has expanded, so too has economic confidence and consumption power. The population is better informed, and through education, global travel and access to information, more cosmopolitan in outlook.

The cultural sphere, too, is open to global flows, from pop culture to weighty intellectual trends; expansion includes relatively highbrow cultural practices, such as theatre and visual arts, and more prosaic desires of different lifestyles. Talks of civil society and desires for reforms have multiplied. The willingness of activists to work behind the scene in ‘closed door’ meetings with relevant government agencies, while remaining taciturn publicly, has worn thin. Many groups now make public issues out of their successes or failures in negotiations with government agencies. The newspapers, although still unerringly pro-
government, have provided more space for debate in their forum pages and coverage of civil society activities. An image of greater freedoms is the perception of locals and foreigners alike. Emblematic of this perception is *Time* magazine’s declaration of Singapore as a ‘funky’ place in one of its cover stories in 1998.

The expansion and liberalization of the cultural sphere suggests that the PAP government’s ability to hold on to political power comes not from a stubborn, authoritarian and repressive exercise of power. It issues from an ability to open up areas of social and cultural practices to greater degrees of flexibility, to allow segments of the population to realize their desires, at least partially, rather than letting the desires fester and be transformed into political demands. This selective opening up for those who have arrived at economically better positions, alongside continuing monitoring and upgrading of the basic material life of those who have not made the grade in capitalist economic competition, have enabled the PAP government to sustain its ideological hegemony and political legitimacy in the face of increasing class stratification within a mature capitalist economy that is well integrated into global capitalism. And yet, the political sphere remains unchanged, arrested in development. The PAP government continues to have a stranglehold on political power, without interest or intention to share it. Here in lies the earlier alluded frustration for an analyst! This essay will demonstrate the apparent unchanging political structure and glosses over the ongoing, selective opening of participatory spaces to civil society activities and organizations; illustrative examples of some of the more prominent organizations and their activities will be featured. However, it will be argued that through a strict definition of ‘politics’ as the purview of political parties and an unyielding emphasis on the primacy of economic development, the liberalization of the civil society sphere and other spheres of cultural practices, including ‘critical’ theatre, will not affect the hegemonic position of the single-party PAP government; that is, liberalization does not imply, let alone lead to, the democratization of the polity.

**ALWAYS A GLOBAL CITY**

‘Founded’ during the expansion of European mercantile capitalism, Singapore has, by force of circumstance and by judicious investments and development strategies, in areas such as telecommunication technologies, kept pace with the changing shape and unfolding of the
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intrinsic global logic of capitalism. Singapore has always faced up to and embraced globalization rather than reacted defensively against it, except for the brief distraction by the imagined ‘domestic’ market during its membership in Malaysia. Political separation and independence, in 1965, put Singapore back on the global course; declaring itself a ‘global city’, making the ‘global’ market an explicit focus of its nascent industrialization and ‘global’ thinking a conscious component of the nation’s ideological framework.

The return to the ‘global’ during the mid-1960s coincided with what is now known as the ‘new international division of labour’ – foreign investments from North America, Europe and Japan, faced with high wages at home, were in search of low-cost production sites. Singapore was able to tap into this foreign capital flow at a time when foreign direct investment (FDI) was equated with imperialism with a different face in post-colonial countries, with large parts of Asia that had huge labour reserves either engaged in import substitution as a growth strategy or, having accepted socialism, closed their doors to FDIs. Absence of competition from these countries enabled Singapore to develop rapidly an export oriented industrial (EOI) programme, with the world as its ‘hinterland’ and market. By the mid-1970s, there was shortage of labour in Singapore itself.

As EOI became the growth strategy of choice for many developing nations, Singapore shifted gear into capital-intensive industries from the mid-1980s, displacing low-end, labour-intensive industries to its neighbors. The 1985–87 economic recession spurred the government to develop the services and financial sectors, where Singapore had comparative advantages.1 At the same time local investors were encouraged to ‘go regional’, attracted by the rapid economic growth of Southeast and East Asia. With its huge foreign reserve, high domestic savings rates and well-capitalized government-linked companies, Singapore became a capital exporting country to the region. This again turned out to be short-lived. The Asian regional financial crisis in 1997–98 jolted the government to refocus attention, yet again, on global capitalism.

Indeed, just before the regional crisis, the government had already been preparing plans to make a bid to become Asia’s financial center. In its assessment, an Asian financial center, comparable to New York for North America and London for Europe, had yet to be fixed: Tokyo was too oriented to Japan’s domestic market, Hong Kong was likely to lose its strength, if not its dominance, being now only a city of the PRC, and Sydney was too far out of the loop. Thus, during the few remaining years of the twentieth century, the Monetary Authority of Singapore set
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up many processes to liberalize the financial sector: it issued more general licenses to international banks, introduced greater transparency in disclosure procedures, forced domestic banks to merge and to divest holdings on non-core businesses, such as properties, and placed very large sums of government’s reserve to private fund managers, such that by 2000 most of the global fund managers had set up offices in Singapore.

Each successive economic crisis appears to further consolidate PAP’s political position, as Singaporeans compared their relatively favourable position with those in the region. Take the 1997 regional crisis. ‘Cronyism, corruption and nepotism’ were the main features of regimes in financial crisis. Financial excesses and their political consequences are still being worked out in several of these nations. Meanwhile, the PAP government is proud of the absence of personal corruptions among its politicians and civil servants, absence of bailouts of private enterprises, particularly those owned by relatives and close associates of cabinet ministers, and the ability of the national economy to recover quickly, with no slackening of FDIs. The citizens share in this pride as well.

Efficient state investments in essential infrastructure to sustain four decades of economic growth have been fundamental to nation building; transport systems, education institutions and health care facilities are rationalized in terms of ‘human capital investments’ rather than conventional ‘welfare’ provisions. This ideological shift reduces citizens’ claims of rights to welfare while simultaneously enabling the government to reconfigure these provisions as ‘privileges’ of citizenship, for which Singaporeans should be grateful to the state. Both the growth and the efficient manner in which it has been managed have enabled the PAP to gain ideological hegemony – economic ‘success’ has become a symbol of Singaporean pride in their island nation or city-state. These positive factors contribute, support and reinforce the repressive mechanisms and measures – such as suppression of political dissent, particularly in the early years of independence, and continuous manipulations of electoral practices that disadvantaged other political parties, and which enable the PAP to hold on to parliamentary political power. At the beginning of the century, when the global logic of capitalism is increasingly revealed and impacts on the everyday life of citizens everywhere, the people of Singapore have been primed to face the new opportunities of the computer-mediated, knowledge-based economy, with the PAP firmly in control of the political sphere with no substantive alteration in the distribution of parliamentary power in sight, at least for the next decade.
EXPANSION OF CIVIL SOCIETY

Beneath the surface calm of an unchanging political structure, eddies of changes have been taking place, especially noticeable to those who are actively engaged in civil society activities. These ‘activists’ are determined to separate society and nation from the PAP government and see the need to stay engaged in spite of successive failures and occasional cooptation by the PAP government, which serves to further legitimatize the latter. The changes are most observable in the areas of artistic practices, which include the theatre and visual arts communities, of women’s issues, and of environmental concerns.

Women’s Activism

Public airing of women’s issues has been present since the mid-1980s, especially following the formation of the Association for Women in Research and Action (AWARE) in 1985. AWARE rose to public prominence quickly, partly because the issues it raised concerned a large interested constituency and partly because of the high visibility of its first generation leaders, comprising middle class professional women. The ideological environment in which AWARE operated was very conservative, at a time when ‘Asian’ capitalism was in its ascendancy and ‘Asian values’ triumphant. Against this background, the language of social activism used by AWARE was and continues to be distinctively affected, calling itself a ‘women’s’, rather than a feminist organization. While this may be a strategic choice to gain public discursive space and ‘legitimacy’ for its agenda of reforms, such as forcing the government to come to deal with family violence, particularly against women, it nevertheless unavoidably creates severe ideological and political limitations in terms of more radical issues. For example, it is ideologically difficult for AWARE to argue for singlehood rather than marriage as a preferred lifestyle for women of means; consequently, singlehood continues to be stigmatized in public discourse and singles discriminated against in several government policies, as in housing and taxation. Consequently, AWARE is constrained by its own publicly avowed position to argue, at best, for gender equality but is ultimately unable to provide any ideological alternative to the government’s explicit definition of Singapore as a patriarchal society. Within the public ideological terrain that AWARE inserts its politics, it has undoubtedly been rather successful. The most significant of which has been its ability to exploit the changes in the parliamentary structure to achieve formal representation in parliament.
In the late 1980s, the PAP government, as a strategic move to alleviate public pressure for opposition voices in the single-party dominated parliament, invented a category of members of parliament called the Nominated Member of Parliament (NMP). The practice is to induct a limited number of individuals (the number to be determined by the parliament of the day), depending on how many non-government members of parliament (MPs) were elected. These individuals must have a proven track record in public and professional life, and their ‘independent’ voices in parliament are to provide critiques, if any, of government positions and proposals. Over the past decade, this practice has been captured by interest groups to garner formal parliamentary representation for themselves; for example, the common practice is for such interest groups to nominate their own representatives to the NMP positions, and if selected, to make comments on government policies from the position of their respective interests. Thus, there is now usually a trade-union NMP, a Chinese business community NMP, a Malay community NMP, among others. AWARE can be said to be the first organization to exploit this process of garnering parliamentary representation. It has been able to successfully place a ‘women’s’ candidate as an NMP in each parliament since the inception of the process.

Women’s issues are by now commonly debated publicly and the PAP government appears quite ready to both encourage and engage in such debates, including, as we have seen, formal parliamentary sessions devoted to such issues. However, apart from the ideological framework in which such debates are undertaken, AWARE, like all civil society organizations in Singapore, is subject to very restrictive legislation. The Societies Act requires that civil society organizations stay within the issues that concern their respective declared constituencies and not ‘stray’ into national politics. The desire to continue to play their role in social reform meant that most civil society organizations did stay within the boundaries specified by the Act rather than risk being declared a political organization and face even more severe restrictions on and policing of their activities, or worse, being deregistered completely.

Green Conservation

Another vocal and visible civil society organization is the Singapore Nature Society. Its core activity is green environmental conservation. In the face of the PAP government’s aggressive development programs, which destroy nature for ‘national’ (read economic) interests, concern
for nature conservation is immediately oppositional in logic and politics. This in part accounts for the Society’s social prominence and ‘radical’ image. The Society had, in the past, worked with governmental environmental agencies, such as the National Parks Board, to establish a Green Plan, which includes most of the remaining nature areas in Singapore. The lands covered by the Plan are not legally protected by law, consequently, government agencies have been taking away parcels of land at will, including the destruction of sea-life in the process of land reclamation. Another frustrating issue that confronts the Nature Society and its sympathizers is the government’s consistent deaf-ear to calls for environmental impact assessments of all large-scale developments because the institutionalization of which would inconvenience the government in promoting physical developments.

Contests between the Nature Society and its supporters and the official agencies on both counts take place within government promotion, and foreign praise of Singapore as a ‘green’ island refers, in fact, largely to imported plants, selected for their flowers, rather than indigenous plants. The green constituency seems stuck in this impasse, caught between the government’s appropriation of the green agenda and its continuous rationalization of destruction of nature in the name of the ‘people’s’ or ‘national’ interests; crudely put, in land-scarce Singapore, people need housing more than birds need nestling spaces, which will be accommodated after the demands of the former are met. However, the fortune of nature conservation changed suddenly in January 2002.

In 2001, the government declared that in order for Singapore to be ‘economically’ viable in the future global economy, it should have a population of five and a half million people. As the extant population was close to four million, plans for the accommodation of the additional million and a half had to be made. The Concept Plan of the nation was thus put under review to make necessary provisions. It was the opinion of the Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB), the two premier state agencies that provide and regulate residential and other land uses, that there would not be sufficient land for the additional population.

The government set the official agencies aside and directly appointed a group of individuals, from the relevant professions – such as architects, real estate agents, sociologists, developers and community and civil society leaders, including the interim president of the Nature Society – into two ‘focus groups’, one for landuse and one for heritage and identity, to develop possible solutions to the issue of apparent land
shortage. The two groups were given a period of about three months to complete their task, without any financial payment, entirely for national service. The two groups could readily request meetings with any government agencies and obtain information they deemed necessary to do their work.

The final recommendations of the two groups, particularly the landuse group, were radically different from what the government agencies had been doing for the past thirty years. From the green conservation point of view, the landuse group began its deliberations with the radical premise that, apart from the reclaimed land at the waterfront, no more existing land should be made available for development purposes and new developments should be achieved through intensification of existing used land. Also, specifically, no more golf courses should be built. To solve the problem of residential accommodation for the additional population, the recommendation was for a ‘manhattanization’ of residential housing, that is, to heights of fifty stories and higher, on the newly reclaimed land at the waterfront. This radically breaks with the conventional practice of the HDB, which has kept the height of residential public housing to no more than twenty-five stories, with average heights of slab blocks at twelve stories, since the national public housing program was initiated in 1960. About 75 per cent of the recommendations of the two focus groups were accepted in principle by the Minister of National Development and incorporated into the Concept Plan 2001 (URA 2001).

In rethinking this landuse process, one witnesses one of the most important instruments of governance at work. This instrument was first developed during the 1985 economic recession. The government, under the chairmanship of the then Minister of Trade and Industry, convened an ‘Economics Committee’ to re-chart the future directions of the economy. This Committee, and its subcommittees, met with individuals and groups in the private sector for a period of several months; in all, more than a thousand individuals were involved in various meetings. Its report led to the emergence of the service and banking sectors as engines of future growth, reducing the role of manufacturing; the results of this redirection are now evident in the Singapore economy. The ‘success’ of the Economics Committee has led the government to use it as a model of going outside the state machinery to find solutions, when the latter appears unable to work through its own framework and measures of what is workable; that is, when the bureaucracy is unable to ‘think out of the box’. This ‘Committee’ process not only enables the government to tap into
knowledge and intelligence of the non-government sectors but also enables it to incorporate individual private citizens, including known critics of the government, into the nation building process. As mentioned, the intense work during the commissioned period was undertaken strictly as public service, without financial payment, providing individuals involved with a sense of participation in the governance of Singapore, thus reducing their sense of political alienation, if only for a brief period beyond the duration of the instance. In such an administrative process, what could potentially be a political issue, for example the massive introduction of new immigrants, was transformed into a ‘technical’ issue of accommodating an expanded population which is necessary for a viable economic future; politics has thus been displaced and transformed into administration of technical solutions.

For the nature conservationists, the rethinking of the Concept Plan yielded immediate results beyond their wildest expectations: the government gazetted, in January 2002, to protect an area of bird sanctuary that the Nature Society had struggled for years to obtain, and to protect a mud flat on one of the small islands (which was already targeted for reclamation) from future development on account of its rich biodiversity. In addition to being popular with the conservationists, these structures also gained for the government new measures of respect for being ‘responsive’ to inputs and demands from the ground, especially since it had been unmoving in the face of the outpouring of public sentiments against the scheduled demolition of the National Library, which was built in the early 1960s, and to which many Singaporeans are fondly attached in memory and nostalgia.

**Race and Religious Organization**

Religion is generally significant in the shaping of social values of a society. Singapore is a multi-religious space, where temples, churches and mosques of Chinese religions, Christianity, Islam and Hinduism exist side by side. In addition to being wary of possible conflicts between the followers of all these religions, especially since these religious lines often run along racial divisions, the PAP government is also highly sensitive and even apprehensive of the potential of religion in shaping social and political values that it cannot control. Consequently it has, since coming to power in 1959, policed the various religious communities very closely and intervened strategically whenever it deemed necessary.
Within recent history, the most significant intervention in the Christian community was on account of the so-called 'Marxist' conspiracy in 1987, when 21 Catholic youth workers were detained under the Internal Security Act for their activities of raising issues of labour rights and protection for Filipino domestic maids who work in Singapore, along with other 'consciousness raising' activities, such as the staging of social commentary plays through the theatre company, The Third Stage. The incarceration of the Catholic youths unsettled the Catholic community sufficiently for then Prime Minister Lee Kuan Yew to summon the archbishop and also to meet with envoys from the Vatican.

In 2000, Lee again intervened in the affairs of the Malay/Muslim community, when the Association of Muslim Professionals attempted to de-link community leadership from the leadership provided by the PAP Malay MPs. The Association had suggested that a 'collective leadership' of different Malay/Muslim organizations be constituted to articulate the interests of the community because the Malay MPs, as members of government, are constrained by national political concerns, and so are unable to articulate and promote the community's interests adequately. Lee’s response was

a collective leadership which will then be in a moral position to tell our MPs, 'you are not up to standard, you didn’t press the SAF (Singapore Armed Forces) issue. We did, you see. Now, you see the results.' … We are not going to allow our MPs to be demolished, under no circumstances. I would not allow it. I don’t think the PM is going to allow it. (Straits Times, 11 March 2000)

The Association of Muslim Professionals (AMP) was thus chastised and forewarned for veering too close to the political arena, and thus close to violating the earlier mentioned Societies Act, which explicitly proscribes any organization, other than political parties, from engaging in 'politics'.

Lee’s allusion to the SAF requires further discussion. A long-standing issue among the Malays is the fact that until at least the early 1980s, unlike their Chinese and Indian counterparts, Malay youths were not conscripted into the Armed Forces because the government was fearful that in the event of regional conflict, the Malays would be placed in a morally difficult position of having to choose between being loyal to Singapore or to the interest of the larger Malay population of the region. The long suppressed geopolitical issue, well known to
Singaporeans, was finally laid bare in a published exchange between Lee Kuan Yew and the non-PAP leaders of the Malay community. The community leaders’ frustrations are clear:

What can we do if the Malaysians and Indonesians want to create riots? And as you said, there is always a possibility that the riots can spill over into Singapore and because of that, the Malays, as long as there are riots and the possibility of riots and as long as the communal conflicts in Malaysia and Indonesia are always there, then we will never be accepted and we will always be discriminated against, especially in the SAF.

To which the Senior Minister replied:

So, we are all prisoners of circumstances. I sympathise with you. I know it’s unfair. You’re held hostage by events to which you have not contributed. But is it our imagination? Is it unreal? No. If there’s an enormous disturbance in Malaysia, we are going to be affected. If there’s an enormous disturbance in Indonesia, especially in Batam, the Riau Islands [Indonesian territory closest to Singapore], we are going to be affected. It’s a fact of life. We have to face the real world and the real world is unfair and unkind. It cannot be helped.

Thus, theoretically, under formal multiracialism, the state sees itself as a race-neutral agency that ensures equal treatment for all, without prejudice towards any particular race. This is central to the government’s claim to be a meritocracy. However, in this instance, apparently it is the primacy of geopolitics that rules.8

This AMP instance demonstrates the severe limits placed on civil society organizations with exclusive ethnic and/or religious constituencies in a constitutionally multiracial and multi-religious polity. In such situations, the claims of one ethnic or religious group can always be deflected by two closed arguments: 1) to accede to the claims will cause the other ethnic or religious groups to make similar claims, thus precipitating ‘divisiveness’ in society; and 2) to avoid this potential divisiveness it is best not to concede any particularistic claims in the first place. Within this logic of multi-racialism and multi-religiosity, ethnic and religious civil society organizations are constrained in their public role.

Consequently, religion has been almost entirely privatized and ethnic cultural practices reconfigured as ‘cultural festivals’. In the case of religion, the emphasis is on private religious communication with God rather than social gospel. In their public faces, the different religions and ethnic institutions have been relegated to the role of providing welfare
services, under the government’s ‘many helping hands’ policy – that is, the welfare of those who have fallen out of the capitalist net is the business of everyone and not just state agencies – to provide services that the government is either unwilling or unable to render.

This is exemplified by the regime’s conception of the place of civil society in general. Civil society organizations exist to pick up the slack in services to needy populations. This is a philanthropic social welfare model, with the civil society organizations playing junior partner to the state. At no point in its history in government has the PAP entertained the liberal idea of civil society, where voluntary organizations establish themselves as alternative sites of ‘imagination’ of how the social sphere can be reconfigured, let alone as alternative and autonomous loci of power that may act to reduce the sphere of influence of the state and constrain government intervention into the daily life of citizens. The idea of collective leadership for the Malay/Muslim community is read by the PAP as an attempt to establish just such an organization and is thus summarily rejected.

Arts Community

Perhaps the most illusive and undoubtedly the most significant development in the public sphere in the late 1990s was the development of the visual and performing arts. This development was due significantly to the expansion of the government’s role and funding to the arts. Unlike his predecessor Lee Kuan Yew, Prime Minister Goh Chok Tong’s vision of Singapore includes, other than improving material life, ‘gracious’ living as an aim of national development. ‘Gracious’ living in turn includes the need to emphasize and incorporate an aesthetic dimension into the everyday life of Singaporeans.

This relative flourishing of the arts in Singapore is ironic. It came at a time when the government felt that in order to attract globally marketable professionals in all the fields it had identified – financial, high technology and life-sciences – for furthering economic growth, Singapore must have a ‘vibrant’ cultural environment to satisfy the consumption needs of these individuals. (The government is operating under the sway of the unsubstantiated idea that ‘milieu’ is of great significance to high-tech workers, proposed by sociologists.) Hence, it began to invest very significantly in infrastructure for culture: a National Arts Council has been set up to channel funds to deserving artists and artistic institutions, including scholarships to nurture new
practitioners, several museums of art and Asian civilization were initiated, a billion dollar performing arts center was completed in early 2001, local theatre companies are given practically free office and performing spaces, along with financial assistance in specific projects. Finally, a few theatre companies and arts spaces have been given sustained annual grants, enabling some of their young directors to finally gain a decent wage, albeit still far below their cohorts in the business world. The government’s tag-line regarding this relative flourishing is to develop Singapore as a ‘Renaissance’ city.

Although the arts have been incorporated into government’s economic developmental calculus, they have not proven to be easily digestible. Art, whether visual, performance or of other modalities, privileges itself as the arena in which complexities of social life are examined, issues raised and the boundaries of conventions tested and transcended. Theatre groups have been able to push the limits of mainstream ideological formations that are propagated by the government. At their most significant, such efforts challenge the often reductionist official definition of an increasingly complex social reality. Such questioning of the ideological boundaries of official reality has deep resonance with the sentiments of a public that has always seen itself as ideologically suppressed. The politics of the arts are played out, of course, over the issue of censorship.

Everytime a play pushes the conventional ideological limit, government agencies are being tested publicly. If the relevant authorities ignore the challenge and let the play pass without comment, it is tantamount to liberalizing the specific areas of cultural practices and social life within which the play is insinuated, such as homosexuality, life within a particular ethnic community, alienation of youth. If the same authorities chose to act to suppress the play or to force its modification, then it shows its repressive hand in censorship and by extension, the disclosure of the repressive mechanisms of the state, thereby calling attention to the issues at hand and raising public interest and debate. Hence, in spite of its ideological and moral conservatism, the PAP government is reluctant to exercise censorship, except for the routine policing of excess violence and sex in mass media. Indeed, since the early 1990s, established theatre groups no longer have to submit their scripts for censorship clearance; this however is double-edged because while the exemption is a measure of freedom, it is also an invitation to self-censorship as a means of retaining the ‘trust’ of the state authorities. Nevertheless, in the last decade, it is in the theatre space that many of the hitherto suppressed...
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topics have been aired publicly: violence against women in the household, gay and lesbian lifestyles and anguish, AIDS, nudity, specific instances of political repression, racism, intensification of the human costs of high economic growth, memories of victims of the Second World War. In most of these instances, every little governmental intervention immediately occupies spaces of public debate. The same is true, although less frequently, in the case of the visual arts.

Ironically, censorship now seemingly arises from the demands of segments of society that see themselves as being chastised by specific plays, a process that discloses a different development in the politics of civil society. The recent banning of the play Talaq (the Islamic term for divorce) in 2000 illustrates this.

Talaq, according to the president of the theatre company, is a monologue composed from ‘true life experiences of voiceless minority Indian (Tamil) Muslim women in Singapore. It explores the issue of adultery, marital violence and rape, oppression and culture of silence forced upon these women by their kith and kin, dominant males and community’ (Thenmoli 2000b: 188). It was first staged in Tamil language on 24 December 1998 to rave reviews. Issues emerged when it was staged a second time three months later; the Islamic Religious Council of Singapore (Majlis Ugama Islam Singapura, MUIS) had expressed concerns regarding parts of the play and the South Indian Jamiaathul Ulama (SIJU) had called on the authorities to ban the production. The rumblings turned uproarious when the theatre group, Theatre of Fire (Agni Kootthu), applied for a public entertainment license to stage the play in English and in Malay, separately, in October 2000.

Aware of the earlier protests of the two Muslim organizations, the National Arts Council (NAC) ‘requested’ a preview before it would advise the Public Entertainment Licensing Unit (PELU), a unit of the Police Department, on granting a permit to stage the play. On the appointed evening, just before the preview was to be staged, the president of the theatre company, Ms S. Thenmoli, objected to the presence of two men from the council of SIJU, who are not regular members of the Drama Review Committee of the NAC. The preview was, as a result, cancelled and the license to perform denied, on grounds of ‘religious sensitivities’, on the eve of the proposed two-evening performance. The theatre company decided to proceed with the full-dress rehearsal and to video-tape it, ostensibly for archival purposes. They were prevented from doing so and were asked by the NAC, which is the landlord of the theatre, to vacate the premises. When they refused to do
so, Thenmoli was arrested but was released after several hours with no criminal charges laid. Nevertheless, like other instances of censorship, this instance was immediately shifted out of the artistic community into the larger public sphere by the local, and often the international, media. The national newspaper immediately played up the licensing issue: ‘NAC threatened to withhold play license’ (Straits Times 18 October 2000).

This particular banning provides an opportunity to examine the learning process of civil society activists and government agencies in a liberalizing public sphere. As a national institution, the NAC cannot escape the conventional sensitivities of the national political and ideological imagination, which has always included avoidance of race and religious issues. Thus, according to its spokespersons, members of the two Muslim religious organizations had to be invited to the preview, in hopes of arriving at a satisfactory arrangement that would allow the play to be staged, and the Muslim organizations appeased. Having earlier provided funding for the publication of the play in English and Tamil, the NAC had little intention or desire to ban the play. To do so would subvert not only its own credibility in supporting the arts but also undermine the government national project of promoting cultural development. It would also effectively erase whatever positive publicity the efforts of the various state agencies, including the NAC, had reaped in changing the image of Singapore as a ‘cultural desert’ and a repressive nation into a culturally vibrant city. Thus it could be said that the banning was forced upon the NAC by the uncompromising resistance of the Theatre of Fire to the attendance of the men from the Indian Muslim organization, as it perceived that the latter’s presence would lead either to serious censorship or to the outright banning of the play. In the end, the losses have largely been borne by NAC and PELU, which came out of the episode as ‘bad’, repressive agencies, the Theatre of Fire because its play was banned, and the potential theatre-attending public who were deprived of seeing the play and learning about one of the dark sides of Singapore society. The only winners are the conservative religious organizations, particularly SIJU.

This episode reflects the nascent state of the development of civil society politics in Singapore. During the negotiations prior to the banning, the theatre company president, Thenmoli (2000b: 185), took up the issue of representation and insisted on women being represented, either via the presence of ‘female’ members of SIJU, which had none, or members of AWARE, which had sponsored the earlier staging of the play in Tamil. Obviously, if the NAC was more democratic in its thinking, it
would have suggested this itself, rather than allowing the issue of representation to be the stumbling block in the negotiations. Apparently, the NAC, like most government agencies that have operated under the illiberal PAP regime, is still learning about representative politics; although it knew enough about the needs to ‘appease’ the Islamic sentiments, it failed to carry that through to include women’s representation. This led to its being stymied by Thenmoli’s insistence on women representation and to the recommendation the play be banned. One can see in this episode that members of government agencies and civil society organizations still have much to learn about the politics of representation, difference and pluralism, about acquiring necessary negotiation skills and, perhaps, the spirit of tolerance and even compromise.

However, all is not lost in this instance. The publicity generated led the Ministry of Home Affairs to announce in parliament that it would not only review the processes leading to the banning of *Talaq* but will also review the practices of PELU. Again, it shows that government is far more responsive to the public debates than it had been under the Lee Kuan Yew years. It further confirms some civil society organizations’ understanding that discussions with relevant government agencies behind closed doors pose limits on gains that can be secured, and public politicization of issues may be preferred and more fruitful.

**FREEDOM OF SPEECH**

The importance of considering artistic practices in the process of democratization is often neglected by social science analysts, yet their significance is obvious: artistic practices that push back the repressive boundaries of convention have an impact beyond the stage and its apparently limited audiences. For example, the issue of censorship is, of course, tied to the much larger issue of freedom of speech and, as mentioned earlier, this linkage has provided each instance of censorship with the potential of being transformed by the media into a much larger issue of state repression. Inevitably, greater freedom gained in the theatre space in the past few years has spilled over to demands for greater freedom of speech in other segments of the public sphere. The theatre can thus become a critical space in the constitution of public opinion, particularly when all conventional avenues, such as professional associations and media, are seriously constrained. In the words of an artistic director, ‘because the conventional institutions
which should be playing this critical role are deficient, they are being fostered off to theatre, its being fostered off to the arts’.17

One example is that of gay politics. Issues of sexuality, including gay and lesbian sexuality and its repression, have been a persistent theme in the theatre since the mid-1980s. The pro-government media refuses, voluntarily or involuntarily under the pressure of state authorities, to provide media spaces for such ‘alternative’ lifestyles. A benchmark in the explicit examination of gay lifestyles was the staging of an AIDS patient in his own one-man play in 1999; yes, as late as that. In the play, Completely With/Out Character, the late Paddy Chew, afflicted with full-blown AIDS, told the story of his life. The play itself was scripted by the playwrights of The Necessary Stage from hours of conversation with Chew. Of course, AIDS was not unknown to Singaporeans: government sponsored advertisements caution or counsel against casual sex. However, in such advertisements, casual sex is always presented as heterosexual encounters; the state is decidedly homophobic. The play, which was very popularly received, put homosexuality and AIDS on the public notice board.

This expansion of freedom of expression in the theatre has, arguably, encouraged the gay community to ‘come out’. A group of gay activists has been trying for years to register, with the Registrar of Societies, an organization called People Like Us; all the attempts have been denied by the Registrar, who does not have to provide any reason for the denial. The group never took its dissatisfaction to the public forum, although they did consider but stopped short of contesting the denial in court. Along with the application for registration, they had also applied for a permit to hold a public forum quietly, and were turned down just as quietly. The activists had been reluctant to make public their requests and official refusals, abiding by the government’s preference to discuss so-called ‘sensitive’ issues behind closed doors, also perhaps in the hope of getting greater concessions in subsequent negotiations. In 2000, however, like other civil society organizations, the activists began to make public their application to the Public Entertainment Licensing Unit (PELU) for a public forum. PELU’s rejection of their application was also duly broadcasted, thus politicizing the denial of rights to assembly and free speech.

Demands for the right to free speech have always been a political issue in Singapore. In the mid 1980s, when popular electoral support for the PAP was beginning to show strain and slipped from an average of 75 per cent to 60 per cent in general elections, the government developed the Feedback Unit, in the Ministry of Community Develop-
ment, in the hope of drawing away the heat from the emergent demands for participation. The Unit holds regular meetings on various sectors of social life, issues and policies with cross-sections of the public. However, this is insufficient, if not ineffective, in providing the avenues for critical individuals who choose not to affiliate with any of the mechanisms of the ruling party and government. The natural right for free speech was finally exercised, in total disregard for the law that restricts it, by the secretary-general of the opposition Singapore Democratic Party. He gave two public speeches without license from PELU and was, of course, promptly brought to trial, found guilty and jailed for two weeks.

The government has grudgingly conceded to a proposal by a political discussion group for a ‘free speech space’. In September 2000, with implicit admission that there is an absence of free speech in the land, a free speech corner was instituted in Hong Lim Park. Individuals who intend to speak need to register with the nearby police station, and the space is available from 7am to 7pm. No broadcasting aids, such as loud speakers or banners, are permitted. Opposition politicians had from the start denounced the idea as a bad joke. The euphoria for the space lasted about two weeks and the space is now largely empty, signifying its irrelevance.18

TAKING SERIOUSLY THE RELATIVE AUTONOMY OF ECONOMY, SOCIETY AND STATE

When one examines the non-partisan, informal political processes in Singapore, there have been emergent voices of dissenting opinions in various sectors of social life, reflecting the complexities of what is now a rather affluent and educated society. These developments of civil society activities are undoubtedly influenced by the global atmosphere of the rise of civil society politics everywhere in a post-Cold War world. Beyond this global atmospheric, however, few of the developments can be linked directly to any international interventions or even international connections, least of all regional ones. The absence of international connections for these civil society activities is largely the consequence of the PAP government’s severe policy of tolerating no external ‘interventions’ in domestic politics: this ranges from suing foreign newspapers to surveillance of contacts between representatives of foreign organizations, including embassies, with local prominent individuals. In the interest of not giving state agencies an excuse to tar them as stooges, or worse, as ‘black operations’ of foreign powers, local
civil society organizations generally shun any direct linkages with external organizations, even if it means a reduction of funding for activities. Consequently, international voluntary organizations that deal with global issues, such as the environment or human rights, are absent in Singapore. Only those working directly with the government or quasi-government organizations, such as the International Confederation of Free Trade Unions, which works closely with the National Trades Union Congress, have set up offices here.

These instances of civil society politics illustrate that there has been ongoing expansion of the political space in Singapore. It should also be clear that the apparently ‘unchanging’ PAP government has been responding to the contesting opinions and their sponsoring organizations and individuals. Some of these rather innovative responses have had varying degrees of success in alleviating the demands for more participatory spaces and voices: the setting up of ad hoc committees to extend the government’s capacity to deal with specific issues; the institutionalization of the process of simultaneously tapping into public opinions and informing and explaining policies to the public through the Feedback Unit, housed in the Ministry of Community Development and Sports; the development of the National Arts Council to work directly with artists whose practices are often critical of the status quo; the establishment of the ‘free speech square’ and, critically, the creation of the office of Nominated MPs, wherein representatives of interest groups and some independent minded individuals might provide different opinions to those of the ruling party, in parliament, thereby contributing towards a modicum of differences and contestations.

However, the limits to this expansion are just as clearly delineated. First, the government does not relax policing boundaries of what it considers to be ‘sensitive’ areas of potential conflict, namely religion and race. In addition to the AMP and Talaq instances above, one should add the surveillance of Islamic fundamentalism, after the post-September 11 discovery of the presence of an alleged al-Qaeda cell and connection in Singapore. Second, the liberalization of the cultural sphere and the development of civil society activities are taking place within the political hegemony of the dominant PAP government, which sees no necessity to share political power. In fact, during the December 2001 election, the same gerrymandering of electoral constituencies that disadvantaged other political parties continued; the PAP contested all constituencies and won every parliamentary seat but two held by veteran opposition party MPs. What we have, therefore, is substantively a politically absolutist single-party dominant government that is able to
hold on to power by both relaxing the boundaries for civic participation as circumstances require, and by clearly delineating and policing areas of social life in which it entertains no compromises, including the realm of competitive politics.

From a conventional social science point of view, what is remarkable is how such apparent differences in management strategies of social and political life can sustain themselves for a long period of time without collapsing under the weights of potential contradictions generated within a capitalist state, which is shot through with several readily identifiable systemic contradictions: that the inevitable income inequalities will lead to problems of legitimacy for the ruling government; that the expansion of the middle class will lead to demands for more participation in public affairs, producing pressures for greater democratization. That these contradictions are intrinsic to capitalist society means that they cannot be resolved, in principle, without transforming the system itself. ‘Crisis’ is thus seen as endemic to capitalist society. In reality, of course, there is plenty of room to manoeuvre and to diffuse the ‘crisis’ tendency or delay, if not suppress completely, its realization. Room for manoeuvring is discursively and practically made available in the idea of the relative autonomy of the three spheres of social life: economics, politics and society/culture.

Central to the PAP’s longevity in power is its apparent insistence on the separation and the relative autonomy of the economy, society and state. It refuses to accept the logic of one sphere ‘contaminating’ or ‘confusing’ another. On the surface, the economy ranks supreme as capitalist growth is seen as an invariant ‘necessity’ of the daily life of individual citizens and of the nation as a whole. Within an ideology of economic ‘pragmatism’,19 the economy is thoroughly monitored: the state constantly analyses global economic trends and channels its formidable financial resources into potential growth areas, by establishing its own state-owned companies or in collaboration with foreign investments. The level of annual wage increase for the labour force as a whole is deliberated by a tripartite national wage council and when necessary, the government directly imposes wage cuts across the entire work force. Political power is apparently strictly for the maintenance of social conditions for national economic growth, which translates into improving material life for all citizens, albeit the improvements are unequally distributed across income or class divisions. Developments deemed to threaten social stability and affect national capitalist growth are proscribed. The government and its state apparatus appear to be completely in the service of the economy.
In matters of culture, significantly, the ideological underpinnings and behavioral demands – the cultural form – of capitalism are persistently kept out of political and cultural debates. The realms of culture thus include ethnic languages, racial and religious festivals, contemporary popular cultures that are highly consumerist, refracted through improved material consumption and, for want of a better word, ‘high’ culture with more traditional definitions of aesthetics. Here the government has conceded that better education and greater disposable incomes have increased demands for social freedoms, expressed partly in terms of cultural practices with greater demand for freedom of expression and reduction of official censorship. It has therefore liberalized the cultural sphere strategically, in order to alleviate the risk of such demands being transformed into pressure for political structural change. However, at the slightest suggestion of boundary crossing attempted by commentators or activists, by the arts into politics, the government reacts immediately. In its own words, politics is not the playground of artists and the government will not let journalists, artists, play and short-story writers set the political agenda. Liberalization of the cultural sphere is not permitted to seep into a restrictively defined political sphere, not even competitive electoral party politics.

Apparently the PAP government has consistently maintained the relative autonomies of three spheres of social life. It keeps a vigilant watch on the national economy, relaxes the expanding boundaries of the cultural sphere and allows some proliferation of civil society organizations, which operate in the reform mode. However, and significantly, expansion of the cultural preferences has not become part of the logic of national politics of power and the activities in civil society have not become politically transformative; on the contrary, successful execution of this ‘opening-up’ may have improved the PAP’s legitimacy to rule, extending its longevity in power.

The apparent separation of the three spheres of social life belies the fact that in practice, relative autonomy decidedly means politics in control. Political power is the regulatory mechanism that delineates the boundaries that define the autonomies of the other two spheres. The government, with its antenna tuned to the unfolding global capitalism and through its various economic agencies and state-owned enterprises, targets the different industries in terms of the latter’s growth potentials, leaving those no longer competitive to meet their demise or to migrate to lower production cost areas. In the civil society and cultural spheres, the margins of liberalization are still very much
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constrained by legislation and administrative practices that govern the rights to association, free speech and public performances, and censorship. Furthermore, some of the civil society energies and agendas have been adopted into the state’s own, taking the wind out of the sails of the organizations in question and simultaneously expanding its claim to political openness: for example, the development of a national green plan. In all these efforts, political power is mobilized as the regulatory mechanism behind the liberalization of civil society and the cultural sphere. In these processes, the Singapore state behaves like all developed capitalist countries. It has the ability to minimize ‘politics’ in its daily operation by reducing the political sphere through successful reconfiguring of public issues into technical administrative issues. The expansion of regulatory power should be viewed as a measure of Singapore’s political development, as part of state formation and its ongoing reconstitution, a point often missed by analysts who are still bent on focusing exclusively on the ‘authoritarian’ ways of the PAP government.

The criticism, nevertheless, still retains its veracity, as the other measure of political development, namely democratization, remains atrophied. The frustration mentioned at the opening of the essay therefore continues to motivate debate within Singapore itself. Desire for greater democracy remains on the agenda. Liberal segments of the society continue to call for leveling of the electoral political playing field, rethinking of censorship laws, and a greater role of the judiciary in dealing with alleged ‘subversion’ and ‘subversives’ and more adjudication of constitutional rights. However, if the above analysis of the processes of accommodation that are subtly changing the authoritarian character of the PAP government hold true, these calls can be accommodated piecemeal without fundamental reform of the single-party dominant political structure. For the change of such a structure, disparate and occasional liberal voices are insufficient; a mass movement is necessary, and none is in sight for the mid-term future. Furthermore, the PAP has already designated itself as a mass movement, as it exhoits and ‘guides’ the overwhelming majority of Singaporeans into an uncertain global future.

As globalization becomes increasingly an economic reality, Singapore’s competitiveness in the Asian regional and global market becomes increasingly blunted by the emergence of the People’s Republic of China and India as locations of educated and cheap labour, which are attracting the giant share of foreign direct investments coming into Asia. As a result, by 2002, Singapore began to face a
structural unemployment problem, even as it continued to attract foreign investments; the low end of the Singapore work force does not possess the requisite skill to match the job opportunities created by the new investments. Consequently, more radical welfare provisions are needed to prevent the development of a spiral of poverty among the lower income households. A total package of S$100,000 is promised to every family that is at risk of being snarled by the poverty trap; half of the sum is to be given for purchase of housing and the other for education expenses of the children and retraining of the parent (Straits Times 21 August 2003). On the other hand, severe adjustment to wages across the board will be undertaken in order to bring down the cost of production. In the face of global competition, structural unemployment and a government that appears to be only able to react to pressures by cutting wages instead of taking new initiatives to spur new growth, some Singaporeans may begin to rethink their economic contract with the PAP and to question their faith in the one-party dominant system. However, faced with future uncertainty, others, no doubt, will rally behind the status quo on the basis of the PAP government’s successful track record. The proportion of each camp will only be known in future elections, the next being no later than 2007.

NOTES

1 The history of Singapore’s export oriented economy is now widely known and documented and readily available, see Rodan (1989) and Tremewan (1994).

2 Nowhere is this more pronounced than in the provision of public housing, see Chua (2000).

3 For specific discussion of strategies of AWARE, see Lyons (2000a; 2000b); for the ideological limits of public discourse on gender issues in Singapore, see Purushotam (1998).

4 Towards the end of the 1990s, the high level of polluting emissions, a consequence of the developed economy and high standard of living, gained international attention. International agencies have alleged that Singapore has among the highest pollution emission index per capita in the world. This allegation is challenged by Singapore’s own environmental agencies on the ground that much of the oil, gas and other polluting products and consumer goods were re-exported rather than consumed locally. In contrast to the green issues, the so-called ‘brown’
environmental issues received little public attention, perhaps because Singaporeans are hooked on their newly acquired lifestyles.

5 The author was part of the land-use focus group.

6 The two coastal sites are respectively, Labrador and Chek Jawa on Pulau Ubin.

7 The National Library Building is to be demolished for road works that result from the construction of the new Singapore Management University campus on Stamford and Bras Basah Roads. The public debate for the conservation of the National Library Building is well documented in Kwok, Ho and Tan (2000).

8 The global hunt for members of the al-Qaeda, the organization allegedly responsible for the 11 September 2001 bombing of the World Trade Centre in New York City, has its own effect on this argument: 15 Muslims, allegedly members of an al-Qaeda cell, were arrested in Singapore, among whom was a Malaysian and an Indonesian (Straits Times 7 January 2002).

9 The philanthropic model of social welfare is spelled out in the government’s manifesto for the 1990s, The Next Lap.

10 Of course, rumors abound of the government banning books that are critical of the PAP government, when the absence of circulation of such books are the self-censoring acts of book distributors, who do not want to get into trouble.

11 For a comprehensive survey of the issues that have been explored on the stage by theatre groups in Singapore, see Peterson (2001).

12 The press coverage and the various statements of the personalities and agencies surrounding the banning of the play have been collected in the inaugural issue of Forum On Contemporary Art and Society (FOCAS), published by The Necessary Stage (Thenmoli 2000a; 2000b), a theatre company that is active in social commentary through theatre. The substantive portion of this section draws heavily from these documents.

13 Tamil, a south Indian language, is the language spoken by the majority of Singapore’s Indian population and one of the four official languages of the country, along with Mandarin, Malay and English.

14 It should be noted that in 1999, the NAC had funded the publication of the play in English and Tamil and the second staging of the play.

15 The arrest was reported in the BBC news and other international media, which tend to read this instance as yet another occasion of the repressiveness of the PAP government; see FOCAS in Thenmoli (2000b).

16 Another important instance in the annals and collective memories of the artistic community was the Fifth Passage Gallery all-night festival held on New Year’s Eve of 1993 in which an actor turned his back to the
very thin audience and snipped some of his pubic hairs during a performance as a gesture of protest against the then frequent harassments of gays by the police. The actor, Josef Ng, was subsequently fined S$1000 for obscenity but, more importantly, was banned from performing in Singapore for life, although the legality of this life-long ban was unclear and never challenged in court. He now performs in Thailand. The events and related issues of artistic freedom, censorship, democracy and liberalism surrounding this instance are well documented in the collection of essays edited by Sanjay Krishnan et al. (1996).

17 Interview with T. Sasitharan, formerly director of the Substation and currently artistic director of the Practice Performance Arts.

18 Nevertheless, the space remains available to be exploited for promotion of public issues. For example, on International Human Rights Day, 2000, Think Center – a registered private company acting as a civil society organization, because business registration provides more leeway than registration for civil society – organized an event to mark the 23-year detention without trial of Chia Thai Poh. The Think Centre has since, March 2001, been gazetted as a ‘political organization’ and is now far more legally constrained than a business organization.

19 For detailed discussion of pragmatism as the master ideological concept that governs Singapore, see Chua (1995).

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*Straits Times*, Singapore, various issues.
On 1 September 1998, the Malaysian government, acting through its central bank, Bank Negara, pegged the Malaysian ringgit at the rate of US$1 to RM3.80, and instituted a set of ‘exchange control mechanisms’. Bank Negara’s imposition of a fixed exchange rate for the ringgit (vis-à-vis the US dollar), and of the capital controls, represented the Malaysian state’s concerted, not to say desperate, response to the worsening effects of the ‘East Asian financial crisis’ of July 1997. These financial measures sealed a strategy of crisis management that had been haphazardly formulated since late 1997, to use publicly financed rescue plans and packages to prevent the sudden collapse of key sectors, strategic industries and powerful conglomerates.

On 2 September 1998, Prime Minister Dr Mahathir Mohamad sacked his deputy (and, concurrently Minister of Finance), Anwar Ibrahim, from all government posts. The official announcement of the dismissal gave no reasons for this first ever sacking of a deputy prime minister in Malaysia. But the event appeared to be the culmination of a series of uneasy policy differences, even skirmishes, between Mahathir and Anwar over the management of a looming economic crisis. The dismissal of Anwar, who had been widely touted to be Mahathir’s ‘anointed successor’, was immediately followed by Anwar’s expulsion from his party, the United Malays National Organization (UMNO), the dominant party of the ruling coalition (Barisan Nasional, BN, or...
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National Front). The moves against Anwar constituted a pre-emptive strike to deny Anwar any chance of challenging Mahathir, let alone succeeding him as the prime minister or UMNO president.

That an economic crisis, and one with international origins, should have joined, indeed provoked, a political crisis that threatened the survival of the incumbent leadership was not, in and of itself, without precedent in Malaysia. During the late 1980s, Mahathir’s leadership was openly challenged and very narrowly avoided defeat in UMNO’s party election of 1987. A critical contributing factor to that bitter intra-party fight, which precipitated UMNO’s split in 1988, was the recession of 1985–86, that was itself traceable to a global collapse of primary commodity prices in the 1980s. However, the 1997–98 conjuncture, dramatized by the moves of 1 and 2 September 1998, was novel in several ways. First, there was remarkably a general absence of ethnic recrimination in this crisis, whereas previous Malaysian political crises had been typically marked by interethnic recrimination. Second, there was an externalization of domestic policies and politics to the extent that the Mahathir regime frequently justified its actions – including the capital controls and, subsequently, Anwar’s dismissal – on grounds of protecting the national economy from foreign attacks and interference. Third, there was even a global intrusion into domestic policies to the degree that the international money market and its institutional and media supporters strenuously opposed Mahathir’s measures of crisis management, which were targeted at speculative capital, while trying to regain state control over the financial system. Finally, one unexpected development in the contestation was a sudden and widespread willingness among the majority Malay community to desert UMNO, long taken for granted to be the ‘party of the Malays’, and consider electing an alternative coalition to power. This last development was evidence of a transformation of (Malay) political attitudes, ‘unthinkable’ before the Anwar affair.

One critical site of the political contestation of the post-July 1997 period was framed by issues of ‘governance’. As it turned out, in practical as well as ideological terms, the July 1997 ‘meltdown’, the imposition of capital controls and the popular responses to the ‘Anwar affair’ formed the major axes of a multifaceted contestation over existing bases and frameworks of governance. ‘Governance’ had, of course, emerged as a pervasive and powerful code – for explanation, criticism and prescription – within discourses of the July 1997 crisis and subsequent attempts at financial reform and economic recovery. In the case of Malaysia, the three principal antagonists in the broadened
contestation – namely, the international money market, the state and Malaysian civil society – understood that the strength of their positions rested on what they claimed to be measures and practices of ‘good governance’. But there were substantive differences in their definitions and interpretations of ‘good governance’. The global market forces and segments of civil society appeared at times to share similar concerns that allowed them to maintain a superficial alliance against the state. On its part, the state resisted market and civil society demands by positing its own demands for governance vis-à-vis the global market, or reconstituting its framework of governance against domestic civil society opponents.

DIFFERING DEMANDS FOR ‘GOOD GOVERNANCE’

What were the major governance-related demands of the three parties in this contestation? The international money market, with its allies in institutions such as the International Monetary Fund (IMF), and the regional and international media, had indicted the state (along with other adversely affected East Asian states) for its protection of favoured coalitions of commercial and political interests in ways that reeked of inefficiency and cronyism (The Economist 7 March 1998). The money market derided the termination of the ringgit’s floating exchange rate and imposition of capital controls as the government’s evasion of the pro-market reforms and institution of the proper ‘corporate governance’ they held to be necessary to restore investor confidence in the Malaysian financial system and economy. Thus it might be said that the international money market took an economistic view of governance and pushed for a basically neo-liberal, Washington-consensus, ‘globalizing’ idea of corporate governance – with its emphases on transparency, accountability and predictability – as the pillar of a reconstitution of market order, not only in East Asia as a whole, but specifically in each of the East Asian economies damaged by the 1997 crisis. In short, for Malaysia itself, although the government had not turned to the IMF for financial assistance, the rubric of the international market’s framework of corporate governance would entail further liberalization of the domestic financial system, further deregulation of the economy and a stricter adherence to rules-based free-market operations.

The state, however, rejected market demands that, over the course of a year, had changed from proper management of economic
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fundamentals, to the implementation of IMF conditionalities, to the forced closures of domestic financial institutions, to the opening up of domestic corporations to foreign equity and control and, ultimately, to changes in government (New Straits Times 13 June 1998). On the contrary, according to Mahathir’s consistent arguments, what needed governing most was the existing international financial system, and particularly the ‘unaccountable’ and ‘non-transparent’ operations of the hedge funds and currency speculators. In the state’s view, it was essential to reform the ‘architecture’ of an international financial system that had failed to discipline speculators whose ‘unnecessary, unproductive and immoral’ currency trading had subverted the controls that sovereign governments ought to have, and perhaps used to have, over their national currencies (Mahathir 1997: 64; Beeson 2000). As a rule, Mahathir and the spokespersons of the Malaysian state denied domestic culpability for the crisis, arguing instead that sound economic fundamentals and proven policies had been suddenly and irresponsibly sabotaged by rapacious financial trading. In other words, poorly regulated globalized currency trading was the threat to national sovereignty. As such, new measures to tighten controls over financial speculation and to rein in the scope of operations of international hedge funds – what might be termed forms of ‘international governance’ – had to be imposed on the market as the principal solution to the financial and economic mayhem of 1997.

From yet another perspective, an unexpectedly popular and broad-based opposition movement grew in response to Anwar’s tenacious defiance of Mahathir, Anwar’s subsequent arrest, assault in jail, prosecution and, finally, conviction and imprisonment. This movement, organized around opposition parties and some non-governmental organizations, took its initial momentum from an inchoate, predominantly Malay revulsion at the attempted destruction of Anwar’s character and career. In the process, the movement denounced the ‘corruption, cronyism and nepotism’ that lay at the heart of the ‘Anwar affair’. From then, the movement, named Reformasi (after the Indonesian uprising that ended Suharto’s three-decade New Order regime in May 1998) grew into the Barisan Alternatif (BA, or Alternative Front) that fought to revitalize ‘social governance’, broadly taken to mean political and institutional reforms needed to safeguard what was left of democracy in the country. Hence, Reformasi began as a rally around Anwar in September 1998 but soon developed into a cultural protest against Mahathir’s violation of age-old Malay precepts governing relations between rulers and the ruled (Cheah 1998). Those precepts
had not been used to guide political behaviour in recent times, but now defined a rudimentary Malay ‘social contract’ that was said to have been violated by ‘tyrannical’ executive conduct, evident in the humiliation of Anwar, and the partisan deployment of the police and the law against legitimate dissent. Within a short period, Reformasi left its largely unorganized beginnings in spontaneous, mass, pro-Anwar, and anti-Mahathir demonstrations and found institutional expression in BA, which presented itself to the electorate as a second coalition (in contradistinction to the ruling Barisan Nasional, BN, or the Nasional Front) in time for the 1999 general election. This second or alternative coalition’s demands for governance then became more specifically political: respect for cultural codes of conduct by the rulers, avenues for lawful dissent, new forms of interethnic political cooperation and democracy. The framework of governance that was envisaged by BA was, in short, a new social contract, reform of public institutions and, ultimately, an alternative government.

It is the purpose of this chapter to trace the developments in Malaysian political economy just before and after the July 1997 crisis to analyse the novel traits and central concerns with issues of governance that marked the contestations between the international market, the state and civil society. The chapter suggests that these contestations should be understood within a historical conjuncture that was framed by several factors. One key factor was an accelerating globalization of the Malaysian economy from the late 1980s to the early 1990s which helped the state to recover from recession in the 1980s and resume a path of economic development dominated by a state-capital alliance. Second, the economic globalization, while facilitating the rise of powerful domestic conglomerates, became their bane in July 1997 and undermined the prevailing framework of governance. Third, civil society had been considerably transformed in between those two turns of globalization so that when economic and political crises were enjoined, the emerging dissent against the state took on uncharted directions. The chapter shows that the state was able to withstand global and civil society demands for a reconstitution of governance, but concludes that the contestation over fundamental issues of good ‘corporate’ and ‘social’ governance may have been merely postponed rather than resolved.

GLOBALIZATION, ECONOMIC RECOVERY AND CIVIL SOCIETY

In the late 1980s, globalization in its familiar form of an influx of foreign direct investment helped to overcome recessionary conditions
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of the mid-1980s. From 1985 to 1987, the state liberalized the investment regime for export-oriented foreign manufacturing capital. Limits on foreign equity ownership, which had been previously imposed as part of the ‘restructuring’ requirements of the New Economic Policy (NEP), were removed and fresh investment incentives were offered. These measures of investment liberalization coincided with moves by Japanese and other East Asian multinational corporations (MNCs) to relocate part of their production from their home countries because of the post-Plaza Accord yen appreciation, an anticipated loss of the Generalised System of Preferences (GSP) privileges and escalating labour and production costs. Subsequently, a wave of East Asian manufacturing investment arrived and by the early 1990s had helped to effect a trend of rapid economic growth.

The consistently high rates of growth in the early to mid-1990s led some observers to warn of various problems: a persistent current account deficit, the threat of ‘overheating’, the probability of declining export competitiveness, mounting indebtedness and an emerging asset bubble, both in the property sector and the stock market (Kitamura and Tanaka 1997: 42–46). But high growth brought socio-economic gains, such as the rise in income and fall in employment, important to most people. There was an accompanying liberalization in the areas of tertiary education and culture which supplied, as it were, economic solutions to formerly intractable political problems. The NEP was replaced with a National Development Plan (NDP), which emphasised ‘growth’ even though the NEP’s ‘restructuring’ considerations were retained in practice. In hindsight, Malaysians were perhaps lulled by a sense, not less for being fostered by the ruling elite, of the limitless possibilities offered by an economy that was so managed that ‘nothing about it was fortuitous’, a high-growth ‘zero inflation’ economy that would not overheat. But, then, most Malaysians could barely recall a time of greater prosperity than the mid-1990s.

Nor had they previously evinced a mood of lesser interethnic recrimination, for good reason. The high growth and prosperity assuaged the sense of deprivation that had sustained previous non-Malay opposition to government policies. The NEP’s social engineering had sufficiently resolved the problem of ‘Malay economic backwardness’ by creating a Bumiputera Commercial and Industrial Community (BCIC) that broadened the ranks of the Malaysian capitalist, professional and middle classes. Certain new policies, too, offered economic solutions to several contentious cultural issues. For example, the privatization of tertiary education, corporatization of
public universities, and Mahathir’s insistence on reviving the use of English on pragmatic grounds combined to defuse interethnic squabbles over language, tertiary educational quotas and Chinese independent schools. No non-Malay then disputed the status of Bahasa Malaysia, and only some Malay ‘linguistic nationalists’ questioned Mahathir’s promotion of the English language.

Malaysian society then seemed to shed its typically glum ethnic preoccupations and acquire an upbeat attachment to an ethos of competitive capitalism and an inclusive nationalist-populist ideology that emerged in ‘late Mahathirism’. To the extent that domestic politics was influenced by international events, the ethos of competitive capitalism was alluring in the last days of the ‘East Asian miracle’, while the nationalist-populist ideology seemed eminently sensible given the ethnic wars in the collapsed Soviet bloc. Overt manipulation of ethnic sentiments became less habitual among BN and opposition politicians. In its place, it was common to hear hopeful and not just propagandistic talk of the unifying national purposes of *Wawasan 2020* (Vision 2020) and *Bangsa Malaysia* (Malaysian Nationality). Perhaps few things captured that diminution in interethnic recrimination better than the quiet but rising enrolment of Malay students in Chinese-language schools. Given a bitter history of the politics of Chinese education, that was evidence of a remarkable transformation of civil society that signalled an end to an era of NEP politics. The confirmation came in 1995 when the successful popularization of Mahathir’s *Wawasan 2020* and *Bangsa Malaysia* and then Deputy Prime Minister Anwar Ibrahim’s multiculturalist slogan, *wo men dou shi yi jia ren* (‘we are one family’), proved to be too powerful for the opponents of the Mahathir regime: BN gained a sweeping victory at the general elections.

**PRIVATIZATION, GLOBALIZATION AND THE CONGLOMERATES**

For the political leaders, chiefly Mahathir and then Minister of Finance, Daim Zainuddin, the high-growth sequel to recession vindicated their developmental strategy of relying upon a state-capital alliance – ‘Malaysia Incorporated’ – to spearhead economic transformation under a widening regime of privatization. Indeed *Wawasan 2020*, taken as a ‘visionary statement’ of how Malaysia could aim for ‘developed country status’, stressed this state-capital partnership as ‘the way forward’ (Mahathir 1991). When privatization was initiated as
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official policy in 1983, it bore both global and domestic dimensions. It appeared to fit in with the global trends towards dismantling social democracy in Europe and the welfare state in the USA. But privatization was also an internally driven process of resolving some of the contradictions in the state’s project of creating a Malay capitalist class. By 1991, privatization had become ‘entrenched in the policy matrix’, and the state planners had formulated a Privatization Masterplan, the scope of which portended a ‘radical shift to the private sector’ (Adam and Cavendish 1995: 135) as the bearer of future economic growth.

In the circumstances, privatization and Malaysia Inc. came to be synonymous with the growing power of a new category of politically connected Malay, non-Malay or often interethnic conglomerates. Critically, these conglomerates did not manufacture for the world market where success relied on technological innovation, research and development and international competitiveness. Some of the conglomerates operated in primary commodity production, which traced its competitiveness to colonial times, or in resource-based industries where local sourcing was an obvious strength. Most others congregated in banking, resource exploitation, construction, property and real estate, gaming, tourism, transport, utilities and services and selected import-substituting industries. These were precisely sectors in which state policies and protection made the difference between success and failure. The conglomerates adopted an almost standard business strategy (though not necessarily in the following order of activity): deal in property and real estate, build up construction capacity, lobby for infrastructural and utility works, secure a banking or finance arm or a brokerage licence, buy up plantations, diversify into tourism and enter newly privatized areas like telecommunications and social services. The more successful of these conglomerates were able to internationalize their operations by investing in countries such as Cambodia, Solomon Islands, South Africa and Zimbabwe.

Conglomerate after conglomerate followed a predictable mode of expansion: having a ‘flagship’ in one area, they used takeovers, acquisitions, mergers or applications to the state to build up a ‘fleet’ of companies. Their expansion drew financial support from two main sources: external borrowings and capital raised on the Kuala Lumpur Stock Exchange (KLSE). Since the late 1980s, the financial system had been reformed to liberalize the capital market, support its growth and introduce some competition (Ariff 1996: 328–331; Financial Times 1995: 195–201, Zainal et al. 1996: 318). The liberalization made it easier for the conglomerates to raise external loans or internal capital. Between

Yet the rise of Malaysia Inc. exposed the weaknesses of the prevailing framework of governance. Privatization chiefly encompassed the sale of profitable state monopolies (in energy and telecommunications, for example), award of large infrastructural works (the North-South Highway and the Bakun Dam being the largest) and opening of new areas (social services such as health care and tertiary education) to domestic capital. To the extent that more and more sectors, companies and projects passed into private hands, privatization entailed rolling back the frontiers of the state. But privatization did not operate under market conditions. Huge privatization projects were awarded without open competition, and often without any tendering process at all.\(^7\) In this tightly controlled ‘market’, rent-seeking and money politics were rife as coalitions formed around domestic conglomerates and powerful politicians who competed to become privatization’s chief beneficiaries.

Hence the conglomerates largely escaped the scrutiny and regulation that should have accompanied liberalization. That was partly because the power of the state technocrats and bureaucrats had been curtailed under Mahathir’s administration. Under the Tun Abdul Razak government, the technocrats and bureaucrats in such agencies as Bank Negara, the Treasury and the Economic Planning Unit, played key roles in planning, implementation and regulation. Under Hussein Onn’s premiership, the non-financial private enterprises and state economic development corporations enjoyed their status as ‘social enterprises’. Despite some scepticism about their actual performance and their ethnically coloured motives, the technocrats and bureaucrats who regulated capital under NEP did so with a sense of mission. Now, under Malaysia Inc., they were instructed to cooperate with the private sector, or more crudely, serve capital (not least, Malay capital).\(^8\) Thus the power balance between bureaucracy and business shifted: ‘With increasing Malay hegemony in the 1970s, the role of the predominantly Malay bureaucracy was significantly enhanced, only to give way to an increasingly assertive executive and a more politically influential rentier business community in the 1980s’ (Gomez and Jomo 1997: 179).
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Consequently, the conglomerates evolved into ‘politicised oligopolies’ (Gomez and Jomo 1997: 180). They increasingly assumed characteristics which have been variously described as rentierist (Gomez and Jomo 1997), distributional-coalitionist (Mehmet 1986) or simply cronyist. As corporate figures and their political allies joined to secure privatized projects, they intensified a trend towards politicizing commerce and commercializing politics. That trend might have been retarded had privatization (at least when conceived in terms of ‘rolling back the frontiers of the state’) been scrupulously conducted. But Malaysia Inc.’s peculiar mode of privatization – the secretly negotiated contract justified by Mahathir himself as rewarding ‘those who come to us with good ideas’ – became conspicuous for its lack of transparency, accountability and predictability. An ethnically defined, ‘dual-track meritocracy’ exerted its influence over this process of ‘picking winners’. The ‘picked winners’ were not those who had passed stringent ‘performance criteria’, for example, the ‘discipline’ imposed on South Korea’s export-oriented chaebols, but conglomerates who had proven themselves capable of ‘performance’ – that is, the ability to win, manage and finish projects. They were the ones rewarded with more projects.

Firm regulation or corporate governance could not mean much against the growing power of the conglomerates. Their power was reflected not just in their multiplying assets or political connections, but also the influence they wielded by being part of several high-level forums (notably the Malaysian Business Council), which institutionalized state-business consultations. Certain corporate leaders were reputed to be particularly influential, but big business as a whole secured an almost equal footing with government, such that, according to former Deputy Prime Minister Musa Hitam, ‘the private sector was dictating terms, telling government what to do based on their links to leadership’ (Jayasankaran and Hiebert 1998: 14). The notable exception to this trend of weakening government control over big business was the Prime Minister, who had so centralized if not personalized decision- and policy-making that business circles took it as a truism that gaining Mahathir’s confidence was a necessary part of good business practice.

JULY 1997 AND THE CRISIS OF ‘CORPORATE GOVERNANCE’: THE STATE AGAINST THE MARKET

An understanding of the complexities of the origin and spread of the East Asian financial crisis that began in July 1997 lies beyond the scope
of this chapter. In Malaysia, the crisis depreciated the currency, reduced the KLSE’s market capitalization and sent the economy into recession. The ringgit fell from a peak exchange rate of RM2.493 to US$1 in April 1997 to its lowest rate of RM4.88 on 7 January 1998. The KLSE’s market capitalization declined from RM806.77 billion in 1996 to RM375.80 billion in 1997 and to RM182 billion in September 1998. The currency and share price falls spared few businesses. But the conglomerates seemed destined to collapse first and most spectacularly since their dependence on external borrowings and stock market capitalization had exposed them to bloated loan repayments, plunging asset values and imminent insolvency. The financial system was imperiled as the banking sector’s non-performing loans (NPLs) rose from 4 per cent in 1997 to 15.8 per cent in August 1998.11

In the wake of the July crisis, the international money market, with its allies in institutions such as the International Monetary Fund (IMF), and the mass media, indicted the adversely affected East Asian states for their protection of favoured coalitions of commercial and political interests and its resulting inefficiency and cronyism (The Economist 7 March 1998). The fundamental solution to the crisis, it was argued, necessitated pro-market reforms and the institution of sound ‘corporate governance’ to restore investor confidence in the East Asian financial systems and economies. In the case of Malaysia, as one commentator observed:

The markets also want Malaysia to recognize that Asia’s old, government-directed economic model no longer works. The country needs to open the banking sector to foreign investments, bring bankruptcy laws and accounting practices up to international standards and improve corporate governance. (Hill 1998: 71)

The rubric of the international market’s framework of corporate governance entailed further liberalization of the financial system, further deregulation of the economy and stricter rules-based free-market operations. In practical terms, the crisis management strategy of the money market and IMF prescribed financial sector reforms, including currency floats, higher interest rates, restrained liquidity, market liberalization and the restructuring of bankrupt corporations. Any of these remedies, stringently applied, would have been bitter medicine for the Malaysian conglomerates. Taken together they would have been fatal to Malaysia Inc: a free market would govern a non-interventionist state! Those who led the state in Malaysia were compelled to negotiate a new stance vis-à-vis the money market. Their
initial attempts backfired. In August 1997 the KLSE banned the short-selling of 100 index-linked stocks, hoping to arrest the share price decline (Hiebert and Jayasankaran 1998). In September, the regime announced a RM60 billion fund that would selectively buy stocks from Malaysian companies and shareholders but not from foreigners (Hiebert and Jayasankaran 1998). Those measures were swiftly reversed or modified after share prices plunged as stocks were dumped by fund managers who feared being locked into a falling market. Then followed attempts by Deputy Prime Minister and Minister of Finance, Anwar Ibrahim and Daim Zainuddin (appointed executive director of the newly established National Economic Action Council), to placate ‘investor confidence’. The 1998 Budget, presented by Anwar in October, showed fiscal restraint, made budget cuts and adopted some IMF-type structural adjustment measures, but these were regarded by the market as being superficial to the point of denying that the Malaysia financial system and the economy were facing a crisis.¹²

In December, Anwar announced considerably stricter austerity measures, both in terms of reductions in public expenditure and tightening of prudential standards.¹³ Yet the market’s more favourable response to the December measures was rather quickly overturned. A month later, the Foreign Investment Committee changed corporate takeover rules to permit United Engineers Malaysia to acquire 32.6 per cent of its parent company, Renong Berhad (UMNO’s holding company) without making a general offer to shareholders (Fox 1998; Lim Kit Siang 1998: 45–47 and 130–135; RAM 1997). Market dismay at this evidently brazen defiance of ‘transparency and good governance’ sent the ringgit and the Kuala Lumpur Composite Index to their lowest levels (Shameen 1998; Tripathi 1998). In March 1998, the national petroleum corporation, Petronas, took control of Malaysian International Shipping Corporation, while the latter acquired the shipping assets of Konsortium Perkapalan Berhad, which was 51 per cent owned by Mahathir’s son, Mirzan Mahathir (Subramaniam 1998). Further plans were announced to rescue debt-ridden banks and companies (Jayansankaran 1998; Shameen 1998). In response, capital flight from Malaysia became a capital strike: the market would not return if the state could not be disciplined.

On 1 September 1998, the state showed a desperate resolve. BNM instituted ‘exchange control mechanisms’ that ended the free convertibility of the ringgit (New Straits Times 2 September 1998). The ringgit, traded at RM4.0960 to US$1 on that day, was pegged at RM3.800 to US$1 the next day. Holders of offshore ringgit accounts were given a
month to repatriate their funds to Malaysia: beginning 1 October, the ringgit could not be traded overseas. For the money market, the most serious controls were those that prohibited non-resident correspondent banks and stockbroking firms from obtaining domestic credit facilities, and residents from obtaining ringgit credit facilities from non-resident individuals. Non-residents were required to deposit their ringgit securities with authorised depositories, and to hold the proceeds from the sale of such securities in external accounts for at least one year before converting them to foreign currency (New Straits Times 2 September 1998). BNM insisted that the controls would curb currency speculation but not affect the ‘general convertibility of current account transactions’ and ‘free flows of direct foreign investment and repatriation of interest, profits and dividends and capital’ (New Straits Times 2 September 1998). But had the state not acted, in BNM Acting Governor’s words, to ‘bring the ringgit back into the country’ (New Straits Times 2 September 1998), the currency would have collapsed. Instead, the capital controls halted the trend of capital flight, if only by trapping remaining foreign funds for a year, and even reversed it, if only by forcing the return of offshore ringgit funds. The currency peg gave domestic businesses and foreign direct investment a measure of stability by which to plan, contract and manage.

Mahathir and Daim’s political priority was to save strategic economic sectors and the conglomerates by domestic initiative. They had nothing better. Capital outflow for 1998 was RM21.7 billion (Mahani 2000: 185). And capital was still on strike. Rating agencies (Moody’s and Standard & Poor’s) downgraded Malaysia’s credit worthiness when the regime planned to issue new bonds, and the plan was abandoned. Thus the capital controls presaged a new policy regime of reflating the economy, relaxing monetary policy and resuscitating local business. The state established three institutions to deal with the financial system. Danaharta, an ‘asset management company’, took charge of ‘remov(ing) NPLs from the balance sheets of financial institutions’, thus ‘free(ing) the banks from the burden of debts that had prevented them from providing loans to their customers’ (Mahani 2000: 186). In 1999, Danaharta purchased RM45.5 billion in NPLs from banks and financial institutions. Danamodal, a ‘Special-Purpose Vehicle’, recapitalized the financial sector by giving ‘credit injections’ totalling RM7.59 billion to leading banks. The Corporate Debt Restructuring Committee (CDRC) managed 67 debt-restructuring applications involving RM36.3 billion. The CDRC’s best known and most controversial applications came from the UMNO-owned Renong,
the state-owned Bank Bumiputra and Sime Bank. Recapitalization largely depended on three sources: public funds (notably the Employees Provident Fund and Petronas’s reserves), external loans (from Japan and the World Bank) and bonds that were eventually issued. BNM increased liquidity and facilitated bank lending to the corporate sector. BNM steadily lowered the banks’ statutory reserve requirements, from 13.5 per cent to 4 per cent between February and September 1998. From June to October, the base lending rate was reduced from 12.27 per cent to 6.79 per cent. The classification of NPLs was changed back from three months (March 1998) to six months (September 1998). BNM directed a higher target for bank lending. It made credit more easily available for private consumption (and on more favourable terms than pre-July 1997 ones) to support key sectors, such as the automobile industry and the property market.

SEPTEMBER 1998: REFORMASI AND THE CRISIS OF SOCIAL GOVERNANCE

July 1997 brought its own political crisis. Mahathir and Anwar had subtly differed over the waiver of UEM’s takeover of Renong, rescue plans for several conglomerates, monetary policy and the need for reform. Anwar seemed to heed the sentiments of several non-unified constituencies: technocrats, small businesses and part of the Malay and non-Malay middle-classes. The Mahathir-Anwar differences represented a ‘policy gridlock’ (Saludo and Shameen 1998: 44) that showed the narrowing of options available to the political leadership.

Yet more than differences over specific crisis management policy choices were present. Arguably, Mahathir and Anwar’s attitudes towards issues of governance were significantly different. To IMF-style prescriptions for tightening corporate governance, for example, Mahathir retorted:

What the IMF wants us to do is to increase the interest rates, to reduce credit, to increase taxes. Now all of these things would bankrupt our companies.... If you cannot top up, our regulations say you will be considered to have a non-performing loan after six months – the IMF says no, it must be three months. But in three months they cannot pay. But if we do not follow the IMF, the result will be a loss of confidence and down goes our currency. (Time 15 June 1998)
Indeed, Mahathir characterized the crisis arising from uncontrolled speculation as ‘total anarchy’, and contended that ‘the only thing that can stop this is if we have order in the international financial system’ (Mahathir, *Time* 15 June 1998: 30).

In contrast, Anwar seemed more receptive towards the IMF and the market’s recommendations of ‘good governance’:

> We want more transparency. We want to emphasize corporate governance. We will put our foot down and punish those who break the rules. Irrespective of the profile or connections of corporate players, if they break the rules, they won’t go unpunished.\(^\text{17}\)

In fact, Anwar, who declared that ‘in politics I am a liberal but in economics I am a conservative’, went so far as to say of the crisis that:

> The great lesson we have learned, which is actually a major transformation and a revolution by itself, is that it has called for greater transparency, greater accountability and for greater democracy... Now people assess what the markets say, what people perceive, whether awards and grants are given to your party supporters or to friends and family. These are openly debated, without exception. I see this as very positive.\(^\text{18}\)

Crucially, however, Mahathir despaired that market demands for ‘good governance’ had gone too far: from the management of economic fundamentals to acceptance of IMF conditionalities, to the forced closures of financial institutions, to opening corporations to foreign ownership and, ultimately, to changes of government (*Time* 15 June 1998). It was over this last point that Anwar fell. At the June 1998 UMNO general assembly, his allies staged a half-hearted criticism of Mahathir, which signalled Anwar’s readiness to replace Mahathir – which was, coincidentally, the ill-disguised hope of the money market, international institutions and media at the time.

But after Anwar fell, his defiance of Mahathir and renewed attacks on ‘corruption, cronynism and nepotism’ became part of a call for *Reformasi* that resonated beyond expectations: *Reformasi*, which took its name from the Indonesian protest movement that ejected Suharto from power in May 1998, blossomed into a social and political movement. *Reformasi* began as an inchoate movement of cultural opposition born of mostly Malay revulsion at Anwar’s maltreatment. Perhaps Mahathir and the UMNO elite had expected that the tawdry allegations of sodomy made against Anwar would stun the Malay-Muslim community into a cowed acceptance of Anwar’s guilt. But an...
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intensifying opposition to the regime showed how far the politicians had transgressed against a deeply felt cultural code that forbade a ruler from shaming the ruled. Malay popular opinion found in towns and villages, within the civil service, on university campuses, among students studying overseas, and even at UMNO’s lower levels equated the shaming of Anwar and the humiliation of his family with the disgrace of an entire community and nation. Non-Malay opinion sympathetic towards Anwar was not anchored to any comparable cultural code, but took the Anwar affair to symbolize all that was morally and politically wrong in Malaysian public life.

Reformasi also spawned a movement for the defence of democracy, centred around alternative channels of expression, communication and public debate that were free of state censorship if not quite liberated from fear of state retribution. Despite legal restrictions on the sale of party newspapers to non-party members, the opposition Parti Islam (PAS) saw the circulation of its twice-weekly party organ, Harakah, rise to 300,000 copies from 65,000 before Reformasi, and the paper was available on the internet, too. Malay-language magazines, such as Tamadun, Detik, Wasilah and Eksklusif, and the online bilingual Saksi brought together writers, analysts and artists, and maintained a steady stream of commentary and criticism. Internet Reformasi websites mushroomed. Some were the websites of established organizations, particularly the opposition parties and non-governmental organizations. Some sites were anonymously maintained but their designations made clear the principal concerns and objectives of those who maintained, supported and visited them: Laman Reformasi (Reformasi Website), Jiwa Merdeka (Soul of Independence), Anwar Online and freemalaysia. Other sites, like Sabri Zain’s Reformasi Diary, Raja Petra Kamaruddin’s The Malaysian and Kini, were maintained by individuals who disdained to conceal their names or goals. Yet others flaunted names like Mahafiraun (Great Pharoah) or Mahazalim (Great Tyrant), which were sneeringly open about the target of their derision. Not all the postings were thoughtful; some were scarcely readable. But the internet ‘voices of Reformasi’ defied the regime’s monopoly of mainstream media. The internet Reformasi output was ultimately purposeful: demand justice, democracy and reform.

Reformasi was ideologically diverse. In economic matters, say, Reformasi counted its adherents among free marketeers, supporters of the New Economic Policy, Keynesians, populists, socialists and Islamists who wanted a path of ‘holistic development’. Yet Reformasi exposed the erosion of the Mahathir regime’s ideological hegemony over Malaysian
Mahathirist politics were premised on rapid growth and continued prosperity, nationalist vision and popular support, and strong leadership and managed succession. July 1997 had battered the regime’s claim to being able to ensure rapid growth and continued prosperity. September 1998 made nonsense of the regime’s insistence on strong leadership and managed succession. Now Reformasi supporters mocked all those three premises of the Mahathir regime’s hegemony. They accused the regime’s post-July 1997 economic management of practising ‘corruption, cronyism and nepotism’, almost exactly as Reformasi in Indonesia had accused the Suharto regime. They wanted an end to Mahathir’s leadership and rejected the succession implied by Abdullah Ahmad Badawi’s appointment as Deputy Prime Minister. And they now rejected Mahathir’s anti-Western explanations of the crisis and its consequences. Most of all, Reformasi supporters deplored the conduct of key public institutions. They disbelieved the judiciary’s claim of impartiality, criticized the police force for suppressing peaceful demonstrations and dismissed the domestic media for its subservience and untruth. They derided university administrators for disciplining arrested student protestors and ridiculed major economic or financial regulatory agencies for lacking professionalism or independence. Muslim supporters of Reformasi spurned state-appointed religious officers for collaborating with the regime. To that extent, Reformasi’s tacit goal in governance was to cleanse the body politic and its institutional organs. And since Mahathir was perceived to personify the emasculation or degradation of key institutions, Reformasi supporters were agreed on a fundamental point that summed up the regime’s loss of legitimacy: Undur Mahathir! (Resign, Mahathir!).

By August 1999, Reformasi had found an institutional expression in a second coalition, the Barisan Alternatif (Alternative Front, or BA), that was made up of the following opposition parties: PAS, DAP, Parti Keadilan Nasional (National Justice Party, or Keadilan) and Parti Rakyat Malaysia (Malaysian People’s Party, or PRM). By late 1998, the BA was sufficiently unified to offer itself as the ‘alternative’ to the ruling Barisan Nasional government. The BA’s common manifesto, Towards a Just Malaysia, (Barisan Alternatif 1998a) linked the Anwar affair to the regime’s post-July 1997 and particularly post-September 1998 economic policies. It questioned the system of administration of justice over Anwar’s prosecution and conviction, the unpopular imprisonment of a notable DAP leader, Lim Guan Eng, and other controversial court cases. All these cases, the BA’s manifesto argued, had reduced the
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judiciary to an instrument of the executive. The BA attacked the regime’s intolerance of dissent and its use of police force against peaceful demonstrations. Moreover, the BA offered a programme of political, economic and social reform that would investigate allegations of high-level corruption, reassess prevailing practices of privatization and restore civil rights and liberties. The BA’s *Budget Strategy* (Barisan Alternatif 1998b) offered a ‘vision’ of what an alternative plan of economic development might be should BA come to power.21 The *Budget Strategy* clarified BA’s positions on several economic and financial matters, including capital controls, taxation, investment policies and development priorities. Its cornerstone was a populist commitment to dismantling ‘corruption, cronyism and nepotism’, providing a safety net for neglected social groups, reversing the privatization of core social services, restoring professional integrity to planning and regulatory agencies and terminating the regime’s predilection for ‘mega projects’. To that extent, *Reformasi* and the BA, the *Joint Manifesto* and the *Budget Strategy* combined demands for corporate and social governance that implicitly opposed the interests of the conglomerates to the BA’s social base in the rural populace, urban poor, middle classes, professionals, small and medium-sized businesses and the civil service.

**THE RESILIENCE OF THE STATE**

The state’s post-September 1998 measures of recapitalization, rescue and reflation scarcely accorded with the reforms the money market had demanded of Asian crisis-stricken regimes, namely Indonesia, South Korea and Thailand.22 Yet, by late 1999, trade surpluses had built up Malaysia’s reserves and the economy began to emerge from recession. Share prices recovered substantially with the support of domestic institutional funds. The regime claimed to have reversed ‘the wrong turns taken during the initial stage of the crisis’23 (by Anwar, that is, in his last year as Minister of Finance). Critics attributed the end of the currency turmoil to the US Federal Reserve’s interest rate reductions after the collapse of the hedge fund, Long Term Capital Management, and the end of the recession to a regional recovery and a fortuitous growth in exports. The critics insisted the controls could not work in the long run and harmed Malaysia’s position as a destination of foreign investment.24 But the capital controls had already been relaxed in February 1999 to permit the repatriation of foreign funds subject to a graduated exit tax. Some investment funds
(notably Templeton) were adamant about staying away from Malaysia even after September 1999, when the ‘trapped’ funds could exit without penalty.

By mid-1999, however, the money market had virtually reached a rapprochement with the state. There were still disagreements in principle but these were perhaps less critical to the money market than the prospects of Indonesia-style instability or a PAS-led ‘Islamic state’, and the pragmatic need to do business with Mahathir now that Anwar was ‘finished’. The government and Petronas were able to raise bonds of US$1 billion and US$500 million respectively from the money market, albeit with Japanese backing and at punitive premiums. And Morgan Stanley Capital International had planned to reincorporate Malaysia in its index by early 2000, which would pave the way for fund managers to re-enter the KLSE. As an *Asian Wall Street Journal* editorial (23 June 1999) cajoled Mahathir, ‘Now that the pressure of the Asian crisis has abated, it’s time to declare victory and rejoin the global economy.’

Malaysia’s tenth general election was held on 29 November 1999, about eight months ahead of its constitutional deadline. After 14 months of facing Reformasi’s challenge, the BN’s electoral objectives were straightforward: preserve its customary two-thirds majority in parliament, retain power in all states (except Kelantan), and thereby abort the BA’s emergence as a credible ‘alternative coalition’. On its part, the BA aimed to win at least one-third of the parliamentary seats, retain control of Kelantan, defeat the BN in other states and introduce a vibrant opposition into Malaysian politics. The basic tenor of the electioneering reflected the objectives of the principal antagonists. The BN argued that only its coalition could guarantee continued economic development, political stability and, above all, untroubled interethnic relations. On the other hand, the BA appealed for an end to the BN’s monopoly of state power, and the institution of a process of political and social reform as a constitutional bulwark against the BN’s increasing authoritarianism and corruption.

Despite contesting the election at a major disadvantage, the BA secured 40.3 per cent of the popular vote (out of a combined opposition share of 43.5 per cent) against the BN’s 56.5 per cent, the latter being a close to 9 per cent decline in popular support compared with the BN’s share of the popular vote in 1995. The BN took 148 parliamentary seats (almost 77 per cent of the total of 193 seats), while the BA only obtained 42 seats. (Parti Bersatu Sabah had three seats.) The fact of the BN’s return to power could not conceal UMNO’s severe
losses. The BN lost more than half of the parliamentary seats (eight out of 15) in Mahathir’s home state of Kedah, where UMNO only won five out of the 13 seats it contested. In Kelantan, where the BN had been defeated by the combination of PAS and Parti Semangat 46 (Spirit of 46 Party) in 1990 and 1995, the BN was again routed, this time by PAS and Keadilan. The BN suffered a historic defeat in Trengganu, where it lost all eight parliamentary contests. In total, UMNO’s parliamentary representation fell to 72 from 94 in 1995, a 22-seat (or 23.4 per cent) decline. The scale of UMNO’s setback was dramatized by the defeat of four UMNO Cabinet ministers and five deputy ministers, the highest number ever. At the state level, the BN won 281 out of a Peninsular Malaysian total of 394 seats, thereby suffering a 17 per cent decline from its command of 339 seats in 1995. Of this 58-seat loss, UMNO alone accounted for 55 seats (which was coincidentally the total number of opposition seats in 1995). Once again, UMNO was virtually shut out in Kelantan, winning only two out of 43 seats. And, 40 years after it had first won the Trengganu state election in 1959, PAS regained control of the state government by winning 28 out of 32 seats. Even so, the BA had failed to deny the BN its two-thirds majority. The extent of the BA’s failure could be gauged by comparing its component parties’ individual performances with those of the opposition in recent elections. Keadilan won five seats, which was not a bad showing for a party only a few months old. Yet the number was less than the eight seats that the UMNO dissidents in S46 obtained in 1990. And while Wan Azizah won Anwar’s constituency of Permatang Pauh, Keadilan’s prominent Reformasi leaders – Chandra Muzaffar, Tian Chua and Zainur Zakaria – lost, albeit by slim margins. Again, PRM did not win any seat. The DAP won one seat more than in 1995, but its ten seats were only half what the party had won in 1990; moreover, the DAP’s secretary-general and long serving opposition leader, Lim Kit Siang, as well as other veteran parliamentarians, were defeated. Of the BA parties, then, only PAS truly advanced by winning 27 parliamentary seats where it had had only seven in 1990 and eight in 1995, and taking over the leadership of the opposition from DAP.

Whatever the reasons for the BA’s failure – a non-Malay reluctance to vote against BN for fear of jeopardizing a tentative economic recovery or electing a ‘PAS-dominated’ BA that would adversely affect ‘non-Muslim interests’ – the fact was, Reformasi’s struggle for a reconstitution of governance in broad social and political terms had been checked.
CONCLUSION

Malaysia Inc., as a strategic alliance of the state and big business, arose when Mahathir tried to replicate the ‘East Asian model of capitalism’ in Malaysia. Although it displayed characteristic weaknesses that were exposed by July 1997, Malaysia Inc. had begun with an impetus towards a reconstitution of governance in both the state and private sectors. The early years of the ‘2M administration’ (so named after Mahathir and his deputy, Musa Hitam, until Musa resigned in 1986) saw the introduction of reforms and the imposition of discipline upon the bureaucracy, particularly public enterprises that were extensively involved in business. Privatization also served as a mode of transfer of public assets, hitherto ‘held in trust’ for the Malay and bumiputera communities, to private (then mostly Malay) ownership. In 1986, in the midst of recession, Mahathir boldly suspended NEP’s ‘restructuring’ requirements and relaxed the conditions for foreign direct investment in an attempt to stimulate economic growth. With economic recovery taking place in the early 1990s, there was a move towards the liberalization of the financial system as part of the trend towards economic globalization.

In their time, each of those measures – bureaucratic reform, discipline of state-owned enterprises, privatization and liberalization – represented a significant departure from existing policies. They collectively constituted a Mahathirist project to rationalize Malaysian capitalism. Faced with the July 1997 crisis, however, the regime had no more impetus towards capitalist rationalization, notwithstanding the relative success of its rejection of the international money market’s demand for ‘corporate governance’. However politically motivated or self-serving it may have been, the impetus towards further capitalist rationalization – as a response to a fundamental shift in the global economy – was briefly supplied by the ‘Anwar Ibrahim camp’ (Khoo 2000: 224–228, 231–235). One critical component of this camp was made up of Bank Negara, treasury and other technocrats and regulators who sought an economic return to fiscal and monetary ‘fundamentals’. One other component was represented by a faction within UMNO that wanted to exact Mahathir’s departure as the political price of the economic crisis. For this loose and soon doomed ‘Anwar camp’ there was also some ‘market support’. The market support was discreetly given by some domestic businesses appalled at Mahathir’s counter-productive confrontation with global investors between late 1997 and early 1998, but mostly by the guardians of the
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global money market. Anwar’s dismissal from government on 2 September 1998 signalled that there would be no reforms of the kind that the money market demanded to revitalize the crisis-stricken Asian economies.26

From July 1997 to September 1998, there was the option of tying rescue plans, bailout measures and reflationary policies to a critical loosening of the grip of politically linked conglomerates on Malaysian political economy. These became part of Reformasi’s demands. But the political struggles of 1998–99 demonstrated that a thorough reconstitution of governance – beyond technocratic choices, bureaucratic procedures and market demands – required a depth of political contestation and institutional reform that the 1999 election did not deliver. Yet what might be regarded as the relative victory of the state over the market and civil society has not resolved the critical issues of governance. The crises of July 1997 and September 1998 have called into question a framework of governance that was associated with Mahathir’s Malaysia Inc. and critically premised on UMNO’s hegemonic stability. Whether Malaysia Inc. can withstand another crisis of globalization remains to be seen.

AUTHOR’S NOTE

This chapter provides new arguments on the state-market-civil contestation over governance as a central issue in the economic and political crises of 1997–98, even as the basic analysis of the crises is drawn from Khoo (2003).

NOTES

1 Stung by foreign criticisms that the economy might overheat in the 1990s because of its high growth, Mahathir was known periodically to sneer that his critics had never run an economy before. In reply, he rejected the likelihood of overheating, launched an inflasi sifar (‘zero inflation’) campaign and proudly declared that there was nothing ‘fortuitous’ about the (planned and directed) performance of the economy.

2 The term bumiputera refers to a person of indigenous background, but in Malaysian political economy it is practically consonant with ‘Malay’.

The long and difficult disputes between the state and the Chinese education movement in Malaya are well documented in Tan (1997).

Significantly, Anwar phrased the slogan in Mandarin rather than the official Malay language. Anwar’s ideas on multiculturalism, elaborated within his discussion of an ‘Asian renaissance’, are found in Anwar (1996).

Gomez and Jomo (1997: 179–180) observed of the ‘contemporary conglomerate style of growth’ that it has increasingly involved ‘mergers, acquisitions and asset-stripping, with scant regard for relevant experience and expertise’ and that it reflected ‘the greater attention to financial accumulation rather than the difficult but ultimately necessary development of internationally competitive productive capacities’.


Mahathir was fond of reminding civil servants that private sector profits, translated into government (tax) revenues, paid their wages.

For excellent profiles and case studies of some of the conglomerates, see Gomez (1990, 1994) and Searle (1999).

The persistent use of cheap foreign labour in sectors like construction, despite numerous injunctions and warnings to employers to switch to capital-intensive methods, is a case in point. Few instances of the failure of regulation can match the fragmentation of the environmental impact statement that Ekran was permitted to submit for its Bakun Hydroelectric Project.

The official working definition of an NPL changed twice in 1998.

These included reducing Federal Government expenditure by 2 per cent, postponing ‘mega projects’, reducing the current account deficit, reducing corporate tax by 2 per cent, limiting credit growth to 15 per cent by the end of 1998 and consolidating the prudential standards and regulations covering non-performing loans, liquidity within the banking system (NEAC 1998).

Significant measures included: a reduction of the current account deficit to 3 per cent of GNP in 1998, an 18 per cent reduction in Federal Government expenditure in 1998, a lowering of the projected 1998 growth rate to between 4 per cent and 5 per cent, deferment of non-strategic projects, stricter criteria for approvals of ‘reverse investment’, enhanced corporate information disclosure and closer regulation of corporate restructuring (NEAC 1998).
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14 The government’s policies were set out in NEAC (1998).
15 For Anwar’s views on issues related to the crisis and how to manage the ailing banking system, see Shameen (1997). On interest rate levels, for example, Anwar defended BNM’s ‘stance to keep a tight rein on the monetary policy to maintain a stable exchange rate’, while Mahathir opposed high effective lending rates (Toh 1998).
16 The BNM and Treasury technocrats offered economistic solutions – imposing budget cuts, reducing credit growth, raising interest rates, controlling inflation and stabilizing the ringgit. Small businesses, including small Malay businesses, were not indifferent to arguments for disciplining the conglomerates. Parts of the Malay and non-Malay middle-classes were offended by the ‘cronyism, corruption and nepotism’ associated with Malaysia Inc. (Spaeth 1998; RAM 1997: 2–7).
18 Anwar, quoted in ‘Crony capitalism in Asia will be reduced, says Anwar’, Business Times, 29 January 1998.
19 See Philip Khoo (1999) for this important insight. For a scholarly discussion of this cultural code as a ‘social contract’, see Cheah (1998).
20 An interesting, post-modernist, reading of Reformasi, is offered by Farish A. Noor (1999).
21 There is no official English translation of BA’s budget strategy, Belanjawan Rakyat 2000: Demi pemulihan, pembangunan dan keadilan (The People’s Budget 2000: Towards recovery, development and justice).
22 Jorgen Borhnoft, outgoing president of the Malaysian International Chamber of Commerce and Industry, expressed MICCI’s ‘concern that there does not seem to be enough strong action against those people who were responsible for that massive spate of irresponsible borrowing, and just as irresponsible lending’, mentioned that MICCI supported the capital controls of September 1998 ‘on the basis that they are clearly seen to be short-term measures’, and urged ‘serious structural adjustments’ to some troubled companies (Dow Jones 1999).
24 See ‘Capital controls erode’ (http://www.freemalaysia.com/economic/loss_of_control.htm) for a neo-liberal criticism of the capital controls.
26 Ahmad Don, the Governor of Bank Negara, the central bank, and his deputy, Fong Weng Phak, resigned in late August 1998 in late August 1998 in disagreement with Mahathir’s move to impose capital controls.
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CHAPTER 4

Human Rights in Malaysia: Globalization, National Governance and Local Responses

Saliha Hassan and Carolina López

Whether a major power or a developing nation, states have had to face up to the shifting role of government in response to the changes brought about by globalization. One of these changes involves the increase in non-formal politics, which takes the form of activism in domestic civil society. Nation states, in general, are currently in the process of (re)defining their roles in the contemporary global milieu as the locus of control over decisions affecting national destinies shifts increasingly away from the state and its institutions. An important part of these changes in traditional power configurations can be seen in the growth and revitalization of independent organs of civil society, as people throughout the world attempt to grapple with the impacts of globalization on their lives (Mittelman 1997). Non-Governmental Organizations (NGOs), both national and international, are major activists in this context. The present chapter focuses on the Malaysian state’s human rights policies and practices in response to increased civil society participation in governance through the venue of non-electoral politics. A central question to be addressed in assessing the Malaysian human rights movement concerns whether, and to what degree, a political culture of participatory democracy may be evolving in the country.
THREE DEBATES ON HUMAN RIGHTS: GLOBAL, NATIONAL AND LOCAL INTERSECTIONS

The presence of the global human rights narratives expressed in the United Nations’ (UN) 1948 *Universal Declaration of Human Rights* (UDHR) in developing nations around the globe, has generated a series of responses from nation-states, as well as from grassroots organizations. Given power relations and the diversity of belief systems and interests within Malaysia, it is no surprise that there is a wide variety of views concerning the applicability of the global human rights discourse to Malaysia.

The literature indicates three major areas of debate in response to the human rights discourse expressed in the UDHR (Bauer and Bell 1999). One of the debates concerns the UN’s formulation of the indivisibility of human rights. The basic tenet of the indivisibility argument – held by all the Western nations – is that it is necessary to observe all rights at all times. The Malaysian state, however, maintains that it is necessary to curtail certain civil and political rights in order to achieve development (Mahathir in Hashim 2000a), implicitly prioritizing economic and social rights over civil rights, such as freedom of speech, association, assembly, etc. Particularly, the state’s discourse concerning the imperative to become a fully developed nation by 2020 is used to argue that for the sake of national development, it is necessary to curtail certain civil and political rights. The logic behind this position lies in the assumption that social and economic well-being are prerequisites to the enjoyment of civil and political rights, or ‘citizens’ rights’ in democracy. Conversely, actors arguing that human rights are, in fact, indivisible, maintain that in order to ensure social and economic development within nations in the global milieu, citizens and grassroots organizations must at times exercise their civil and political rights in order to contest the state, i.e. to apply pressure for access to adequate housing, medical care, education, etc. From this viewpoint, it is necessary to exercise such rights as freedom of expression and assembly in order to ensure basic socio-economic well-being. While the state does not adhere to the assumption of indivisibility, Malaysian NGOs, such as International Movement for a Just World (Just), Aliran, Hakam and Suaram – in agreement with the global mainstream assumption – maintain that the basic rights expressed in the UN documents are, in fact, indivisible.

A second major area of debate arises between the universalist and the relativist understandings of human rights (Bauer and Bell 1999).
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The relativist position holds that human rights are subject to interpretation based on local norms, values, religious traditions and national priorities. In the Malaysian context, we find the state’s position to be essentially relativist; here, Prime Minister Dr Mahathir’s Asian values rhetoric is used to substantiate and justify the regime’s relativist positions and actions concerning the global human rights narrative, as can be seen in the Prime Minister’s speech on globalization, ‘Japan must lead Asia’, where he states, ‘they [USA] are no longer the liberators. They have become the dominators … Youths want to become blonds, work less and play more, discarding in the process the traditional Japanese and Eastern culture of filial piety and discipline’ (New Straits Times 19 January 2001). Here Mahathir alludes to the need for more localized articulations of human rights, which are relative, and therefore relevant to the Asian milieu. In terms of national Islamic NGOs, we find some – such as Abim and PKPM – also arguing from the relativist perspective that there is a particularly Islamic understanding of human rights, which is somewhat different from the United Nations’ UDHR. While both the state and some Islamic NGOs share a relativist position, the state argues on the grounds of Asian values, while the above-mentioned NGOs argue for an understanding based on Islamic principles. On the other side of the debate, the universalist position holds that the rights expressed in the UDHR are applicable to all individuals and societies around the globe, in all possible contexts, regardless of race, religion or culture. NGOs such as Suaram, Hakam and Aliran advocate the universalist view, which is embraced by most global powers as well. Both the Malaysian state and some Islamic-oriented NGOs within the country have posed a strong challenge to the assumption of the universality of human rights as expressed in the UN instruments.

A third and related debate revolves around the nexus between the mainstream interpretation of human rights and its connection with globalization. Many governments in developing nations suggest that the mainstream articulation of human rights expressed in the UDHR is actually an ideological spearhead for the penetration of Western values, culture and consumption patterns around the globe. In his criticism of the hegemonic Western conception of human rights, Chandra Muzaffar (1996) suggests that if the global human rights narrative is to truly be non-hegemonic, it must be reassessed in light of some of its underlying assumptions, such as what he calls 1) individuality versus gross vulgar individualism, 2) individualism versus the greater good, 3) freedom divorced from responsibilities, 4) the Western particularistic human rights conception with its primary emphasis on civil and political rights,
which downplays economic, social and cultural rights. Alvares (1996) suggests that, in contrast with the Asian family and community orientation, the Western rights definition is based on the individual. According to the author, this focus leads Westerners to see their rights as separable from their place in family and/or society. He further suggests that the entire intellectual system that underpins the global political order, including the human rights narrative, simply reflects the interests of Western culture and, therefore, cannot represent the interests or the belief systems found in non-Western societies. In reality, according to Alvares, the very concept of globalization masks the Western proposal to extend its cultural, political and economic hegemony over the rest of the planet, submerging and suppressing others in the process (Alvares 1996) – a position often voiced by Mahathir Mohamed as well.

A GLIMPSE OF HISTORY: THE DEVELOPMENT IMPERATIVE IN MULTIRACIAL MALAYSIA

Malaysia’s colonial past under the British (1786–1957) has led to the plurality of peoples, cultures and belief systems comprising national civil society today. While people of diverse cultural communities have long been present in the Malay world, under the colonial administration the migration of Chinese and Indians to the region increased greatly. The British largely believed that the Malay people were not willing or suitable to work as labourers in the colonial enterprises. To meet the demand for labour, they brought in large numbers of Chinese immigrants to work in commerce, tin mines and commercial agriculture. In addition, many people from the Indian subcontinent were brought over to work on British estates and rubber plantations. Added to the presence of the British themselves, the ‘importation’ of vast numbers of Chinese and Indians represented a profound change in the demographic composition of the region (Andaya and Andaya 2001). With the influx of migrant populations, the demographic breakdown of peoples found in Malaya was categorized in three broadly defined ethnic divisions: Chinese, Indian and Malay, which were actually quite heterogeneous in their makeup. Neither Eurasians nor mixed peoples were considered in the British categorization of peoples residing in the region. The complexities of Malaysia’s present demographic makeup are largely due to migratory policies stemming from colonial times (Andaya and Andaya 2001).
Since independence, the leadership in post-Merdeka Malaya/Malaysia has had to contend with the complex demographic and socio-political situation. While the Constitution ensures that political power should remain in the hands of the bumiputera (lit. ‘sons of the soil’), the Chinese have held much greater control over the national economy. Meanwhile, the ethnic Indian population has been largely involved in agricultural work or other activities on the margins of economic power. In the task of nation building, the state has devised a political and economic formula to meet the dual imperative of developing the national economy and attempting to create a sense of national unity among the ethnically diverse Malaysian populace.

In spite of efforts to forge unity among Malaysians of diverse backgrounds, in 1969 there erupted violent clashes, primarily among the Malays and the Chinese, which came to be known as the 1969 Race Riots. In the wake of the Riots, in 1971 the government set up what it called the New Economic Policy (NEP) – an affirmative action policy that attempted to address issues of equity and economic opportunity for the Malays. The NEP focused on bumiputera entrepreneurship and industrial manufacturing (Young 1980). The policy’s stated objective was to reduce and eventually eliminate poverty, and to correct economic imbalances, so as to reduce and eventually eliminate the identification of race with economic function. One controversial goal of the NEP was to alter the pattern of ownership and corporate equity in Malaysia, with the government providing funds to purchase foreign-owned shareholdings on behalf of the bumiputeras. In order to rectify the economic disparities, at least 30 per cent of the total commercial capital and industrial activities in all categories and scales of operations had to be allocated to Malays and other indigenous peoples. The objectives of the NEP have been implemented by stages, in successive five-year plans, which have largely incorporated the original objectives and policies of the Second Malaysia Plan (1971–75) (Shamsul 1986).

In June 1991, after the NEP expired, the government unveiled its National Development Policy, which contained many of the NEP’s goals, although without specific equity targets and timetables. In a speech delivered in New York in 1999, Dr Mahathir stated that the affirmative action programs that had been adopted to remedy the inequities in the Malaysian economy amongst the races had served the country well, and would continue until racial origins no longer influenced people’s thinking excessively (Mahathir in Hashim 2000a). In spite of long-standing discontent among the non-Malay Malaysians, of which some feel that special privileges violate the principle of
equality of citizens, it appears that the policies aimed at redressing economic inequality between the Chinese and the Malays will remain in place for the time being.

In addition to addressing the economic imbalance between Malays and non-Malays, the state is intent on transforming the country, through industrialization, into a developed modern nation. On 28 February 1991, the government announced *Wawasan 2020* (Vision 2020). *Wawasan*’s two major objectives are for Malaysia, 1) to reach the status of fully developed nation with an advanced industrialized economy by the year 2020, and 2) to create a sense of national identity called *Bangsa Malaysia*. While *Bangsa Malaysia* is a *bumiputera*-defined cultural principle which privileges many aspects of ‘*bumi*-ness’ as the core of Malaysian national identity, it aims to move beyond ethnic insularity into a new ‘nationalist ideology’ in order to unite the multiple religio-ethnic components of national society, based on notions of a common Malaysian idea of territory, population, language, culture, symbols and institutions. The state is well aware that, along with its economic component, the modernization imperative must include a politics of nation building and, hence, the national identity issue. The industrial system of production requires a type of socio-cultural homogenization of the population to prepare, on a large scale, a continuous pool of skilled workers. As Shamsul and Sity (2002: 4) observe, Malaysia is still ‘one state with several nations’, meaning that in the economic sense it is a coherent variant of a capitalist entity but, in the political and ideological sense, it is still searching for a parallel coherence. ‘[As such,] the political struggle in Malaysia … is over whether or not it is able to make the cultural and the political unit congruent. The modernization imperative, then, is political in its need to realize a nation state, and economic in its need to industrialize.’

Although dissent may not surface overtly, since citizens are forbidden to discuss the issue, the post-independence state’s ongoing practice of privileging one ethnic group over the others has long met with a degree of discontent and resistance from non-Malay citizens. Walden Bello writes, ‘In Malaysia, one does not need to talk for long to realize the tremendous discontent that lurks beneath the glitzy surface of rising skyscrapers and shining Mercedes and BMWs as a very large minority, the Chinese, chafe under its politically imposed second-class citizen status in a regime of permanent affirmative action for Malays’ (Bello 1998: 3), not to mention similar sentiments found among the Indian community and other non-Malay Malaysians. Within this context, the state has found it necessary to legislate certain restrictive
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laws and acts, in order to maintain the stability required for meeting the development imperative.

**LAWS AND ACTS RESTRICTING FUNDAMENTAL RIGHTS AND LIBERTIES**

Within the rubric of the Federal Constitution, a series of restrictive laws and acts have been legislated that allow the state to further limit citizens’ rights and freedoms as the authorities may deem necessary. Some of these are: the Internal Security Act (ISA), which allows for detention without trial; the Police Act, which curtails aspects of individual freedom; the Official Secrets Act, the Printing Presses and Publications Act, the Sedition Act with its coverage of sensitive issues; the Universities and University Colleges Act, and the Societies Act granting powers to the Registrar of Societies, which all strongly limit the modes of action and expression of NGOs. National and international human rights actors have long criticized the use of these pieces of legislation as state mechanisms for stifling legitimate dissent from national civil society, constituting, once again, a powerful mechanism for limiting basic civil and political rights. Local human rights activists and international watchdog organizations lobby continually for ‘the repeal of the Internal Security Act (ISA) and other laws providing for detention without trial, the Official Secrets Act, and the Printing Presses and Publications Act, as well as the amending of all national laws to bring them in line with global human rights standards’ *(Malaysian Charter on Human Rights 1994: 8)*.

While the state considers these laws necessary in order to maintain stability and enhance the quality of life, NGOs and other global-local actors consider the enactments as unnecessary limits placed on basic rights. As national and international NGOs discuss and propagate their human rights agendas, they attempt to engage the state and contest existing limitations to official policies and articulations pertaining to human rights. Using the discourse on Asian values, or in the name of security in the face a potential terrorist threat, the government’s prioritization of economic development above civil and political rights serves to justify the existing repressive laws used to ensure stability by stifling competing views or criticism. The Asian values discourse and other narratives used by the state play an important role in enhancing social control and ensuring state power.
So far, the government has only suggested that it might modify or replace the ISA with some other legal decree. It has not, however, shown indications of moving toward the repeal or amendment of these restrictive laws that limit citizens’ fundamental liberties. In the context of the existing restrictive laws and acts, we find a major area of contestation between the Malaysian state and both the local and the international NGO communities. The ongoing activism of global-local NGOs in pressuring the state for increased observance of citizens’ civil and political rights constitutes a primary example of civil society engagement in non-formal, non-electoral politics. To what degree might this indicate the growth and the spread of a political culture of democracy in Malaysia?

THE EVOLUTION OF CIVIL SOCIETY ORGANIZATIONS AND NGOS

Early civil society associations were primarily formed around the ethnic or religious communities found in the country. They were often linked with mosques, churches, temples, clan networks and the like. Issues of concern to them pertained primarily to the socio-economic development and the moral welfare of their communities. It was during the post-Japanese Occupation period – the second phase of British colonial rule (1948) – that other ideological strands of civil society activism appeared. While the Malay-based organizations purported to be literary, self-help, educational, social or welfare associations, many of these associations encouraged the growth of Malay nationalism, evaluation of traditional Malay leadership and the notion of self-governance. These positions were espoused primarily by the Islamic-educated Malays. Chinese-educated activists and English-educated urban elites formed civil society organizations as well. During this post-World War II period, notions of democracy had begun to take their place in what had been a feudal system, which crumbled under British colonial rule.

By the 1970s, Malaysia had already gone through the traumatic experience of the 13 May 1969 racial riots, and the leadership began to talk about the futility of transplanting Western democracy to Malaysian soil. This historical moment set the scene for the emergence of ‘Democracy à la Malaysia’, which then Prime Minister Tun Abdul Razak viewed as being ‘most suitable for a developing country with different
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communities’ (quoted in Chandra 1996: 278). Tan Sri Ghazalie Shafie echoed this sentiment, saying:

One of our major miscalculations at the time of Merdeka (Independence 1957) was to welcome uncritically the concepts and precepts of a Westminster-type democracy... We did not realize how irrelevant it was to our society as it was then, as it exists today... We therefore need an industrialization and urbanization program in order that we can build an authentic Malaysian middle class to sustain the kind of democracy we want. (Quoted in Chandra 1996: 279)

This sense of the necessity to create a particularly Malaysian version of ‘democracy’ and national development programs might be seen as a precursor to Mahathir’s later stand on Asian values. The question is whether and to what degree the concept of human rights might be captured, adapted and ‘hybridized’ to fit the unique socio-cultural equation existing in Malaysia.

For the bumiputeras, or the Malays, the ethnic-centered discourse seemed to start transforming itself into more democracy-inclined issues in the 1970s and the 1980s, which coincided with the Malaysian period of Islamic revivalism. This period was marked by the activism of the Anwar Ibrahim-led Islamic Youth Movement, the Angkatan Belia Islam Malaysia (Abim), the Al-Arqam movement (1976–94), the Jemaah Tabligh and PAS, the Islamic party. In this same period, other civil society organizations engaged in advocacy of democracy and civil and human rights, adding further to the awakening of national civil society to basic rights issues. These groups included NGOs like Aliran Kesedaran Negara (Aliran, the National Consciousness Movement), initially led by Chandra Muzaffar, who now heads the International Movement for a Just World (Just), and the Institute of Social Analysis (Insan), led by K. S. Jomo.

The 1980s, beginning with the leadership of Prime Minister Mahathir and his Deputy, Musa Hitam, saw a major proliferation of political NGOs. However, these civil society actors suffered a serious setback when the Barisan government arrested 106 activists under the ISA in a mass crackdown code-named Operasi Lalang. Those arrested were members of NGOs, unionists, opposition leaders, educators, church social activists and others. Many of the detained were held without trial in the Kamunting Detention Camp for two to three years, effectively crippling the leadership of these civil society organizations for the duration of their detention. This meant that the impetus toward growing space in the pursuit of greater democratic participation,
accountability, the rule of law, justice, alternative development and the like was severely stymied by the state’s repressive response to the groundswell of involvement in non-formal politics. The logical consequence, apparently desired by the state, was to contain, re-channel and limit political activity to the realm of formal politics via political parties and elections. Having stymied non-electoral political activity through coercive means, the state has been clear in presenting its official line on the issue of human rights. The position it espouses implicitly serves to justify such repressive measures as those taken during Operasi Lalang.

THE MALAYSIAN STATE’S HUMAN RIGHTS DISCOURSE

Despite a degree of local discontent, along with global pressure to conform to basic standards of equality and fundamental rights, the government has remained firm in its relativist position on human rights. In his post as Finance Minister of Malaysia, Tun Daim Zainuddin, in a speech given in 1997, succinctly summarized the official position pertaining to citizens’ rights:

For the record, let me categorically mention Malaysia’s own position on human rights. For Malaysia, the protection of human rights and fundamental freedoms, consonant with the principles enshrined in the *Universal Declaration of Human Rights* (UDHR), is guaranteed in the Malaysian Constitution. Malaysia, however, believes that human rights and fundamental freedoms would be meaningless if the country is destabilized by social, political and economic choice. Malaysia believes also that there is a need to review the various human rights instruments and also the standards of human rights which were defined and established almost 50 years ago. Such a review should also take into account the peculiarities of national values, religions, customs, tradition, social and economic systems in a particular country, and attempts should be made to harmonize human rights in a balanced manner, moving away from the present unhealthy predominance of Western values and concepts. (Quoted in Aidcom 1999: 19)

With respect to the mainstream global human rights narrative, Tun Daim suggested the need for a revision, or an updating, of the UDHR in the following terms:

The passage of time and the emergence of new situations and issues necessitate the formulation of a new Declaration or a major
overhaul of the present Declaration to make it acceptable to all nations and peoples. Developing countries, particularly from the South, have always been skeptical of the West’s insistence that they conform to the high ideals that the West itself cannot match. I think that such highhanded treatment smacks of arrogance of a bygone era when nations of the North believed they ruled the world. That era has gone and will never return again... Besides, the social and cultural milieu, the widely differing state of development of the countries of the South as compared to those of the North makes any attempt to ensure universal compliance by all nations sound hollow. The developing countries believe that development is prerequisite for the promotion and protection of human rights. The indifference of the Western countries towards the crucial link between human rights and development may be construed as a deliberate intention to maintain and perpetuate the North-South divide. (Quoted in Aidcom 1999: 19–21)

Again we see that the state’s position on human rights is clearly relativist, arguing for the need to develop rights discourses from within local history, culture and values systems or, in a sense, to hybridize them to fit the local milieu. Furthermore, the statement made by the Finance Minister clearly aligns with the challenge posed in the third debate, which suggests that the global rights narratives are actually instruments for perpetuating Western hegemony. In conjunction with Lee Kuan Yew of Singapore, Prime Minister Dr Mahathir Mohamad has long voiced this position in the international arena, utilizing his well-known ‘Asian values’ thesis.

ASIAN VALUES

The discourse on Asian values stresses community priorities rather than individual liberties. The said values emphasize deference to authority, acceptance of relatively strict government control and non-interference by one nation in the internal affairs of others as the basis for their concomitant understanding of human rights. Dr Mahathir maintains that ‘some of the values which Asians hold dear [include the desire for]... an orderly society, societal harmony, accountability of public officials, openness to new ideas, freedom of expression and respect for authority’ (Hashim 2000b: 15). Whether or not these values are held dear solely by Asians, the Malaysian government has used the Asian Values rhetoric to prioritize economic development over civil and political rights. It has further served to justify the
existence of repressive laws which, at times, have been used to ensure stability by stifling competing views or criticism.

The following excerpts of speeches made by Dr Mahathir may serve to clarify his understanding of Asian values as well as his views of the West:

We do subscribe to the universality of human rights, but not to the irresponsible variety propounded by the West. Human rights are not a license to do anything without regard to the rights of others. The rights of the majority are just as valid as the rights of the minority or the individual. A society has the right to protect itself from the unbridled exercise of rights by individuals or a minority, which in the West, has contributed to the collapse of morality and the structure of human society. (Quoted in Hashim 2000b: 74)

Furthermore, he has been quoted as saying:

... if democracy means to carry guns, to flaunt homosexuality, to disregard the institutions of marriage, to disrupt and damage the well-being of the community in the name of individual rights, to destroy a particular faith, to have privileged institutions [i.e. the Western Press] which are sacrosanct even if they indulge in lies and instigations which undermine society, the economy, and international relations; to permit foreigners to break national laws; if they are the essential details, can’t [states]...opt to reject them? Hegemony by democratic powers is no less oppressive than hegemony by totalitarian states. (Quoted in Bello 1998: 2)

As suggested by the Ideological-Structural Analysis (López 2001a; 2001b; 1999; 1997), communal identities are often constructed and self-described as ‘virtuous’ in juxtaposition with an ‘evil other’. While the decadent elements attributed by Mahathir to the West do exist in Western nations, it is questionable whether they are solely present in a monolithic ‘West’. The crude juxtaposition of monolithic narratives of ‘Asia’ and the ‘West’, from which values and anti-values are said to arise, is highly problematic for a number of reasons. Nonetheless, the Asian values narrative has managed to permeate popular understanding to a fairly high degree, at least up until the 1997 financial crisis. Since then, however, official use of the narrative to bash the West and/or the global human rights instruments has declined somewhat.
THE RE-EMERGENCE OF NON-FORMAL POLITICS

Popular memory of Operasi Lalang, coupled with the fear of coercive laws and repressive state actions, undoubtedly played a role in limiting citizens’ participation in non-electoral politics. However, civil society actors erupted back into the political scene in the late 1990s in response to the 1997 financial crisis and the sacking of Anwar Ibrahim – who was removed from the Cabinet, expelled from UMNO and subsequently arrested, prosecuted and jailed on charges that elicited cries of ‘foul play’ from around the world. While the government’s treatment of Anwar was the catalyst which gave birth to the Reformasi movement, his supporters once again brought to the fore the broader issues of justice, participatory democracy, the rule of law and the repeal of existing coercive laws, in particular the ISA. Popular calls were also made to put an end to corruption, cronyism and nepotism, allegedly widespread within the government and its non-state associates. Just as the earlier events of Operasi Lalang may be viewed as a state response to organic crisis, it is worthwhile to look in more depth at the events affecting Malaysia nationally and internationally during the period in which the Anwar Ibrahim incident occurred. Anwar’s removal, arrest and character assassination provide another strong example of how the state may act in response to organic crisis, and to a perceived or real threat to its hold on power from both within and outside national boundaries. Hilley writes:

The volatile fluctuations within the financial markets across the region by mid-1997 offered a stark illustration of how external forces could critically undermine domestic policy. But they also exposed a new crisis point in domestic state-class relations and the contradictions of Mahathir’s deregulatory agenda. (Hilley 2001: 65)

And continues:

As the government embarked upon the worldwide trend toward liberalization and privatization, the Malaysian state and its closely-linked elites stood to gain greatly from the trend in the global economy. When the international banks, fearful of overheating and growing trade imbalances, took fright, the exposure of an economy built on services and lavish consumption became all too apparent… Investors who had enjoyed years of rapid growth in Malaysia while turning a blind eye to its underlying structural problems now expressed serious concern. (Hilley 2001: 65–66)

He further argues that, exacerbated by environmental problems in the region,
together with the omnipotence of international capital, here in stark reality were the actual effects of globalization and the virtual irrelevance of state borders and governments to control such processes. Mahathir denounced international speculators as intent on undermining Malaysia’s economy. He then established controls which led the US to respond by almost declaring Malaysia as a controlled market, thereby obligating US pension funds to withdraw their investments. This led already nervous investors to an increased level of panic. (Hilley 2001: 66)

Meanwhile, Anwar’s interventions helped smooth relations, particularly with the IMF, enhancing his own standing in the process. Nonetheless, global uneasiness over the continued viability of Malaysia’s banking and credit institutions began to emerge.

The international credit rating agency Standard and Poor revised Malaysia’s rating from ‘stable’ to ‘negative’, while panic withdrawals by investors at the country’s biggest finance house Malaysia Borneo Finance Berhad continued, despite assurances from its senior managers and Bank Negara... The Kuala Lumpur Stock Exchange’s (KLSE) market capitalization had grown rapidly between 1990 and 1996 through a rush of short-term bonds, shares and other speculative instruments. Thus the relatively easier process of capital withdrawal associated with portfolio investment had, unlike the 1980’s downturn, lead to a quicker, sharper and more debilitating shock to the Malaysian financial system... With the crisis threatening to wipe out the wealth base of corporations tied to UMNO, the special assistance granted to such companies was now revealing the contradiction of deregulation. (Hilley 2001: 67–68)

Simultaneously, very close to home in neighboring Indonesia, allegations of nepotism, corruption and abuse of power were rife against Suharto. It is widely speculated that Mahathir may have feared this type of accusation befalling him as well during those critical moments around 1998. For instance, Anwar Ibrahim, in a statement explaining his fall from grace, claimed that he was ‘knowing too much that could be harmful to the PM, UMNO and select associates’, adding, ‘I know how many projects were used to benefit a few friends and his relatives. They are terrified because I have this information’ (Anwar in Hilley 2001: 153).

Thus, as Mahathir had begun to address corruption as a legitimation problem, he appears to have become more concerned about the particular charges of nepotism at this point. Jomo speculated that it may have been the situation of Suharto in neighboring Indonesia that
proved to be too much for Mahathir: ‘I don’t think Mahathir minded attacking korupsi and kronisme, but nepotisme came too close to the bone’ (Jomo in Hilley 2001: 153).

In response to Anwar’s arrest, two new movements were formed: the Malaysian People’s Movement for Justice (Gerak), headed by Fadzil Noor of PAS, and the Coalition for People’s Democracy (Gagasan), led by Tian Chua of Suaram. At this point both bodies, comprising Democratic Action Party, PAS, Parti Rakyat Malaysia (PRM) and most reformist NGOs, chose to remain distanced from Reformasi as a proto-party. Nonetheless, the movement helped foster cooperation between the major opposition parties, as well as establishing a working relationship between the parties and Anwar’s followers, symbolized by Anwar’s now open declaration of support for Lim Guan Eng. Meanwhile, Wan Azizah, Anwar’s wife, had formed the ‘Movement for Social Justice’, known as Adil (with Chandra Muzaffar acting as vice-president), in an effort to give Reformasi a clearer organizational structure. In effect, Adil, with Wan Azizah acting in Anwar’s name, was working alongside Gerak and Gagasan to build a broad opposition political alignment (Hilley 2001). At this point, diverse members of civil society came together irrespective of racial and religious differences, united in a common sense of indignation concerning government actions toward Anwar. This was a critical juncture for grassroots unity among the ethnically diverse Malaysian population and for the growth of awareness concerning basic civil rights and government actions. Nonetheless, the state apparatus was able to maintain control and ride out the organic crisis by utilizing strategies such as exercising coercive potential, continually threatening to use the ISA, as well as through control of media messages to ensure that critical reporting was kept at a minimum (Hilley 2001).

The Reformasi movement highlighted the importance of sustaining the counter-discourse of participatory democracy and the evolution of a truly autonomous public sphere in which civil society actors could openly participate in non-electoral politics. In terms of NGO linkages with the political opposition, Loh (2002) writes:

This counter-discourse was subsequently adopted not only by leaders of the Reformasi movement, who re-organised themselves as a political party, Parti Keadilan Nasional, but by the new opposition coalition, the Barisan Alternatif (BA) as well. The spirit of counter-discourse is evident in the BA...and the formulation of its joint manifesto was facilitated to some extent by the decision of several prominent NGO activists to join the opposition parties...and to
promote the democratic agenda of the BA writ large. Several former NGO leaders also contested the election under the banner of one or another of the BA parties. The entry of these NGO leaders into party and electoral politics was perhaps the culmination of the earlier engagement of the NGOs with Gagasan and Gerak in 1998 to coordinate joint activities to protest Anwar’s mistreatment and related issues.

Loh’s observations provide a clear example of the possibility of linking electoral and non-formal politics within the larger rubric of participatory democracy. Precisely the joining of civil society-driven politics with opposition parties provides a powerful linkage through which local, on-the-ground responses to national governance, can make their voices heard. Loh also points out that in response to the Anwar incident and the Reformasi movement, Malaysia saw a proliferation of NGOs and other independent groups that made their political positions known as the 1999 general election drew near. However, this process was not necessarily associated with BA.

Rather, the emergence of these groups, alongside the Reformasi movement and the formation of the BA indicated that Malaysia was in democratic ferment. It further indicated the coming together of the formal and non-formal realms of politics. Probably for the first time, significant numbers of the Malay middle-classes were also involved. Previously supporters of the BN-UMNO government, these Malays now considered the BN government zalim (cruel) and tak adil (unjust) and expressed their anger openly. This change in attitude and orientation was due to Anwar’s mistreatment, which for many Malay dissidents was considered to have breached ‘traditional’ norms and practices. They also revealed that Malays were now equally concerned with larger issues of justice and democracy. Through organizations like Abim (Islamic Youth Movement Malaysia) and JIM (Reform Movement Malaysia), which reached down to the grassroots, lower income Malays were also drawn into the movement. (Loh 2002)

As it seems, UMNO no longer exercised the kind of hegemony it used to.

GOVERNMENT RESPONSES TO GLOBAL–LOCAL PRESSURES

In the midst of the outcry over the state’s handling of Anwar Ibrahim, the Malaysian Commission on Human Rights (Suruhanjaya Hak Asasi...
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Manusia, or Suhakam) was hastily set up in 1999 under the Ministry of Foreign Affairs. Both global and national NGOs responded with strong concern about the regime’s unilateral formation of Suhakam, in direct disagreement with the Paris Principles, citing the need for a truly independent Commission, unafraid to probe and criticize state and judiciary actions. Suhakam has explicitly defined its human rights in reference to the limitation of those rights expressed in the Malaysian Constitution, thereby embracing the government’s relativist position. Furthermore, its commissioners are appointed and paid by the state for a two-year period, with the Prime Minister and the Agong (king) deciding whether a commissioner’s tenure is to be renewed or terminated, further adding to doubts about the Commission’s independence and neutrality. Due to the tumultuous human rights context at the time of its inception, the formation of Suhakam has been largely viewed as a political strategy employed by the state in response to the potentially destabilizing groundswell of dissent from civil society, as well as to the international call for the government to improve its human rights record. Regardless of official motives for setting up the Commission, its birth may have served to a degree to placate local and international criticism concerning the Anwar saga and other perceived rights abuses by the state. Concerning the reasons for the regime’s decision to create Suhakam, Ramdas Tikamdas states:

Nineteen ninety-eight was a horrendous year for human rights in the country. The authorities could deal with local reaction with their media, statecraft and their arsenal of laws. But they could not deal with the upsurge of international condemnation arising from the Executive’s treatment of Anwar, the black eye, and state retaliation against the growing Reformasi movement. Also ASEAN was seen to be moving ahead of Malaysia boleh. Indonesia, the Philippines, India and Thailand were all setting up human rights commissions. Malaysia couldn’t be seen to be left behind. (Personal interview, 2 July 2003)

Naturally, the government cites other reasons for creating Suhakam. Syed Hamid Albar, Foreign Minister, expressed the official rationale for establishing the human rights commission in the Dewan Rakyat (parliament) on 15 July 1999. He stated that the Human Rights Commission Bill was not a public relations exercise by the government. He went on to warn that Malaysian must not ‘blindly follow the model of other nations, but of improve ‘ourselves’ so as not to let the nation descend into chaos. While the government listens to
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the plurality of interests, it must give priority to its primary responsibility for the development of the nation for the benefit of all’ (Syed Hamid Albar cited in Rachagan and Ramdas 1999: 105). He added:

The Human Rights Commission of Malaysia Bill 1999 should be regarded as a positive development towards protecting the interest and realizing the aspirations of our people. This Bill is intended to give greater opportunities for citizens to express whatever grievances they may have for the Commission to investigate. [However,] we must not be hasty in our accusations [to think that] just because there are certain preventive laws, we deny the existence of the true practice of human rights in this country. We must admit that in reality, there is no such thing as absolute freedom. We must respect the rule of the law when we practice individual and group freedom and rights. (Ibid: 106)

Given the myriad laws limiting citizens’ basic rights, the statement that ‘we must respect the rule of the law’ when exercising basic rights implicitly subordinates individual rights to the legal restrictions placed upon them. After Syed Hamid’s speech, which ‘assured’ society that the Commission was not formed in response to criticism of the state’s human rights record, Parliament enacted the ‘Human Rights Commission of Malaysia Act 1999’, which set out the powers, functions and limitations of the Commission for the protection of human rights in Malaysia.

Contestation Concerning the Creation of SUHAKAM

As the government set up the Human Rights Commission, numerous civil society actors joined their voices with opposition party members to express their discontent with the state’s handling of the process, thereby illustrating the linkage between non-formal political activists and members of opposition parties. Lim Kit Siang, of the Democratic Action Party, ‘called on the Government to ensure that the Human Rights Commission should not be an “alabi” [sic] institution to legitimize human rights violations in Malaysia’ (Lim 1999: 111). Lim went on to state that the government did not follow the Paris Principles, since it did not allow civil society to participate in the elaboration of the Human Rights Commission Act, nor in setting up Suhakam. According to Lim:
When the Government rides roughshod over the views of the civil society in the formulation of the Malaysian Human Rights Commission Bill, showing its habitual contempt and derision for the views of civil society, then the Malaysian Government has violated the fundamental core principle of the Paris Principles and the signs are not good that the Malaysian Human Rights Commission would be able to fulfill its statutory purpose to protect and promote human rights... How can the establishment of a National Human Rights Commission protect and promote human rights unless there is a dismantling of the repressive and draconian laws and measures such as the Official Secrets Act, the Internal Security Act, the Printing Presses and Publications Act, the Sedition Act, the Police Act, and the four Proclamations of Emergency? In fact the very existence of these repressive and draconian laws serves notice that there can be no effective and credible Human Rights Commission in Malaysia to protect and promote human rights. (Lim 1999: 112–113)

Lim then read Hakam’s 1998 Human Rights Day message, which alleges gross violations of human rights by the authorities. The said violations included police brutality, murder of suspected criminals and of pregnant women, excessive show of force and intimidation of citizens at peaceful gatherings, official non-disclosure of information pertaining to human health and ecological well-being and the arbitrary use of the Internal Security Act, particularly in the detentions of prominent persons such as Lim Guan Eng, Anwar Ibrahim and Dr Munawar Ahmad Anees. Lim viewed the setting up of the Commission as a weapon of the government to lend legitimacy to its systematic human rights violations. He added that

... the Government has crippled the Human Rights Commission from the very beginning [since] Section 2 of the Bill in fact limits the definition of 'human rights'...which are within the jurisdiction of...the Federal Constitution...The Commission is empowered to [adhere to universal human rights standards] only to the extent that it is not inconsistent with the Federal Constitution. (Lim 1999: 118)

He went on to call for the Act to provide a clear definition of the scope of human rights to be respected, pointing out that Malaysia had not signed on to several of the international human rights instruments and instead justified its violations by claiming that the Constitution provided exceptions for the observance of international human rights standards.

Voicing other concerns, Rachagan and Ramdas stated: ‘The two year term [of Commissioners] in office allows for the Prime Minister and the Agong to not reappoint anyone they feel is too independent’ (1999: 118).
Concerning the stipulation that Constitutional and legal constraints on basic rights have precedence over the UDHR, they observed that this formulation guarantees only a narrow range of rights as expressed in the Constitution. For example, liberty of person can be overridden by the Internal Security Act. Freedom of expression is limited by the Sedition Act and the Printing Presses and Publications Act; furthermore, freedom of assembly and association are limited by the need to obtain police permits; freedom of religion for Muslims is limited by Islamic law; and so on. Burdekin further criticized Suhakam's restricted mandate in light of the Paris Principles, saying:

…it is of primary importance that commissions be given as broad a mandate as possible, which assumes the ratification of the complete body of human rights instruments, as this allows the commission to inquire into violations of not *some*, but *any* human rights. The Paris Principles recognize rights as being indivisible and universal, which differs markedly from the state's relativist position on human rights. The Principles also state unequivocally that members of the Commission must be established in accordance with a procedure that guarantees pluralist representation of the social forces of civilian society. (Burdekin 1999: 67)

The latter, it seems, is referring to local popular leaders, NGO activists and so on. Here we see that local responses to Government limitations placed on Suhakam are in line with the global human rights positions and narratives. In terms of the state, while it 'jumped on the global bandwagon' of forming a national human rights commission in accordance with the notion of developed and democratic political systems, in practice it has continued to place legislative and practical limits on the very rights the Commission should, in theory, uphold. This is an example of where the state acquires the features of a democracy, and yet controls and prohibits the participation of non-state actors in the ‘democratic’ political process. This contradiction can be further seen in the ensuing arrest of civil society leaders as they attempted to engage Suhakam in lobbying for greater rights and democratic freedom.

**ARREST OF REFORMASI LEADERS**

In spite of popular dissent over the creation and mandate of Suhakam, in April 2001, Reformasi activists announced a plan to present the
Commission with the ‘People’s Memorandum to the Human Rights
Commission’, asking for the following: guarantee of freedom of
speech, assembly and press; independent judiciary; socio-economic
rights of the marginalized; the elimination of racial discrimination; the
abolition of tyrannical laws;\(^4\) the ratification of international human
rights conventions; the investigation of corruption, cronyism and
nepotism; and the investigation of police incompetence (\textit{Malaysia
Kini}, 14 April 2001). Official response to the announcement of their
plan to present the Memorandum to the Commission was to promptly
arrest seven of the Reformasi leaders under the Internal Security Act.\(^5\)
Official justification for the arrests was that these individuals were
planning for the ‘armed and violent overthrow of the government’ on
14 April 2001 – the very day the Memorandum was to be presented to
Suhakam. In addition, some of the detained had purportedly gone
abroad to recruit foreigners to take part in the violent demonstrations
to be held that same day (\textit{New Straits Times} 12 April 2001). Although no
evidence was made public of the alleged crimes, the press faithfully
heralded the wisdom of the state’s pre-emptive moves, which had been
crucial in aborting the ‘violent overthrow of the government’.
According to the \textit{New Straits Times}, authorities felt that these detentions
were necessary in order to ‘ensure the preservation of values long held
sacred in Asian societies, i.e. social order and respect for authority’ (\textit{New
Straits Times} 13 and 14 April 2001). Again, we find that ordinary people
attempting to engage in the political process – inherent to the notion of
participatory democracy – were promptly arrested for their participa-
tion. This serves to illustrate once again the sharp contradiction
between the formal appearance of a democratic government and the
state’s actual practice, which serves to impede popular participation in
the political process. To what degree is this contradiction due to
underlying differences between Asian and Western values? To what
degree is it due to actions taken by an authoritarian state in order to
ensure its grip on power?

Shortly after the release of the detainees in June of 2003, Ramdas
Tikamdas of Hakam commented:

At present, we no longer see Reformasi because people can’t meet,
since peaceful assemblies are not allowed. They don’t have the
media either, they only have internet, which doesn’t allow for the
same spontaneous discussion. For two years the Reformasi leaders
were behind bars; the movement had no direction. Surely the
intention in putting the leaders away was to break the back of the
Reformasi movement. (Personal interview, 21 July 2003)
If Ramdas’s view is correct, it appears that the existence of Malaysia’s parliamentary democracy in no way guarantees the existence of a Western-style participatory democracy. Is Malaysia in the process of capturing and hybridizing its own brand of democracy à la Malaysia?

THE STATE, SEPTEMBER 11 AND ISLAMIC MOVEMENTS: A STRUGGLE OVER NARRATIVES

In addition to its wariness of civil society actors promoting mainstream human rights discourses, the government has long insisted on the inappropriateness of applying fundamentalist Islamic understandings in multi-racial Malaysia. With the shifting of large numbers of Malay voters to PAS in the heat of the Anwar case, UMNO initially responded by cranking up its level of Islamic rhetoric. However, it appears party members began to recognize the futility of trying to ‘out-Islam’ PAS. The strategy then appears to have shifted from UMNO trying to paint itself as piously Islamic on PAS’ terms, to one of aiming to control the narrative of ‘what it means to be good Muslims in the present globalising moment’. This discourse fits more easily into UMNO’s long-standing version of a ‘friendly and progressive Islam’, as well as allowing for modernization and national development in the context of a globalizing world of nation states. While in the post-September 11 world, PAS is passing Hudud and Qisas laws in Terengganu state, the Deputy Prime Minister’s Office is hosting events like the ‘Kuala Lumpur International Forum on Islam’, held in July 2002, featuring speakers such as Iran’s reformist President Seyed Mohammad Khatami and well-known progressive Malaysian Muslim thinker, Chandra Muzaffar. The position of the Malaysian state can be summed up by an excerpt from Mahathir’s keynote address, titled ‘The state of the Muslim World Today: Knowledge as a Tool of Muslim Political Empowerment’, which states:

The lack of progress among Muslims today [is] because of the rigid and wrong interpretations the Muslims [have] practiced. The ulamas in the yesteryears had condemned these Western things such as electricity and mechanized vehicles and governments must obey these injunctions or risk being labeled un-Islamic… Muslims had ignored the important call by Islam to seek knowledge, adding that there were great Muslim scholars who were exemplary in many areas such as science, physics and astronomy… But the Islamic world later crumbled and such knowledge was regarded as sinful or
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lacking in merit for the afterlife….We must stop thinking that the acquisition of knowledge other than that on religion is somehow un-Islamic. (Mahathir in Zulkifli 2002: 2)

On his part, Chandra Muzaffar, president of Just, pointed out that it is the authoritarian interpretation of the religion which may give the impression that Islam is not compatible with democracy and human rights, stating: ‘This is wrong. No one has the right to monopolize the discourse.’ Chandra went on to say that one of the objectives of the Forum was to establish that Islam is compatible with human rights and democracy. Zainah Anwar, Executive Director of Sisters in Islam, added, ‘when a political party is associated with the idea of progressive Islam, it has to find ways to change the thinking of the rank-and-file’ (New Straits Times 22 July 2004) along more progressive lines, in order to meet the challenges of the globalizing world. Since its inception, Sisters in Islam has been treated with tolerance by the state, probably because its positions add to the image of Malaysia as a progressive, Muslim-majority country. However, in Chandra’s case, it is interesting to note how politics change with the times. During the 1987 Operasi Lalang, Chandra was detained under the ISA, and was later dismissed from his posting at the University of Malaya’s Centre for Civilisational Dialogue, precisely for his views and his NGO activism. He currently appears to have regained the favour of the state, most likely because his vision concerning Islam and development currently coincides with the official line. At this juncture we find the government involved, alongside progressive NGOs, in an ongoing struggle with the Islamist political opposition to determine the definitions and the discourse concerning what it means to be properly and piously Islamic.

Moreover, in the aftermath of September 11, the Malaysian state has come out strongly in support of global efforts against ‘terrorism’ and ‘extremism’. Malaysia and the US signed an anti-terrorism pact during a visit by Mahathir to the White House in May 2002. ‘Since mid-2001, authorities in Malaysia have arrested more than 70 suspected Islamic militants, including dozens of alleged members of Jemaah Islamiah’ (New Straits Times 9 January 2003). Interestingly, Western powers have not voiced major discontent with the ISA detentions of suspected Islamic militants, in the same manner in which they had in the past protested the detention of Reformasi and other liberal dissenters. In line with this political tone, during the visit of US Secretary of State Colin Powell to Malaysia in 2001, it was announced that ‘the United States and Malaysia are planning to open a joint anti-terrorism training center
to instruct Southeast Asian security services on how to combat extremist violence’ (Malaysia Kini, 31 July 2002). At this juncture, the state is engaging in pacts and agreements with a major global power, which it has avidly criticized through its Asian values lenses, in an attempt to ensure national, regional and global stability. Obviously, political alliances move and shift along with the changing political panorama and shared national interests.

In anticipation of Secretary Powell’s visit, Suaram ‘accused the government of using the fight against terrorism as a “pretext” for abusing human rights’, and urged Powell to press the government concerning its human rights record (Malaysia Kini, 26 July 2002). In this manner, a local NGO – Suaram – had attempted to engage such a major global figure as the United States’ Colin Powell, to echo its positions concerning the state of human rights in Malaysia.

At his meetings with government officials, Powell did make ‘a point to tell all … interlocutors that we [the US] still believe strongly in human rights and everything we do has to be consistent with the universal standards of human rights’ (Powell in Tan 2002). He further stated that the US’ position was that Anwar Ibrahim was wrongfully convicted of corruption and sodomy. In response, Foreign Minister Syed Hamid argued that Malaysia places a lot of importance on human rights; but at the same time, the country has to look at its own ‘national interest from the national perspective when subscribing to universal human rights standards’. He added, ‘We have never used the ISA for the purpose of frustrating our political opponents, but that it is used for the purpose of ensuring that peace and prosperity of the country is protected. If anybody takes action which will jeopardize our security, then we will take action’ (quoted in Tan 2002). Both the interactions and the discourses expressed during Powell’s visit serve to illustrate the complex dynamics, linkages and convergence concerning Malaysian human rights in the context of globalization, national governance and local responses.

In detaining both Islamist and Reformasi leaders under the ISA, the state shows itself to be ‘taking the middle path’, accepting neither the fundamentalist Islamist nor the global human rights narratives. As the visit by Colin Powell indicates, the much publicized progressive Islamist position of the Malaysian state serves to place it in a favourable light in the eyes of the Western powers, which is of particular value in the post-September 11 context. The government-sponsored Kuala Lumpur Forum on Islam shows a state actively engaged in the struggle to shape Islamist discourses at the international level, and within national civil
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The document discusses the response of Southeast Asian societies to globalization, particularly focusing on Malaysia. It notes that Malaysia has placed itself in a highly visible position concerning Islamic discourses, attracting attention from the Western world, the Muslim world, and Malaysian national civil society. If successful at these levels, this should enhance Malaysia’s standing globally while consolidating UMNO/Barisan power locally. Despite earlier challenges posed by Anwar Ibrahim and his followers, Mahathir confidently stepped down from office in October 2003 and handed the prime ministership to his new deputy Abdullah Badawi. In turn, the new prime minister went to the polls in March 2004 that UMNO/Barisan won easily.

CONCLUSION

At one level, globalization may tend to homogenize and ‘universalize’ both the forms and the narratives of national governance. However, it has also served, particularly in the non-Western world, as a catalyst for communal identity consolidation in juxtaposition to global narratives and structures penetrating local spaces. This paradoxical set of dynamics has brought to the fore a self-conscious articulation of local identities, as can be seen in Mahathir’s Asian values rhetoric, as well as in the state’s relativist official line concerning basic rights. The current study of human rights narratives and practices in Malaysia has brought to light a contradiction between what is seen on the surface—a democratic system of governance—and official human rights practices and narratives. This contradiction may be due in part to a ‘capturing’, or a ‘hybridization’, of global narratives, designed to adapt them to local spaces. It might also be due to the simple equation of a state’s interest in ensuring its hold on power. The degree and the level at which global human rights narratives and practices will take root is in the process of being defined as global, state and local actors engage in ongoing contestation concerning human rights practices and narratives in Malaysia.

NOTES

1 The 1972 Charter of the Organisation of Islamic Conference (OIC), to which all Muslim states belong, endorses international law and reaffirms the OIC’s official commitment to the UN Charter, including its provisions for fundamental human rights. The OIC Charter further
accepts the principles and purposes of the UN Charter as a sound basis for ‘co-operation amongst all peoples’ (Mahmoud 1996). In actual practice, many of these nations tend toward a relativist – or culturally specific – interpretation of what constitutes human rights, based largely on Islamic precepts.

2 On 16 October 2003, the High Court found Irene Fernández guilty of the accusations made against her by the state when she reported on the deplorable conditions in migrant detention camps. Civil society actors around the world and in Malaysia are convinced of Fernandez’s innocence and believe that the state’s actions against her are designed to stifle popular criticism concerning rights issues. National rights groups, such as Hakam, Suaram and Aliran, reacted with ‘horror’ to the allegedly unjust verdict. Global rights group Amnesty International vowed that it would name Irene a ‘prisoner of conscience’ if the state dared to imprison her. Here we see a clear example of global and local actors linking to pressure the state for its human rights practices (Malaysia Kini, 16 October 2003).

3 The Reformasi movement cut across the ethnic divides prevalent in Malaysian society; in addition, it involved women, youth and older people. As such, the movement had great potential for increasing unity across the traditional divides in the realm of non-formal politics.


5 Those arrested were Parti Keadilan Nasional Youth Chief Mohamad Ezam Mohd. Nor, its Vice-President Chua Tian Chang, Supreme Council member Saari Sungip, Vice Chairman Gobalakrishnan Magapan and Youth Ex-Co member Abdul Ghani Harun; Director of the Free Anwar Campaign Raja Petra Raja Kamruddin and social activist Hishamuddin Rais. Parti Keadilan Supreme Council Member, Dr Badrul Amin Baharom, was later arrested, bringing the number of the detained to eight (New Straits Times 25 April 2001).

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CHAPTER 5

Global Civil Society in One Country?
Class Formation and Business Activism in the Philippines

Eva-Lotta E. Hedman

INTRODUCTION

If ‘development’ and ‘democracy’ were watchwords for generations of political analysts and policy makers during much of the Cold War era, contemporary debates have focused attention on a new would-be ‘elective affinity’ – that of ‘globalization’ and ‘global civil society’. In terms of actual existing instances of a ‘global civil society’, organizations such as Greenpeace, Amnesty International and Transparency International, and their respective local affiliates, have become cause célèbres in their own right. In this vein, such transnational ‘secondary’ associations have also become inextricably associated with certain hopes and claims, whether focused on the promotion of a ‘green’ environment, human rights or good governance.

Beyond celebrating or even evaluating the significance of such phenomena on their own terms, as political discourse and strategy, it remains important to probe the notion of ‘global civil society’ itself. To that end, the analytical-philosophical question, rather than the political-activist one, must focus on unpacking the mobilization of hopes and claims in the name of civil society: Who can successfully do so? When? Where? And how? Locating ‘global/civil society’ in a wider social context, with particular attention to class formation, suggests a critical point of departure for such an investigation. In the case of Southeast Asia, for example, it is possible to identify important cross-national synchronic variations in the region between, on the one hand, the Philippines and Thailand, and, on the other, Indonesia and...
Malaysia (Hedman 2001: 921–952). That is, the early assimilation of local Chinese populations in the Philippines and Thailand, compared to Indonesia and Malaysia, has allowed for the relative prominence of an emerging national capitalist class in the mobilization of ‘People Power’ protests against the regimes in Manila (1986, 2001) and Bangkok (1992), while their counterparts in Jakarta and Kuala Lumpur have remained conspicuously absent in the analogous Reformasi movements of 1998.

While similarly concerned to anchor what is typically viewed as a strangely apolitical and horizontal sphere of voluntarism and spontaneity – ‘civil society’ – within a wider social context, this paper pursues a diachronic analysis of class formation and its implications for collective mobilization in the name of civil society. To that end, it focuses attention on a single case study: the Philippines since Independence in 1946.

From its inception, the capitalist class that emerged in the Philippines was a transnational one, as were its various early efforts at organizing ‘for itself’ in business associations, such as, for example, the Jaycees and the Lions (see further below). Against this backdrop, it is illuminating not only to confront ‘global/civil society’ with stickier notions of class, but also to inquire whether much of what currently falls under the broader rubric of ‘globalization’ may reveal but a deepening of longer term processes of capitalist development, albeit at a stepped-up pace and with increasingly evident political dimensions.

The Philippine case may prove quite instructive in this regard. As suggested above, a powerful domestic capitalist class came into its own during the course of the twentieth century, much earlier than its counterparts elsewhere in the region. Thus, a proliferation of civic and lay, professional and student organizations have also emerged and, at times, channelled their associational activities into larger mobilizational campaigns against political corruption, fraud and violence. In addition, American colonial rule and an enduring US presence in the Philippines throughout the Cold War made for a peculiar ‘double whammy’. That is, the so-called ‘special relationship’ between the US and the post-colonial Philippines has been one of strong transnational linkages not merely to a particular former colonial power but to the global hegemon, the heartland of the ‘core’ economies. More than in any other country in Southeast Asia, American business interests were well-entrenched from the outset in the Philippines. In addition, post-colonial Philippines also saw various forms of US government interventions typical of the Cold War, including ‘soft’ counter-insurgency efforts focused on inoculating Filipino ‘hearts and minds’
against communism, real or imagined. Such campaigns also provided mechanisms and processes through which the transnational engaged an entire spectrum of associational life in the Philippines. Thus, the Philippine experience of early capitalist class formation and intensive transnational linkages suggest an alternative historical perspective on notions of ‘globalization’ and ‘global civil society’ commonly associated with the post-Cold War 1990s.2

The remainder of this paper examines four episodes of mobilization in the name of civil society in which business associations in the Philippines played a prominent role.3 As discussed below, these associations ranged from embryonic local chapters of the Jaycees (Junior Chamber of Commerce) and the Lions Club, primarily in Manila in the early 1950s, to the Makati Business Club, which emerged to national prominence by the mid-1980s. At four critical junctures – 1953, 1969, 1986, 2001 – the Philippines has witnessed such mobilization, whether under the rubric of campaigns for ‘free and fair elections’ or ‘People Power’, demanding an end to corrupt dictatorship. Each juncture saw the mobilization of a dominant bloc of social forces, threatened ‘from above’ by the autonomy, aggression and avarice of an incumbent president, and ‘from below’ by extra-electoral mobilization of subaltern classes. In every case, this dominant bloc of social forces in the Philippines also enjoyed distinct transnational linkages, albeit with varying forms, strengths and outcomes.

This chapter contextualizes and compares the changing roles and contributions of business associations in such mobilizational efforts, paying close attention not only to the domestic and international conjunctures but also to the evolving pattern of class formation. Focusing attention on the mother of all election-watch movements, NAMFREL, and on the pioneer of ‘People Power’ mobilization, the chapter thus offers a case study of ‘global civil society’ that reveals both the enduring importance of transnational forces and the unfolding dynamics of capitalist development ‘in one country’.

JAYCEES, LIONS CLUBS AND NAMFREL IN 1953
The first episode of mobilization in the name of civil society in the Philippines unfolded in the early 1950s, against the backdrop of the notoriously fraudulent and violent presidential elections of 1949, the unprecedented corruption and concentration of power in the administration of Elpidio Quirino and the rising ‘Communist threat’
represented by the Huk peasant rebellion in Central Luzon. With Quirino running for re-election in 1953 and the Huks calling for a boycott, a National Citizens Movement for Free Elections (NAMFREL) was organized to monitor the elections, help prevent fraud and violence perpetrated by Quirino and his followers and protect the ballots of avowedly ‘reformist’ opposition candidate Ramon Magsaysay.

The Philippine business class contributed to NAMFREL’s campaign to ‘protect Asia’s showcase of democracy’ in 1953 through such organizations as the Jaycees and Lions Clubs. Philippine Junior Chamber of Commerce (Jaycee) founder and first Filipino president of the Jaycees International, Ramon V. del Rosario, assumed the national chairmanship of NAMFREL’s Community Centers Project, even as the entire Jaycees organization also signalled strong support for NAMFREL’s clean-election campaigns. Similarly, the Manila Lions Club, then headed by Ramon’s brother, Mariano V. del Rosario, issued unanimous NAMFREL endorsements. The Philippine Jaycees’ official involvement in the National Movement for Free Elections dated back to early August 1951 when NAMFREL inducted its first officers and board members, including Jaycees representative Amelito R. Mutuc as executive vice-coordinator (Manila Times 6 August 1951). NAMFREL also received early assurances of support from the Philippine Lions and the Jaycees, whose president ‘promised the cooperation of the national organization’ (Manila Times 15 August and 5 September 1951). Jaycees and Lions Clubs were also instrumental in raising funds for local NAMFREL chapters (Manila Times 21 August and 10 September 1951). As election day approached in early November 1953, moreover, local Jaycees reportedly assisted NAMFREL’s efforts to entertain foreign correspondents covering the Philippine presidential race. Sponsored by the American Heritage Foundation, the Jaycees International facilitated the invitation of international election observers from ‘civic organizations in the United States, Canada, Mexico and other democratic countries’ (Free Philippines 19 October 1953: 1).

Against the backdrop of mounting economic nationalism in the young Philippine Republic and communist-led social mobilization in many parts of Asia, the Jaycees and Lions Internationals seized upon NAMFREL’s campaigns in the early 1950s as occasions for promoting the expansion overseas of peaceful civic participation and, in happy partnership, a prosperous business economy. Beyond the more conventional concerns associated with Commercial Chambers, for example, Jaycees in Asia championed ‘non-enforceable obligations of citizenship’ and sponsored projects ranging from playgrounds and
summer camps to blood banks and libraries (Chen 1954: 3; see also JCI 1955: 28–30). Much like the Jaycees, the Lions’ protracted ideological warfare involved similar civic-minded projects. Summarizing the first decade of Lionism in the Philippines, for instance, the Manila Lions Club president claimed that ‘[o]ver and above these worthwhile activities, we initiated yearly campaigns against the inroads of communism’ (Lopez 1959: 3).

The Philippines also served as a useful gateway to Asia for US-based transnational business groups like the Jaycees International. In 1950, for example, the Philippines hosted the first annual congress of the Jaycees International in Asia. The organization also drew heavily on its Filipino fellows when establishing chapters in several Asian cities in the late 1940s, and Philippine Jaycees played a prominent role in founding chapters both in Hong Kong and Thailand.5 By 1955, Jaycees International counted ‘units in more than 130 different localities in Asia with the enthusiastic support of no less than 6,000 young men’ (JCI 1955: 21), and new chapters were established in South Korea, Malaya, Singapore and Thailand the same year. Jaycees International undertakings in the region included the Seeds of Democracy project in Burma and the Operation Brotherhood campaign in Vietnam – two American imperial adventures in Asia that featured Filipino-staffed so-called civic-action teams (JCI 1955: 29–30).6

Patterned on and linked to their respective American precursors, the Philippine Jaycees had been established in 1947 and the Manila Lions Club in 1949. In both cases, resident American businessmen and visiting organizational representatives from the United States had assisted in the formation of Jaycees’ and Lions’ chapters in the Philippines. Similarly, the first Filipinos to involve themselves and assume leadership positions in these organizations enjoyed close relations with American business in the Philippines. In this regard, the Philippine Jaycees’ founder and first president, Ramon V. ‘Monching’ del Rosario, offered perhaps the best illustration of the nascent organization’s embeddedness within expanding American business operations in Asia at the time. Having climbed the multinational corporate ladder to unprecedented heights for a Filipino citizen, del Rosario made both vice president and general manager at IBM-Philippines before leaving for another major American corporation in 1951. Del Rosario thus oversaw the organization of both the first Philippine Junior Chamber of Commerce chapter (in 1947) and the Manila Jaycees International Convention (in 1950) while on the executive board of IBM’s subsidiary in Manila.
At the time of his involvement in NAMFREL, del Rosario had already transferred to the Philippine American Life Insurance Company (Philamlife for short), ‘the number one American business success story of the post-war Philippines’ (Gleeck 1975: 107). As vice-president of Philamlife and a board governor of the Management Association of the Philippines, del Rosario lent a high profile to NAMFREL when assuming the position as national chairman of its Community Centers (Manila Times 12 December 1952). As the company’s foremost sales and public relations executive, moreover, del Rosario commanded a ‘nationwide network of agencies and branch units and supervisory offices’ (de Jesus and Quirino 1980: 139), which contributed to broaden the geographic scope of NAMFREL’s organizational reach. In this regard, del Rosario’s affiliation with a corporation that, at the time, ‘was becoming an institution, and in the public’s eyes, a Filipino institution despite its American ownership’, allowed him to lend prominent support to projects publicly identified with a National Citizens Movement while also facilitating US business backing for NAMFREL’s campaign (Gleeck 1975: 153).

As del Rosario’s prominence in NAMFREL suggests, the availability of such support for NAMFREL in the 1951 senatorial and 1953 presidential electoral contests reflected in part the changing nature of dominant American capital in the Philippines during this period. While many of the trade-oriented colonial-era businessmen remained after Independence and a number of ‘army-supplied or army-supported’ new American commercial entrepreneurs established themselves at the end of the war (Gleeck 1975: 106), US private investment in the Philippines experienced a marked shift away from import-export oriented ventures toward subsidiary plant production by large manufacturing firms in the early post-war years (Yoshihara 1985: 56–70). This trend was encouraged by the Quirino administration’s introduction of import and exchange controls in the late 1940s and early 1950s in support of import-substitution industrialization in the Philippines (Baldwin 1975: 17–44). Such policies, which were actively encouraged by the US government, prompted many American export-manufacturers to take protective measures of their own by building factories in the Philippines (Maxfield and Nolt 1990: 49–81; and Yoshihara 1985).

Thus, while Philippine independence signalled the formal demarcation of the economic sphere from post-colonial political relations with the United States, it also left the Philippine economy open to the ‘civil, profit-seeking and transnational’ (Rosenberg 1994: 132) influence of foreign corporate capital, represented most pro-
minently by American internationalist business at the time. This outward expansion of US business, in turn, spawned Jayceism and Lionism as ideological corollaries of sorts. That is, in as much as specific projects promoting economic prosperity and civic participation were presented as part and parcel of the solution to Third World poverty and social mobilization writ large, the ideological or moral impact of such pragmatic blueprints would appear to have rested at least in part upon the promise that an emerging empire of civil society under Pax Americana could somehow successfully face down the 'modern barbarian' of Cold War communism (Luce 1950: 63). Within this context, NAMFREL’s community centers and clean-election campaigns succeeded in attracting prominent public support from Jaycees and Lions (Internationals), as well as more circumspect backing from American business corporations. The official endorsements and organizational resources awarded NAMFREL by these corporate transnationals thus reflected grander American ambitions to contain communist political mobilization and expand its business operations overseas at a time when the Philippines – like many other Third World countries – experienced intensifying social conflict and deepening economic crisis.

While corporate circles, especially those closely affiliated with an expanding American business economy, contributed both publicity and finances to NAMFREL, their organizational infrastructure remained rather limited for purposes of mobilizing a nation-wide citizen’s movement. Despite its impressive post-war expansion, for example, Philamlife was still in the process of establishing a broader network of provincial branches and offices in the early 1950s. Notwithstanding their corporate networks and international institutional links, moreover, the Jaycees and Lions remained highly circumscribed in terms of their respective organizational depth and reach in the early 1950s. As a result, NAMFREL’s mobilizational efforts in large part hinged on a more extensive and established pre-existing network than those offered by business-oriented institutions at the time – the Philippine Veterans League, with its transnational linkage to the largest overseas US Veterans Administration operations in the world. Of course, the United States government also extended considerable support – ranging from presidential praise and ambassadorial goodwill to Joint United States Military Advisory Group supervision and Central Intelligence Agency backing – to NAMFREL’s campaign in the 1953 elections. In large part it was this high-profile American backing, rather than the independent mobilization of people and resources by the
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Philippine business community, that helped NAMFREL to protect the ballot and thus allow the ‘reformist’ Magsaysay to win a landslide victory over Quirino.

**BANKERS, MEDIA MOGULS AND OPERATION QUICK COUNT (OQC) IN 1969**

In the presidential elections of 1969, incumbent president Ferdinand Marcos, like Quirino before him, ran for re-election after one term, during which the prerogatives of the executive branch were greatly strengthened and unprecedented powers were concentrated in his hands. Meanwhile, the 1960s had witnessed continued economic differentiation and rapid urbanization as well as efforts at channeling peasant, work and student collective action into new organizations and extra-electoral activities identified with the radical Left. Against the backdrop of fears that Marcos would ‘steal’ the 1969 election through ‘guns, goons, and gold’, and mounting popular mobilization and calls for election boycott on the Left, the Citizens National Electoral Assembly (CNEA) and Operation Quick Count (OQC) emerged in parallel efforts to guard and count the ballot.

While NAMFREL had received relatively limited financing and publicity from business circles in 1953, Operation Quick Count (OQC) relied almost entirely on the much expanded organizational infrastructure of corporate capital for its independent vote-count campaign in 1969. In contrast to NAMFREL’s primary corporate constituency of a few major international corporations and associations with headquarters in the United States, a comparatively more diversified and naturalized business community lent instrumental support to OQC 69 (Tan 1988: 177–203). Beyond the overall ‘growth of national corporate capital’ and the associated proliferation of business and professional organizations since the early 1950s (Nowak 1977: 523), OQC also benefited more directly from the patronage of two fast expanding sectors in the national economy – finance and media.

When mounting flows of foreign capital, investment and communications poured into the rapidly urbanizing Philippines during the 1960s, private commercial banking and mass communications media proliferated as top business executives moved to extend their respective backward and forward economic linkages within an increasingly expansive, complex and transnationally integrated national economy. Elements from among the country’s business elite
diversified their holdings to include domestic banks, thus profiting from greater access and returns on such liquid capital, as foreign lending institutions and Philippine government policies encouraged the massive influx of so-called development financing into the Philippine economy at the time.¹⁰

In addition to this expansion into money capital, moreover, some prominent members of the same business elite also developed greater interests in what might be thought of as knowledge capital – the mass media – during a decade when the growth of multinational corporations stimulated a boom in international advertising receipts as well as in Philippine marketing operations.¹¹ However, if the spiraling integration of the local economy into unfolding transnational structures of the world market – such as international financial institutions and multinational corporate advertising – presented new opportunities for corporate expansion during the 1960s, the trajectory of capitalist development associated with the rise of domestic banking and national media in the Philippines also served to focus growing opposition, from both above and below, against this ascendant business class. On the one hand, Marcos moved to circumscribe the growing influence of both the private banking and media sectors by means of various more or less successful attempts at government regulation of credit as well as information flows, typically in the name of national development. On the other hand, Filipino nationalists mobilized in protest against foreign capital and cultural imperialism while demonstrating support for economic – and what one writer has labeled linguistic – nationalism in the streets of Manila as well as in major Philippine dailies.¹²

With calls for economic nationalism challenging the comprador position of the Philippine business class precisely as prominent corporate interests diversified into two sectors – finance and communications – closely associated with notions of trust and truth, the OQC presented an occasion for private domestic banks and national media conglomerates to assume publicly the roles of faithful guardians and honest brokers, not merely of money and information but also of the popular vote. To that end, the OQC harnessed the technological infallibility and objective neutrality of machines – the television and the computer – while also claiming the support of various professional associations and business affiliates for its capital-intensive campaign. Against mounting charges of complicity in both neo-imperialist exploitation and domestic corruption, some business elites thus sought to exercise something akin to intellectual leadership in a matter of
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distinctly national character and importance – the presidential elections – and in a manner inspired by a decidedly ‘antipolitical, corporatist ideology’ (accompanied by the rise of the ethics of professionalism as well as the magic of technology) (Nowak 1977: 524; and Stauffer 1979: 187–198).

While the Church-backed CNEA mobilized mostly Catholic students and lay followers in support of its ballot-watch campaign, the parallel but organizationally separate Operation Quick Count ’69 (OQC) instead tapped networks of civic and professional associations, as well as certain large corporations for its tabulation and dissemination project. Participation by affiliates of civic and professional associations, as well as by company employees, reflected more concerted business support behind Operation Quick Count in the 1969 presidential election as compared to NAMFREL’s campaign in 1953. Significantly, Philippine private financial institutions helped bankroll Operation Quick Count (OQC) in 1969 (Manila Times 23 October and 1 November 1969). The Philippine Bankers Association and two of the country’s largest insurance companies donated thousands of pesos to OQC (Manila Times 5 October 1969). In addition, rural banks and provincial branches of major insurance corporations contributed organizational resources, including personnel, transportation and communication, to local OQC efforts in various parts of the Philippines. Similarly, ‘[b]usiness affiliates of Concepcion Industries, Inc. and San Miguel Corporation’, two of the largest Philippine-owned companies in the country, also supplied supporting infrastructure for OQC’s campaign (Manila Times 2 November 1969).

In addition to banking, finance and insurance interests, several media conglomerates also lent their resources and networks to the 1969 clean-election campaign. For example, media provided much of the organizational logistics and technical skills required for the speedy dissemination of election returns, with some ‘137 radio and nine TV stations throughout the country and at least 12 major Manila dailies’ lining up behind OQC to broadcast the results (Manila Times 20 October 1969; Philippines Free Press 8 and 29 November 1969). Media also underwrote the entire cost involved in establishing a central operation for the dissemination and analysis of OQC returns at the Fiesta Pavilion in Manila, and the Advertising Council of the Philippines publicly endorsed OQC in 1969 (Manila Times 6 November 1969). In addition, Sarmiento Telecommunications, Inc. and Globe-Mackay Cable and Radio Corporation supplied telex networks and radio channels to assist OQC’s campaign (Manila Times 3 and 5 November 1969).
In comparison to the less concerted corporate support for NAMFREL in the early 1950s, the relatively prominent backing of financial institutions and media conglomerates behind Operation Quick Count reflected the expansion into both commercial banking and telecommunications by major Philippine business interests in the 1960s. Between 1961 and 1967, for example, 19 new commercial banks were established in the Philippines, as influential landed families, who had already diversified into manufacturing during the previous decade’s regime of import substitution industrialization, now added such financial institutions to their investment portfolios (Hutchcroft 1998). The 1960s, moreover, also saw major business empires – controlled by some of the very same families who entered banking during this time – extend their interests in publishing and broadcasting to form large multimedia networks (Rosenberg 1979: 153–155; and Lent 1991: 3–5). Such investments in the Philippine business economy’s informational infrastructure by the private sector thus developed in tandem with a shift into capital in its most mobile and volatile form – financial or liquid capital – in the 1960s.

This growth of private commercial banking developed with the active encouragement of Philippine government policies and the marked increase in foreign borrowing, both private and public. The early 1960s saw exchange controls ease and the peso depreciate, and Central Bank incentives to stimulate private banking. The infusion of capital by foreign banks and multilateral financial institutions also added to the impetus for private commercial banking in the Philippines in the early 1960s (Payer 1974; and Broad 1988). With the government-owned Philippine National Bank and Development Bank of the Philippines as principal conduits and guarantors for external credit, domestic commercial banks also expanded their foreign borrowing during this period. As a result, such banks saw their outstanding foreign exchange liabilities soar from ‘below $10 million in the years 1958–1961 ... to $189 million in 1965’ (Paterno 1975: 8). Over the course of the decade, Philippine external debt increased more than six-fold from $355 million to $2.3 billion (Boyce 1993: 264).

During the course of this expansion in domestic commercial credit, however, the private banking sector experienced a crisis of confidence associated with its relative weakness vis-à-vis the Philippine executive branch and commensurate reliance upon foreign capital in the 1960s. In a number of ways, such problems anticipated the involvement of elements from among this ascendant financial bourgeoisie in such reformist national campaigns as the OQC. By the mid-1960s, for
example, the credit crunch that followed in the wake of exchange
decontrol and peso devaluation had not only contributed to some 1,500
Filipino-owned corporations filing for bankruptcy but also caught up
with the private commercial banking sector (Lichauco 1973: 34–35).
With new government capitalization requirements and a licensing
moratorium on private commercial banking in 1965, moreover, this
sector plunged into the country's 'worst bank liquidity crisis' ever
(Roxas 1969: 20). Finally, as Filipino-owned corporations continued to
explore joint ventures with better capitalized foreign investors during
the 1960s, local private commercial banks – as represented by the
Bankers Association of the Philippines – looked to international
lenders and, among other initiatives, eventually called for a third IMF
credit tranche in 1969 (Payer 1973: 67). Against this backdrop of rapid
expansion and close reliance upon both government regulatory
policies and foreign capital, the emergent private banking sector thus
lent public financial support to OQC's projected national, technocratic
campaign at the close of the decade.

As with private commercial banking, the active participation of print
and broadcast media in OQC in 1969 reflected the dramatic expansion,
transnationalization and crisis of this sector in the 1960s. For example,
several so-called multi-media conglomerates emerged during this
period. Similarly, advertising and marketing experienced rapid growth
throughout the decade. At the same time, Philippine business journal-
ism also received a strong boost in the 1960s, accompanied by the
proliferation of formal educational training and professional media
associations for Filipino journalists. Whereas such efforts at increasing
specialization and self-regulation typically emphasized professional
standards and objective neutrality, the media faced mounting
 politicization in its midst due to nationalist protests among readers and
writers, elite rivalries between competing conglomerates and, finally,
Marcos' attempts at controlling or, failing that, circumventing the press
in the mid and late 1960s (Rosenberg 1979: 151–155).

Against the backdrop of such developments, prominent business
families who had diversified into mass communications thus sought,
perhaps for the first time, to assume something akin to a public
service role at the national level by endorsing the OQC campaign in
1969. Compared to the early 1950s, the prominent role of Philippine
mass media in OQC mirrored the growing circulation of newspapers,
radio and even television in the 1960s. Significantly, privately-owned
multi-media conglomerates of print, radio and television
corporations appeared for the first time. As a result, the concentra-
tion of ownership within the media industry also increased markedly during this period.\textsuperscript{15}

While not always profitable business ventures in their own right – in fact, many of these operations frequently ran in the red – these media empires nevertheless signaled the growing importance of mass communications as a crucial corollary of capitalist development in the 1960s. In this regard, the marked rise in advertising and marketing provided perhaps the most obvious manifestation of the growing significance of mass media to Philippine business operations in the 1960s (Lent 1970: 147–148; and Feliciano and Icban 1967: 273).\textsuperscript{16} At the same time, the Philippine media industry started devoting greater print coverage to commerce and finance in the 1960s. Major Manila-based dailies, for example, expanded the number of pages focusing on business-related information and analysis during this period. Both Business Day and the weekly \textit{Economic Monitor}, moreover, began publication in the mid-1960s (del Mundo 1986: 87).

In a related development, Philippine media publishers and practitioners underwent a process of associational incorporation and professional regulation during the course of the decade. At the forefront of this development emerged the Philippine National Association of Advertisers (PANA), patterned on its American counterpart, and with Anacleto del Rosario of Del Rosario Brothers, Inc. as its first president and Caltex advertising manager Robert Hinchman, Jr. as another key organizer.\textsuperscript{17} Subsequently, the mid-1960s saw the organization of the Philippine Press Institute (1964), the Philippine Press Council (1965) and the Manila-based Press Foundation of Asia (1967) with extensive corporate support. In the mid-1960s, the University of the Philippines and Silliman University established the country’s first journalism schools (Lent 1971: 209). Finally, Philippine universities began offering courses in advertising and marketing for the first time in the 1960s. The growth in these two sectors also encouraged the proliferation of professional advertising and marketing associations (Magsaysay 1967: 200–201).

As in the private domestic banking sector, the rapid growth and commercialization of mass media in the Philippines in the 1960s reflected – both indirectly and directly – broader transnational developments affecting this industry writ large. Significantly, with the rise of the multi-national corporation during this decade, a concomitant increase in transnational advertising and marketing encouraged the expansion of mass media in the Philippines and many other Third World countries. At the same time, the growing con-
centration of ownership within the Philippine media sector matched—and intermeshed with—the emerging transnational conglomerates of mass media and advertising. The enlarged coverage of commerce and finance by the Philippine press in the 1960s, moreover, mirrored a marked surge in international ‘business newspapers and newsmagazines and worldwide news services’ (Nair 1980: 52).

Finally, initiatives to promote the professionalization and regulation of the Philippine media sector in the 1960s enjoyed support not only from the International Press Institute but also from American private foundations and corporations. For example, the Asia, Ford and Rockefeller Foundations sponsored an eight-year media development project that culminated in the organization of the Press Foundation of Asia (Chowdhury 1971: 11; Pineda-Oftreneo 1984: 96). Similarly, the Geneva-based International Press Institute spearheaded the initiative to establish the Philippine Press Institute.

While demands for the Filipinization of media and advertising accompanied the expansion and transnationalization of these sectors in the 1960s, developments in the mass communications industry actually contributed to further integrate the Philippine national elite into the world economy. As international advertising in Asia increased by some 40 per cent in the late 1960s, for example, dominant Filipino interests in the local media industry gained new opportunities to access and affiliate with global capital (Lent 1971: 8). With multinational corporations posting returns greater than 50 per cent from their overseas investments for the first time in history, moreover, large (especially American) transnational advertising and marketing research agencies also extended business operations in the Philippines. Finally, the development of space satellites, telegraphs and telephone cables, or the so-called hardware or message-carrying communication systems, linked local capital, as represented by the privately owned Philippine Overseas Telecommunication Corporation, for example, more closely to multinationals such as ATT, RCA and ITT (Nair 1980: 24; Sussman 1970: 128; Arnaldo 1970: 128; and Mattelhart 1979: 5–45).

If the proliferation of domestic commercial banking in the Philippines followed the rise of international financial lending, the emergence of national media conglomerates in the 1960s thus reflected other aspects of the country’s unfolding integration into the world economy—the expansion of multinational corporations and the associated growth in transnational advertising. Such evolving economic linkages between the transnational communications industry and the local Philippine media sector had parallels elsewhere and coincided
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with the proliferation of foreign joint ventures with national business elites that accompanied the marked rise of multinational corporations during the 1960s. For example, while the Philippines saw such transnational corporate linkages emerge as early as the nineteenth century, it was not until the 1960s that they took off, ‘until, by 1971, only one-third of the top 250 manufacturing companies were fully Filipino-owned’ (Yoshihara 1985: 68–70). With emphasis shifting away from import-substitution industrialization toward export-led growth, major Philippine business interests thus deepened their linkages to the global capitalist economy through transnational credits, ventures and so-called free trade zones (Ichiyo 1977: 19–27).

Against this mounting flow of transnational capital, corporations and media entering the Philippine economy and linking up with elements of the national business elite in the 1960s, a wave of nationalist opposition gained momentum in university student protests, street demonstrations, newspaper editorials and congressional speeches. Anticipating the demands for a New International Economic Order (NIEO) and a New International Information Order (NIIO) by a numerically strong coalition of Third World states in the United Nation’s General Assembly a decade later, Philippine economic nationalism in the 1960s targeted international lending institutions, foreign investments and global communications corporations as well as their respective local affiliates. In the context of mounting popular nationalist mobilization, some of the most transnationally integrated and nationally prominent representatives of private capital – commercial banks and media conglomerates – in the country embraced Operation Quick Count ‘69 as an occasion to publicly identify Philippine business interests with notions of national citizenship. That is, OQC provided private commercial banking an opportunity to exercise leadership in a campaign ostensibly of and for national citizens and thus, implicitly, to distance itself from the rather ‘murky “nationality” of transnational finance capital’ (Winters 1994: 421). Similarly, this private vote-count effort allowed for the media to project a professionalized image of independent and non-partisan expert electoral coverage despite the historically close links of this sector to major commercial and political interests in the Philippines and the virulently partisan press reporting on election campaigns.

While endorsements from big business provided some impetus for professionals and employees to join the OQC, however, corporate backing hardly translated into a nationwide mass mobilizational campaign. Despite euphoric forecasts of CNEA-OQC attracting the
'most active support and most massive participation of the private sector in the history of Philippine elections' (Philippines Free Press 15 November 1969: 66, emphasis added), the organizational scope and – according to numerous post-election reports (for example, Manila Bulletin 16 November 1969; and Philippines Free Press 29 November 1969), electoral intervention of both these collective efforts remained rather circumscribed. The lack of coordination between the Church-backed CNEA and the business-supported OQC further served to delimit the mobilizational reach of the 1969 clean-election campaign. In the case of Operation Quick Count, election day made it glaringly obvious that the high-profile and well-staffed national headquarters in Manila remained a thing apart from – rather than an extension of – OQC chapters in provincial cities and towns. Without much organizational depth to its provincial chapters, for example, the election returns from around the country thus barely produced a trickle of data for the OQC vote tabulation in Manila.

While CNEA and OQC enjoyed relatively greater – if largely segregated – involvement by business/professional associations and Church/lay organizations compared to the first NAMFREL, the campaigns of the late 1960s nevertheless remained in virtual anonymity vis-à-vis the (now beleaguered) international hegemon that once had displayed such supportive interest in the election-watch efforts of the early 1950s. That is, compared to NAMFREL’s 1953 and 1986 campaigns, no analogous international intercessions advanced the cause of the Citizens National Electoral Assembly (CNEA) in the 1967 senatorial and 1969 presidential elections (Philippines Free Press 3 October 1970: 1, 12 and 51). In fact, against the backdrop of resurging nationalism and mounting anti-American sentiment, triggered in part by the Vietnam war (Thompson 1974: 49–75), the US government, which developed the Philippine Communication Satellite (Philcomsat) as ‘an enormous military communications complex centered on the Indochina conflict’ (Sussman: 1970: 62; Jiggetts 1980) and which ‘relied increasingly on the US bases and facilities in the Philippines’ as the war progressed (Defense Secretary Robert McNamara, cited in Shalom 1986: 99), proved reluctant to focus on political reforms in ways that might be construed as criticism of the incumbent Philippine president in the late 1960s.21 Thus, instead of signaling American support for CNEA’s campaign, for example, US Embassy cables back to Washington D.C. in 1969 rather perfunctorily accorded CNEA ‘little real influence over the conduct of the elections’.22 With the US government paying scant attention to the conduct of the 1969 Philippine presidential elections,
international media proved similarly disinterested in CNEA’s electoral-reform campaign. Against this backdrop, Marcos’ unprecedented reelection sparked the so-called First Quarter Storm of street protests and demonstrations in early 1970 and, with the declaration of martial law in September 1972, a new era of authoritarian rule began.

In short, the conspicuous absence of US support consigned the CNEA/OQC to relative obscurity next to the more widely celebrated NAMFREL campaign of 1953. Thus, despite the relatively greater involvement of Church and business in CNEA and OQC when compared to the first NAMFREL some 16 years earlier, the 1969 campaigns remained both less confrontational and more circumscribed in their respective efforts at watching and counting ballots. Beyond providing a cross-case comparison of socio-economic activity over time, the 1969 campaign also underscores the significance of situating the mobilization of civil society in a particular country against the backdrop of super or regional power politics at any one time.

PBSP, THE MAKATI BUSINESS CLUB AND NAMFREL IN 1986

In 1986, after almost 14 years of authoritarian rule under Marcos, another presidential election provided the setting for mobilization in the name of civil society in support of democracy and good government. On the one hand, the long years of the Marcos dictatorship had witnessed a pattern of ‘crony capitalism’ and ‘patrimonial plunder’ that combined with trends in global markets in the early 1980s to create a major economic crisis in the Philippines. On the other hand, the same period had seen the growth of the Communist Party of the Philippines (CPP) and its New People’s Army (NPA), with guerrilla operations expanding from sugar, coconut and lumber areas in the 1970s into closer proximity of towns and cities in the early 1980s, and CPP-linked student, labor and urban poor groups gaining increasing popularity and strength. Against these threats to the Philippines’ oligarchical democracy from above and below, and with Corazon C. Aquino, the widow of a slain opposition leader, running against Marcos, the National Citizens Movement for Free Elections (1953) was revived to prevent Marcos from stealing the election, promote electoral participation against the Left’s call for boycott and protect votes for Aquino, the scion of a prominent family with substantial agricultural, commercial and financial interests.
In the 1986 presidential elections, the rank and file of NAMFREL volunteers were filled in large measure by corporate employees and professional affiliates in many urbanized localities around the country. For example, white-collar employees staffed precincts and tabulation centers, middle-level managers helped organize local movement chapters and high-ranking executives made available company resources in their respective efforts to advance NAMFREL in provincial cities and beyond. Similarly, vast numbers of lawyers, public accountants, computer encoders and radio amateurs – affiliated through professional and other specialized associations that, along with the Jaycees, Lions, Rotary and Kiwanis organizations, lent official recognition to NAMFREL (Byington 1988: 227–228) – provided expert support for the national election-watch and vote-count campaigns throughout the Philippines (Tancangco and Mendoza 1988: 275–278).

The prominent involvement by company employees and professional and civic associations in the 1986 NAMFREL effort materialized in large part due to the concentrated efforts of a vastly expanded national business class that was now clearly an actor in its own right. At the national level, the Makati Business Club (MBC) – the Philippines’ most prominent business association, with a membership drawn from the country’s top corporations – threw its support behind NAMFREL. Several large corporations located in the country’s foremost financial district extended their considerable resources to the nationwide clean-elections campaign. Similarly, major companies in provincial cities lent their managers, employees and logistics to NAMFREL’s organizational work, volunteer teams and communication/transportation systems throughout the Philippines. Beyond the high-profile corporate backing associated with the MBC, NAMFREL also enjoyed significant support from the Philippine Bishops-Businessmen Conference (PBBBC), the most prominent organized link between top-ranking business executives and their counterparts in the Catholic Church hierarchy.

Over the course of the long Marcos years, the organizational growth of corporate capital traced a trajectory towards the emergence of prominent businessmen behind NAMFREL’s campaign in the mid-1980s. Officially founded by some 50 leading businessmen in December 1970, Philippine Business for Social Progress (PBSP) first formed as members of ‘the Council for Economic Development, the Philippine Business Council, and the Association for Social Action … conceived of an organization that would harness the resources of private business for social development assistance’ (PBSP 1981: 6; PBSP 1974b: 6). To that
end, the PBSP (with its chartered contributions from member companies in the amount of 20 per cent of 1 per cent of net profits before taxes) announced its departure from previous, largely scattered and ad hoc corporate charity projects to a more coordinated and sustained 'business sector commitment to social development' in the Philippines. As PBSP members recalled 20 years later, the organization was '[b]orn out of a combination of guilt, fear, and a romantic fervor for what business could do if it applied itself to the problem of poverty' (PBSP 1990: 7). By the early 1970s, the PBSP thus appeared as the most organized effort of Philippine business for projecting 'a type of entrepreneurial leadership with a vision ... that looks to industry as an opportunity for national development and service to advance the common good' (Jayme 1970: 10).

To a certain extent, this emphasis on the role of private industry in national development reflected both the composition of the PBSP and the broader context of an increasingly industrializing Philippines in the 1970s. The PBSP counted among its earliest supporters and key board members, top executives from Aboitiz and Company, Inc. and Davao Light and Power Corporation, Pilipinas Shell Petroleum Company, Atlas Consolidated Mining & Development and San Miguel Corporation, Sycip, Gorres, Velayo and Company (a major accounting firm) and the Private Development Corporation of the Philippines. By the mid-1970s, the official membership roster listed some 135 corporations, ranging from provincial to national and transnational conglomerates and including both light manufacturing and heavy industry as well as the country’s top investment, finance and accounting firms. During the course of the decade, the PBSP also saw continued expansion of its membership and activities in tandem with the overall pattern of industrial growth.

As suggested above, however, this new-found corporate concern with the age-old problem of common poverty in the Philippines involved not merely bourgeois guilt or romanticism but above all an element of fear aroused by the mounting political polarization and mass mobilization of the late 1960s and early 1970s. As stated in a ‘somber address to those businessmen gathered that December evening’ of the PBSP’s first official organizational meeting: ‘We live in an age of social unrest’ (José M. Soriano, cited in PBSP 1990: 4). Against such acutely perceived threats, the PBSP thus reasoned that ‘[c]orporate inroads into development represent investments in social peace’ (PBSP 1990: 32). In the words of long-time PBSP president (1974–88) Atty Bienvenido A. Tan, Jr. as he reflected upon the inspiration behind this
corporate initiative: "Truth be said some were not motivated by such lofty ideals as helping the disadvantaged or sharing their wealth or expertise ... Some were in fact just worried that, if they did nothing to [help] save the country, another ideology would take over that would not look too kindly on our way of life’ (PBSP 1990: 6). Within a few years, the PBSP had experimented with both development management and assisted projects envisioned along the lines of the organization’s motto ‘helping people to help themselves’. The PBSP championed such entrepreneurial notions of development mainly through small-scale pilot projects, ‘the establishment of regional training centers’, and, by the early 1980s, ‘a joint undertaking with the Technology Resource Center (Philippines) and the World Bank for the development of a livelihood program for Metro Manila’ (PBSP 1981: 16 and 22). The PBSP also introduced Scholarships and Small Industries assistance – ‘all programs of high impact and visibility [with] potential for generating corporate exposure to the general public’ (PBSP 1981: 37). Overall, the PBSP was concerned to counter the acknowledged problem that ‘[a]s a do-gooder, the public image of business failed to convince’ (PBSP 1990: 6; and Joceno 1980: 223–4).

During the same period, however, the PBSP expressed neither common criticism of Marcos’ economic policies per se, nor overt opposition to the martial law regime writ large. In fact, Marcos’ declaration of martial law elicited largely favorable and cooperative reactions from among business interests wary of continued mass mobilization in the face of the rising inflation and unemployment of the early 1970s. As investment banker (and 1983–84 PBSP chair) Vicente T. Jayme recalled many years later: ‘For a while, maybe the first six months, there were a few of us who thought that this might be a new man ... In the choice between an authoritarian government and a communist totalitarian godless government, we could work with the former.’

Thereafter, the subsequent barrage of presidential decrees and letters of instruction concerning various forms of economic intervention contributed to the silencing rather than the articulation of anything like a concerted business voice well throughout the decade (de Dios et al. 1984). That is, with Marcos enjoying virtually unrestricted discretion over economic and fiscal policy, and with presidential elections postponed until 1981, business executives in the Philippines preferred to ‘wait and see’ – especially in the absence of any alternative national patron on the discernible political horizon – rather than risk their sunk investments and future prospects in an economy that, notably, continued its overall expansionary trajectory until 1979.
This tendency only began to change with the onset of a world recession in the early 1980s, which sent shock waves through the Philippines and thus contributed to the unraveling of the political economy of crony capitalism in the country (Business Survey 20 October 1989: 8). Against the Marcos regime’s continuing support for the ailing business empires of various presidential cronies, and in the context of the mounting mobilization by Communist-organized guerrillas, militant trade unions and radical urban poor and student groups, the cautiously non-political proclamations and projects associated with the PBSP slowly gave way to the unprecedented business activism of the 1980s, which converged around the increasingly outspoken and powerful voice of the Makati Business Club, first introduced onto the scene of Philippine national politics in 1981 (MBC 1996). In that same year, the first public denunciation from among the country’s top corporate echelons, then Benguet Mining president Jaime V. Ongpin, appeared in the form of a letter to the Asian Wall Street Journal on 6 June 1981, soon to be followed by others in the same paper as well as in Fortune Magazine (cited in Joaquin 1990: 209).

In the Philippines, Ongpin enjoyed growing support from among representatives of non-crony capital as suggested by his appointment to the Makati Business Club’s board of directors in 1982, as well as his subsequent popularity on the Chamber of Commerce guest-speaker circuit in chapters across the country, after all sectors of the economy finally began experiencing negative growth the same year. Established in 1981 with reported assistance from the Ayala Corporation’s Filipinas Foundation and the Opus Dei’s Center for Research and Communication, the Makati Business Club (MBC) emerged as the most ambitious private-sector alternative to the existing and allegedly politically-oriented Philippine Chamber of Commerce and Industry. Citing ‘the results of a private survey that membership in the Philippine Chamber of Commerce and Industry (PCCI) represented only 20 per cent of the top 1,000 corporations in the Philippines’, then Ayala Corporation president Enrique Zobel, in an October 1981 press conference, underscored ‘the need for a leading forum for private business’ (Bulletin Today 30 October 1981: 26). Within two years time, the Makati Business Club publicly argued in a widely debated position paper that ‘the present problem is “political” and not “financial”’. Similarly, the 9th Philippine Business Conference confronted Marcos with critical questions and comments about Philippine economic and political reforms in a tense meeting held in Malacañang Palace (Mr & Ms 6 January 1984: 28–29). With per capita gross domestic product declining...
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by 8 per cent and inflation climbing above 50 per cent in 1984, moreover, the Makati Business Club had emerged as ‘a locus of business activism’ that showed considerable interest in supporting moves to organize for clean elections to the National Assembly that year. Thus when Marcos in late 1985 announced ‘snap’ presidential elections to be held in February 1986, the Makati Business Club threw behind NAMFREL a set of financial and organizational resources that reflected more than a decade of increasing business associational activity and assertiveness in the Philippines.

Yet the Makati Business Club’s pivotal role in promoting NAMFREL in 1986 – and the success of this effort – also reflected a set of important global trends and transnational forces during the same period. The rise of a national business opposition to Marcos and support for NAMFREL in the early-mid 1980s, after all, had been encouraged by the stance of multilateral financial institutions towards the ailing dictatorship during this period. With a spiraling Third World debt crisis triggered by the Mexican government’s declared default in 1982, the International Monetary Fund and the World Bank increasingly pushed for comprehensive institutional reforms of the Philippines economy and thus intensified pressures to dismantle Marcos cronies’ government-backed business empires (Broad 1988: 215–230).

Mission after mission from the IMF flew in and out of Manila, grappling with the exchange rate, the capital flight hemorrhage, the Central Bank scandal, a shrinking GNP, huge current account deficits and Philippine government intransigence in dismantling crony-run sugar and coconut monopolies. Creditor banks and the World Bank put their collective muscle behind the IMF demands by dramatically restricting badly needed credit over the negotiation period (Broad 1988: 219).

Private transnational corporations and banks thus proved extremely wary of investing in the Philippines as the country – a long-time so-called model IMF client – took the lead among Fund-indebted ‘LDCs’ (lesser developed countries) in the early 1980s (Kraar 1981: 36). By 1984, a situation had developed wherein ‘the World Bank, the IMF, and creditor banks openly lined up with elements from among the non-crony business community, with Jimmy Ongpin in the forefront, and launched an attack against the worst excesses of ‘crony capitalism’ (Broad 1988: 229).

Beyond these powerful transnational economic forces, the United States government emerged in the mid-1980s as crucial provider of support for NAMFREL’s campaign for free and fair elections. Wary of
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losing yet another ally to an anti-American social revolution, and shifting its late Cold War tactics to the selective promotion of democracy in trouble spots around the globe, the US government, under the zealously anti-communist administration of Ronald Reagan, had publicly expressed concern that ‘Marcos has failed so far to take political, military and economic steps necessary to defeat the Communists, who seem to have seized the battlefield initiative’ (*Malaya* 29 October 1985: 1). Thus the US government applied increasing pressures on the Philippine president to implement economic, political and military reforms, and, impressed by the associational activities and increasing assertiveness of the expanded Philippine business class, followed the lead of the Makati Business Club in supporting NAMFREL in the mid-1980s. Thus the significance of clean elections was repeatedly emphasized by US officials, and the American Ambassador to the Philippines went so far as to declare that ‘if it is determined by the majority of the Filipino people [that the 1986 presidential elections] have not been free and honest … that would seriously affect the nature of the relationship between our government and the Philippine government (*Malaya*, 6 October 1985: 1).

In contrast with the clandestine role of the CIA and JUSMAG in organizing NAMFREL in 1953, and the lack of US support for CNEA/OQC in 1969, the 1986 NAMFREL effort was openly and assiduously promoted not only by US Embassy officials but also by representatives/members of the Asia Foundation, the American Chamber of Commerce and the Overseas Republicans, while such US government and quasi-government bodies as the United States Agency for International Development and the National Endowment for Democracy channeled funding to the Bishops-Businessmen Conference and other participant organizations like the conservative Trade Union Congress of the Philippines (TUCP) (Bonner 1987: 408–409). Altogether, according to individuals familiar with the funding and the mechanisms, almost $1 million was provided NAMFREL (Bonner 1987: 3). Finally, as election day approached, Embassy personnel supported a legion of US Congressmen, independent election observers and media representatives on their provincial sorties to precincts throughout the Philippines. Prominent among such election observers were the 20 members of the US presidential delegation, headed by Senate Foreign Relations Committee Chairman Senator Richard Lugar (Republican of Indiana) and the Center for Democracy mission led by Alan Weinstein of the bi-partisan National Endowment for Democracy (NED). The Office of Media Affairs in Manila registered some 320 foreign
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journalists by 23 January 1986, and as many as 850 by 7 February 1986, the eve of the election (Bain 1986: 29). It was in the context of this intense international media and government scrutiny that NAMFREL was able to document the manifold forms of violence and fraud that marred the election and to discredit Marcos’ claims to have won a renewed presidential mandate through democratic means. It was also precisely in this context that the four-day ‘People Power’ revolt transpired in late February 1986, prompted by Marcos’ refusal to accept defeat in the presidential election and the subsequent aborted military coup and counter-coup moves that drew hundreds of thousands of Filipinos to form a human shield between so-called reformist and loyalist soldiers on Manila’s main highway. With ‘the whole world watching’, thanks to CNN and countless other television broadcasts, US government officials manoeuvred behind the scenes to pressure Marcos to resign and then engineered his helicoptered flight from the presidential palace and his subsequent Hawaiian exile.

CONCLUSION

The 1953, 1969 and 1986 election-watch campaigns represented episodes of mobilization in the name of civil society and in support for ‘democracy’ and ‘good government’ in which Philippine business associations played a prominent role. Over the intervening years between these mobilizational efforts, a national business community gradually emerged as a unified and self-organized social actor, as reflected in its increasingly prominent role in these three campaigns. In the NAMFREL of 1953, for example, the relative weakness of a truly domestic capitalist class in the newly independent Philippines meant that business support was largely confined to public endorsements, and that heavy-handed US government intervention and highly partisan support from pro-Magsaysay magnates and groups were necessary to help defeat Quirino. In 1969, by contrast, Operation Quick Count enjoyed the direct backing of an emerging set of financial and media magnates, but in the absence of international attention and support failed to mobilize a credible election-watch effort. Finally, in 1986, a revived NAMFREL was championed by a set of established business associations whose increased organizational scope, density and resources demonstrated the comparatively greater capacity of Philippine business to project coordinated moral leadership onto the nation and to mobilize in tandem in the name of
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civil society, thus winning the confidence and support of powerful international backers, most notably the United States government.

As argued above, the greater success of the NAMFREL campaign of 1986 and its 'People Power' aftermath owed much to the growing capacity of the Philippine business class to mobilize in the name of civil society. This trend reflected both the ongoing pattern of class formation in the Philippines, and the concomitant deepening of transnational social and political linkages, often heralded as ‘global civil society’ and associated with ‘globalization’. As the capitalist class in the Philippines has continued to expand throughout the post-colonial period, its accumulation of capital has in large part been achieved through participation in the global capitalist economy and transnational business networks. In addition, with its early exposure to and immersion within American business, and given the importance of US military bases in the country, this ascendant Philippine capitalist class enjoyed enhanced access to and attention from the United States during the Cold War.

Thus, by the post-Cold War era of ‘globalization’ in the 1990s, a national capitalist class had secured a hegemonic claim over ‘civil society’ in the Philippines. The Makati Business Club’s continuing sponsorship of a NAMFREL election-watch effort in every election in the Philippines since 1986, for example, suggests that, in Gramscian terms, the Philippine business class is now ‘conceived of, and presented, as being the motor force of a universal expansion, of a development of all the “national” energies’. Thus confirming Gramsci’s dictum that ‘corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interests of other subordinate groups too’, the business class anchored in Manila has persisted in asserting its ‘moral’ authority over the mechanisms and processes of Philippine electoral democracy. Similarly, the Makati Business Club, the PBSP and other business groups and foundations have emerged since the mid-1980s as permanent fixtures in the ‘NGO community’ in the Philippines, and as active philanthropists as well. Overall, something of a cumulative effect of the activism of previous decades can be detected in the current sustained level of associational activity and assertiveness on the part of a Philippine business class still concerned to present itself as the enlightened, benevolent custodian of the welfare of the country. By the 1990s, moreover, with major Philippine banks and corporations seeking funds from investment bankers, fund managers and venture capitalists in New York, Hong Kong, London, Singapore
and Tokyo, the Philippine business class had also become acutely sensitive to the importance of promoting ‘good government’ to boost credit ratings and attract foreign capital in the context of rapid global financial liberalization. In the eyes of this class, what is good for business is certainly good for the Philippines, and vice versa.

Indeed, with deepening ‘backward linkages’ in Philippine society and increasing anxieties about propriety in the global marketplace, this capitalist class played, perhaps unsurprisingly, a key role in the undoing of the unorthodox presidency of former movie star Joseph ‘Erap’ Ejercito Estrada in January 2001. After months of mounting corruption scandals and protest rallies, Estrada, whose populist candidacy and landslide election in 1998 the Makati Business Club, for example, had viewed with considerable concern from the outset, found himself replaced – by way of ‘People Power (II)’; his successor and (former) vice-president, Gloria Macapagal-Arroyo, was sworn in as the fourteenth president of the Philippine Republic. As if following a 15–17-year cycle, the recent campaign to oust Estrada followed a familiar pattern, albeit at a stepped up pace, as they aimed to end his presidency in mid-term, rather than to oppose executive re-election as in previous rounds. Once again, an incumbent president with considerable ‘relative autonomy’ from the Philippine legislature was charged with hijacking government mechanisms for managing state security and national economy, as critics pointed to the increasing militarization of Mindanao and the particular cronyism of the Estrada administration.

At both the forefront and in the backrooms of the campaign to replace Estrada with a more responsible president was the Makati Business Club and other major forces in the Philippine capitalist class. Opposition politicians, corporate executives and Catholic clergy returned to the parliament of the streets – notably, the Ayala Avenue of anti-Marcos confetti rallies in Manila’s premier business district and the Epifanio de los Santos Avenue (EDSA) of the People Power revolt, which ushered in the post-Marcos era – with calls for ‘civil society’ to support the ‘moral crusade’ against Estrada (Hedman 2003). By mid-October of 2000, Ayala Avenue was transformed by the first of many rallies to assemble in Makati City during the weeks and months before ‘People Power II’. In the shadows of the glass, steel and concrete structures towering over this multiple-lane avenue, which cuts a straight line through Makati’s international finance and business district, rallies kicked off in the mid-afternoon so as to facilitate the participation of office workers and their managers. After this first protest action on Ayala Avenue, organizers, including the Makati Business Club, called
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on the anti-Estrada opposition to stage weekly rallies at this location. In late November, moreover, an unusual spectacle, billed as a ‘People Power Lunch’, was also held on Ayala Avenue and sponsored in part by the Makati Business Club. Commenting on this, Guillermo Luz, executive director of the Makati Business Club, said: ‘Admittedly, this is a very unusual event for business. But we thought it was something worthwhile pursuing because we need to reach out and talk to other people and meet other faces’ (Philippine Daily Inquirer 26 and 30 November 2000).

As suggested in the pages above, the Philippines’ much celebrated status as a hub of NGO activity and the pioneer of ‘People Power’ mobilization in support of democracy and ‘good governance’ must be understood not simply as a reflection of a newly emergent ‘global civil society’ but rather as the product of a historical process of class formation and mobilization that unfolded under the auspices of American colonial rule and the Cold War. Against accounts that stress the novelty of ‘global civil society’ and situate its emergence against the backdrop of a post-Cold War era of globalization, this paper has thus pointed towards the necessity of a more properly historicized approach. Against Tocquevillean tendencies both to reify and to celebrate ‘civil society’, moreover, this paper has offered an alternative perspective, one that owes much to the writings of Antonio Gramsci. As noted above, Gramsci was keen to contextualize the struggle for hegemony over the realm of civil society against the backdrop of ‘the degree of homogeneity, self-awareness, and organization attained by the various social classes’ (Gramsci 1971: 181). As Gramsci argued, moreover, it is also necessary to take into account ‘the fact that international relations intertwine with these internal relations of nation-states, creating new, unique and historically concrete combinations’ (Gramsci 1971: 182). Thus, as scholars trace the deepening of globalization and its consequences for global civil society, they would do well to keep in mind the importance of the longue (and medium) durée, in terms of capitalist development and class formation, processes that have from their inception always been transnational in nature.

NOTES

1 On the American period, see especially Hartendorp (1958).

2 The arguments presented here were first developed in Hedman (1998a). See also Hedman (1998b: 145–170).
3 On the political significance of business associations elsewhere in Southeast Asia, see especially MacIntyre, (1990); Anek Laothamatas (1992); and Stromseth (1998).

4 Interview with former NAMFREL board member and Quezon City Jaycees president Amelito Mutuc, 18 August 1992, Manila. Mutuc helped organize NAMFREL rallies in Manila, San Fernando and Angeles City, Pampanga.

5 On the role of Filipinos in setting up the Jaycees in Hong Kong and Thailand, for example, see Chen (1954: 6–7); and JCI (1955: 16).

6 Prominent Filipino Jaycees like Ramon del Rosario were active in Operation Brotherhood, a CIA-backed initiative ostensibly concerned with providing medical personnel and supplies to South Vietnam. See: Letter from Edward Lansdale, American Embassy, Saigon, courtesy of Oscar Arellano, to President Ramon Magsaysay, Ramon Magsaysay Presidential Papers, S1/B68/F8/10/54.

7 Besides president Earl Carroll, all Philamlife top executives were Filipinos, and its profits were mostly reinvested in the Philippines. As a result, Philamlife was often described as ‘the largest and fastest growing Philippine corporation of the 1950s’. Seidman (1963: 281) emphasis added. NAMFREL also received pledges of support from another large American corporation in the Philippines, the Coca-Cola Company (Manila Times 13 November 1952). On other American corporate donations to NAMFREL, see Manila Times 11 November 1952.

8 See also Gramsci’s suggestive discussion of American Rotary Clubs and the new industrial structure in ‘Americanism and Fordism,’ (Gramsci 1971: 286).

9 Membership in the Manila Lions Club, for example, barely exceeded 200 during this period. See Manila Lions Club, 10th Annual Report: 1958–1959, p. 3.

10 For a detailed discussion of the emergence of private domestic commercial banks in the Philippines during this period, see Hutchcroft (1998).


12 On the issue of ‘linguistic nationalism’, see Gonzalez (1980).

13 For Jaycees’ support, see Manila Times, 1, 13, 15 and 18 October 1969. In addition, the Kiwanis, Lions, Rotary, Soroptimist and Zonta clubs joined CNEA (Manila Times 23 October 1969). Philamlife and Great Pacific Life, for example, ‘volunteered’ provincial coordinators for Quezon and Oriental Mindoro OQC chapters (Taliba 3 November 1969).
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14 Between 1962 and 1968, for example, the number of radio and television stations increased from 122 to 208 and from 6 to 13, respectively (Arnaldo 1970: 116).

15 The four largest media conglomerates emerged as the wealthy Lopez, Soriano, Elizalde and Roces families expanded their already well-established and extensive business interests to include large print and broadcast networks during the course of the decade. See further Feliciano and Icban (1967: 127–128); and Pineda-Ofreneo (1984: 128).

16 At the same time, advertisement revenues from television and especially radio broadcast also increased during the 1960s.


18 Foreign oil companies, the Soriano and Lopez business empires and such American companies as Union Carbide, Pepsi Cola and ITT also backed the PFA.

19 On lobbying and legislation in the Philippine Congress for the ‘Filipinization’ of mass media and advertising, see Lent (1970: 155).

20 Similarly, Thailand, Malaysia, Singapore and Indonesia also sought to delimit foreign ownership in their respective mass media industries in the 1970s.

21 The withholding of the critical Symington report, with its assessment of contemporary Philippine politics and economy, until after the 1969 presidential elections is one example of the cooperative mood that prevailed in Washington vis-à-vis Marcos at the time. For Marcos’ position on Vietnam, see, for example, Onorato (1971: 4–7).

22 See, for example, ‘Philippine Democracy at Work: the 1969 Election Campaign’, Confidential Telegram of 11 October 1969 from Ambassador Henry A. Byroade to Secretary of State William Rogers.

23 For a complete listing of PBSP corporate membership in 1973, for example, see PBSP (1974a).


25 Interview, Jayme. See also Rivera (1994: 122).

26 On the Opus Dei in the Philippines, see Octopus Dei (1993). The Center for Research and Communication gained its current accreditation as the University of the Asia-Pacific in the post-Marcos years.

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30 Meeting with Ambassador Bosworth and Presentation of the Distinguished Honor Award to Him’, Unclassified Action Memorandum of 2 July 1986, from Deputy Assistant Secretary of State for East Asian and Pacific Affairs to Secretary of State George Shultz, 860503, p. 2.


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Southeast Asian Responses to Globalization


Located on the north-western coast of the island of Borneo, Sarawak is Malaysia’s largest province, covering a total of 124,449 sq km or approximately 37.5 per cent of the total land area of the country. It holds rich resource deposits of petroleum, natural gas and, until recently, timber. The 2000 National Census put its population at 2.07 million, consisting of numerous diverse ethnic communities, the six largest being Iban (28.6 per cent), Malays (21.4 per cent), Chinese (27 per cent), Bidayuh (8 per cent), Melanau (5.6 per cent) and Orang Ulu (6 per cent). Of these, approximately 0.997 million were urban residents with the remaining 1.074 million being rural dwellers (Malaysia 2000).

Sarawak’s tryst with globalization began with its formal incorporation into a global capitalist economy in 1841, with the arrival of the Victorian buccaneer, James Brooke, who established himself in the territory as a self-styled autocratic White Rajah.¹ The Brooke Raj lasted 100 years, until 1941 when the Third Rajah, Charles Vyner Brooke, in a secret agreement with his own Committee of Administration, sold his rights as Rajah and granted a Constitution to Sarawak in exchange for substantial financial payments.² Subsequently, in 1946, after the end of Imperial Japanese rule, the territory was ceded by Charles Vyner Brooke to the British government for a further financial settlement. British Colonial rule lasted for 17 years, after which, under the pretext
of independence, Sarawak was forced into a merger in 1963 with the Federation of Malaya, Singapore, and Sabah to form the Federation of Malaysia.\footnote{Southeast Asian Responses to Globalization}

Since its formal incorporation into a global capitalist economy, Sarawak has seen a remarkable amount of social and economic transformation, the most significant phase occurring from 1970 onwards. High economic growth with dramatic physical and social changes wrought by globalization, as mediated through national policies like the New Economic Policy (1970–90) and the National Development Policy (1990–2000), have brought about an admirable surge of development achievements.

Once a sleepy backwater, Sarawak has been transformed into a fast-growing state that has never, at least not since 1970, experienced negative growth rates (see Table 1 below). Yet, while Sarawak’s economic growth has weathered national economic downturns, as occurred during the serious recessions of 1985–86 and 1998, its growth has been volatile. Annual swings of GDP are large with differences of up to 7 percentage points. That this is so is because its economy has hitherto been heavily dependent upon primary resource exports and global commodity prices relative to manufactures.

Table 1: Average Annual GDP, Sarawak, 1970–2000 (1978 constant prices).

<table>
<thead>
<tr>
<th>Year</th>
<th>Swk</th>
<th>Year</th>
<th>Swk</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>7.9*</td>
<td>1990</td>
<td>6.3</td>
</tr>
<tr>
<td>1981</td>
<td>7.5</td>
<td>1991</td>
<td>10.7</td>
</tr>
<tr>
<td>1982</td>
<td>7.6</td>
<td>1992</td>
<td>3.7</td>
</tr>
<tr>
<td>1983</td>
<td>15.2</td>
<td>1993</td>
<td>3.9</td>
</tr>
<tr>
<td>1984</td>
<td>10.6</td>
<td>1994</td>
<td>11.3</td>
</tr>
<tr>
<td>1985</td>
<td>3.9</td>
<td>1995</td>
<td>14.1</td>
</tr>
<tr>
<td>1986</td>
<td>2.0</td>
<td>1996</td>
<td>11.9</td>
</tr>
<tr>
<td>1987</td>
<td>1.4</td>
<td>1997</td>
<td>4.8</td>
</tr>
<tr>
<td>1988</td>
<td>3.7</td>
<td>1998</td>
<td>3.8</td>
</tr>
<tr>
<td>1989</td>
<td>8.3</td>
<td>1999</td>
<td>5.3</td>
</tr>
<tr>
<td>2000</td>
<td>8.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Globalization, Inequitable Development and Disenfranchisement in Sarawak

Sarawak’s structural transformation has seen a sharp increase of per capita income levels over the last three decades. Per capita GDP (in 1978 constant prices) has risen steadily from RM881 (1970)\(^4\) to RM2665 (1980), RM3927 (1990) and RM6253 (2000). High growth has brought about a rise in life expectancy and standards of living, with significant improvements in transport and communications infrastructure. Improved education and health care systems provide for the welfare of more people than ever before, while ownership of houses, cars, motorcycles and other household amenities has risen dramatically. Culturally, Sarawak has managed to retain some elements of its native traditions even as it has begun to open up to other cultures and lifestyles from different parts of the world. And politically, all Sarawakian adults holding Malaysian nationality enjoy the democratic franchise.

Yet such developments have come with a heavy price. Sarawak’s rainforests have been all but decimated by politicians and their cohorts of loggers in search of quick profits. Rivers have been heavily polluted with the washing down of forest topsoil. Biodiversity has been lost and rural indigenous communities, who have lived in harmony and long identified with forests, have been displaced. Many face tremendous psychological stress and physical hardship as a result of their abrupt and forced incorporation into a cash-economy lifestyle in urban and semi-urban settlements, while others face depleted access to forest resources in their traditional rural settlements as they attempt to come to terms with logging and other land development programmes that favour the creation of huge oil palm plantations on native lands. In addition, despite universal access to the democratic franchise, the prevalence of money politics and development patronage has effectively undermined genuine democratic choice (Hong 1987; Colchester 1989; Hurst 1990; Aeria 1997a; Aeria 1997b; IDEAL 1999; Ross 2001; Majid Cooke 2002).

To understand this apparently paradoxical situation, this paper will outline the key processes and agents at work in furthering Sarawak’s deepening incorporation into the global capitalist economy since 1970. Taking a historical perspective, it will first examine some of the key inequitable development\(^5\) benefits accruing to different parties, and then discuss citizen resistance to governmental projects and corporate efforts ostensibly aimed at ‘developing the state’.\(^6\) It will further evaluate the current status of democracy in Sarawak before drawing some brief conclusions about the relationship between globalization and democracy in a peripheral region of Southeast Asia.
SARAWAK’S DEVELOPMENT PATTERN OF APPARENT CONTRASTS, OF SIMULTANEOUS BONANZA AND LOSS, ARISSES OUT OF A PARTICULAR HISTORICAL PROCESS AND METHOD OF ORGANIZING CAPITALISM. A SPECIFIC MODE OF ORGANIZING THE MARKET, CAPITALISM IS AN EXPRESSION OF INSTITUTIONAL FRAMEWORKS EMBODYING A CERTAIN SET OF SOCIAL RELATIONS THAT VALUE CAPITAL ACCUMULATION ON THE BASIS OF PRIVATE OWNERSHIP OF THE MEANS OF PRODUCTION. MARKETS ARE EMBEDDED IN SOCIETY AND THUS STRUCTURED AND GOVERNED BY THE HISTORICALLY SPECIFIC INSTITUTIONAL FRAMEWORKS OF EACH SOCIETY. SIMILARLY, INDIVIDUAL ACTORS AND ORGANIZATIONS ARE ALSO STRUCTURED AND GOVERNED BY INSTITUTIONAL FRAMEWORKS. IN OTHER WORDS, INSTITUTIONAL FRAMEWORKS GIVE SPECIFICITY TO MARKETS AND GOVERN THE ACTORS AND ORGANIZATIONS WITHIN THEM. CONSEQUENTLY, DIFFERENT INSTITUTIONAL FRAMEWORKS CAN AND DO GIVE RISE TO DIFFERENT TYPES OF MARKETS, AND INDEED, BY EXTENSION, DIFFERENT TYPES OF CAPITALISM. INSTITUTIONAL FRAMEWORKS AND MARKETS, HOWEVER, DO NOT EMERGE IN AN ISOLATED FASHION, NOR ARE THEY IMMUTABLE. RATHER, THEY ARE HISTORICALLY ROOTED, DYNAMIC AND ARE CREATED, STRUCTURED AND TRANSFORMED BY POLITICS AND DELIBERATE STATE ACTION (WEBER 1927; POLANYI 1957; NORTH 1990, 1995; CHANG 2000; GRINDLE 2000; ROBISON ET AL. 2000).

SEEN IN THIS LIGHT, SARAWAK’S DEVELOPMENT PATTERN OF APPARENT CONTRASTS, WHICH ARISSES OUT OF A SPECIFIC FORM OF CAPITALISM, CAN BE PERCEIVED AS A CONSEQUENCE OF A PARTICULAR CONSTELLATION OF LINKS BETWEEN BUSINESS AND STATE ACTORS, OPERATING IN AN EMBEDDED MANNER WITHIN A PARTICULAR INSTITUTIONAL FRAMEWORK, BUT ONE THAT IS STRUCTURED AND GOVERNED BY POLITICS AND THE STATE. AND SINCE SARAWAK AND MALAYSIAN CAPITALISM HAS DEVELOPED IN CONJUNCTION WITH THE POSITION OF MALAYSIA WITHIN A HISTORICAL INTERNATIONAL DIVISION OF LABOUR OF THE GLOBAL CAPITALIST ECONOMY, DEVELOPMENT IN SARAWAK IS ALSO A DYNAMIC CONSEQUENCE OF ITS HISTORICAL LINKS TO A PROCESS OF ON-GOING, EVER-DEEPENING GLOBALIZATION.

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obligation structures’ (North 1995; Chang 2000) that have aided the incorporation of the territory into the global capitalist economy, though with inequitable benefits. I examine the former three phases briefly before exploring the last phase in some depth, since the last phase has been the most significant in transforming Sarawak.

POLITICAL AND ECONOMIC INSTITUTIONS UNDER THE BROOKES, 1841–1941

Generally, there are two different perspectives towards the Brooke Raj and Sarawak’s political and economic development. One perspective suggests that the Brookes, as enlightened though paternalistic Rajahs, strongly favoured free trade and were against economic monopolies. Brooke economic philosophy promoted gradual economic development and incremental social change that benefited native welfare and prevented ‘a deluge of Western capitalists and speculators who envisaged instant returns for their investments’ (Ooi 1997: 27). The other perspective suggests the Brookes were unenthusiastic about foreign investment and indeed curtailed free trade in pursuit of their own strategic political-economic interests with ‘native interests’ as a guise for their policies. The latter view is persuasive, with evidence suggesting the Brookes established an autocratic State with a non-competitive form of capitalism in Sarawak (Runciman 1960; Pringle 1970; Reece 1988; Chew 1990; Naimah 1999).

Brooke pretence at ‘free trade’ and their ‘benign paternalism’ masked their hostility towards all whom they perceived as their political and economic rivals. Given the tenuous position of the Raj, the Brookes secured their kingdom by resorting to three measures. First, they modelled their State upon Brunei’s traditional autocratic political system by co-opting loyal native allies and rewarding them on the basis of patronage. Second, they set up a rudimentary and weak State bureaucracy that included a hotchpotch legal system and a land code blending English, Indian and adat (i.e. cultural) law. Thirdly, they mercilessly crushed all native revolts and nascent challenges, which included limiting the power of large European capital within the territory. Paralleling these efforts, the Brookes introduced new institutions of economic and political governance in Sarawak, namely institutions that favoured non-competitive monopoly capitalism and political autocracy founded on patronage. Numerous land laws incorporating institutions of private property, while circumscribing
native *adat* law and communal rights over land, were also introduced over a period of time (Eastern Archipelago Company 1854; Jacob 1876; Runciman 1960; Porter 1967; Pringle 1970; Tarling 1982; Reece 1988, 1993; Chew 1990; Jawan 1994; Ooi 1997; Porrit 1997; IDEAL 1999; Naimah 1999; Ngidang 2000).

These new political-economic institutions, along with their accompanying organizations and actors, were thus the pioneer instruments that incorporated Sarawak into the global capitalist economy. In consequence, by the end of the Brooke Raj, there was in place in Sarawak a weak State, an undeveloped bureaucracy, a hotchpotch legal system and an embryonic judiciary that was subservient to the personal will of the Rajah. These institutions served to protect and promote the Rajah’s monopoly in politics and commerce as well (Reece 1988 and 1993).

**POLITICAL AND ECONOMIC INSTITUTIONS UNDER THE BRITISH, 1946–63**

When Britain assumed governance over Sarawak in July 1946, it did so with the promise of granting the new colony eventual independence. It also inherited, largely unaltered, Brooke institutions of weak government and poor administration (Porter 1967; Porrit 1997; Naimah 1999).

In order to establish democratic institutions as well as rational economic institutions, the Colonial Government instituted constitutional reforms. Additionally, to ensure the State’s capability and competency in ensuring law and order and the promotion of economic development, the Colonial Government modernized the Sarawak Administrative System (SAS), strengthened the police, reformed the legal system and established a competent judiciary (Porrit 1997; Naimah 1999). Institutions of private property over land vis-à-vis communal native rights were also strengthened via the introduction of a Forest Ordinance and a new Land Code (Ngidang 2000; Baru Bian 2000 cited in Majid-Cooke 2002).

However, even as the British were formally enacting these formal political and rational economic institutions, all were simultaneously undermined through an informal mode of politics. This dualistic strategy ultimately allowed the British to present a façade of democracy within Sarawak while effectively maintaining tight political control over the territory. This strategy was especially evident in a few key areas,
namely that of crushing democratic protests against the transfer of sovereignty by the Brooke Raj to the British in 1946, undermining democratic political movements via extra-judicial means (Reece 1993; Porrit 1997), orchestrating electoral outcomes in the 1963 state and parliamentary elections and forcing Sarawak into the Malaysia merger (Leigh 1974; Roff 1974).

The British were also not averse in resorting to strategic financial inducements to key community leaders to defuse elite opposition and obtain their loyalty towards imperial rule. In the run-up to Sarawak’s independence, key non-competitive capitalist institutions were further strengthened via informal politics when the British handpicked ‘amenable’ native and Chinese individuals and provided them with the economic wherewithal to secure their nascent political careers in government through the provision of valuable timber licenses (Reece 1993; Roff 1974). Once in office, these politician-businessmen gained access to further wealth primarily through the allocation of timber concessions to themselves (Leigh 1974). Most of the timber extracted from these concessions was sold on the world market. A partial list of those so favoured by the British and the political parties they funded is indicated in Table 2.

Table 2: Major Political Party Funders, Sarawak, 1963–69.

<table>
<thead>
<tr>
<th>Political Party</th>
<th>Major Corporate Funders</th>
<th>Business Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>SNAP</td>
<td>James Wong, Wee Hood Teck, Wee Boon Ping</td>
<td>Timber, Various, including timber</td>
</tr>
<tr>
<td>SCA</td>
<td>Ling Beng Siew</td>
<td>Timber</td>
</tr>
<tr>
<td>Pesaka</td>
<td>Ling Beng Siew, Temenggong Jugah, Wee Hood Teck</td>
<td>Timber, Timber, Various, including timber</td>
</tr>
<tr>
<td>SUPP</td>
<td>Wee Hood Teck, Wong Tuong Kwang</td>
<td>Various, including timber, Timber</td>
</tr>
<tr>
<td>BUMIPUTERA</td>
<td>Ling Beng Siew, Mustapha Harun</td>
<td>Timber, Timber</td>
</tr>
</tbody>
</table>

Source: Ross 2001: Table 6.3
In consequence, despite formal British commitment towards democracy and rational economics, political expediency to ensure that Sarawak remained within the orbit and influence of the British Empire and the capitalist world economy saw the informal entrenching of both authoritarian and patronage politics within the state.

**INSTITUTIONAL CHANGE AND GLOBALIZATION DURING EARLY MALAYSIA, 1963–70**

In 1963, Sarawak gained its independence from Britain after it merged to form the Federation of Malaysia. However, as a result of weak institutions made worse by both colonial authoritarianism and patronage politics, the early Sarawak state governments were weak, fractious coalitions. This lack of political purpose during the early independence period was further exacerbated by lukewarm democratic support for the Malaysia merger, the strength of populist anti-federal sentiments in Sarawak, as well as ‘Confrontation’ with Indonesia.

Central concern soon led the federal government to intervene directly in post-merger Sarawak politics for two reasons, namely, to ensure that Sarawak did not secede and to ensure that Sarawak’s politicians did not pose any threat to the stability of the federal coalition government. Such intervention was undertaken ‘by clear and repeated demonstrations of federal power and resolve, and by swift and certain retribution for offenders or uncooperative leaders’ (Lim 1997: 29). Internal politics and electoral outcomes were regularly subject to federal influence through the deliberate use of executive power and financial resources. As a result, political and economic institutional change that favoured firm central control over democratic governance was reinforced.

Differing interpretations between the federal and state governments over the terms of merger, as well as tensions between the Prime Minister and the Sarawak Chief Minister and the role of senior British expatriate bureaucrats within the Sarawak Administrative Service (SAS), saw the federal government impose ‘emergency rule’ in 1966 to remove the then Chief Minister and reconstitute the state government. This was achieved via a ‘cabinet coup’ (Ross-Larson 1976: 35), precipitated by certain ‘Muslim leaders’ close to and supported by the federal government, which favoured a state government of a ‘predominantly Iban and Islamic combination more amenable to cooperation’ (Leigh 1974: 88).
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Under a new and substantially pliable coalition government, consolidation of federal political control was achieved after the SAS led by professional British expatriates was brought to heel and made fully subservient to the politicians of the day. Under the pretext of the ‘Borneonization of the Civil Service’ (Leigh 1974: 99), over 300 senior British expatriate civil servants from both the administrative and technical branches of the SAS were removed from office ‘in order to reduce substantially their determinative role in policy formulation’ (Leigh 1974: 112). Until their removal, the SAS had, in the mould of the Malayan Civil Service and the Colonial Civil Service, been ‘the principal policy-making institution’ (Leigh 1974: 112) in the Sarawak government. The departure of the expatriates meant that politicians now emerged supreme in decision-making, with the SAS relegated to an implementation role.

It was during this period that a powerful new state Ministry of Development and Forestry was created, having responsibility for the issuance of logging concessions (Leigh 1974: 106). This ministry soon became a crucial political tool for the systematic disbursement of political patronage, which eventually began the process of massive deforestation, environmental pollution and the social and cultural displacement of natives from their lands.15

While the environment and natives bore the consequences of destructive logging, politicians and business interests close to them, especially logging concessionaires and timber contractors, reaped huge profits. Further, a large portion of these profits did not remain within the state or the country but were channelled overseas via corruption, income tax evasion and other trade mechanisms (World Bank 1991a; Thompson 1993; AWSJ 21 February 1994; Kaur 1998; Majid-Cooke 1999; Jomo and Gomez 2000; Ross 2001).16

INSTITUTIONAL CHANGE AND GLOBALIZATION UNDER THE NEP AND NDP, 1970 TO PRESENT

In 1970, Abdul Rahman Yakub was appointed Sarawak Chief Minister by the Federal government. His appointment coincided with the introduction of the New Economic Policy (NEP), an interventionist State-led redistributive economic policy rooted in affirmative action on behalf of the bumiputera (lit. ‘sons of the soil’) population of the country.17 The NEP prioritized the establishment of export-oriented industries to take advantage of the opportunities offered by the global market.
In accord with NEP objectives, the state government under Abdul Rahman Yakub issued numerous timber concessions to bumiputeras in pursuit of wealth redistribution objectives, as well as to develop a new capitalist class of bumiputera entrepreneurs supportive of federal-led authoritarian governance in Sarawak. Implicitly, it was also an effort on the part of the Chief Minister to undercut the hitherto overwhelming influence of the Chinese timber tycoons upon the political-economic climate of Sarawak, as well as to reinforce his power base within the political process (Searle 1983; Jawan 1994: 140).

Allegedly, an estimated 1.25 million hectares of timber concessions worth US$9 billion (NST 10 April 1987) was distributed, while more conservative estimates put the figure at about US$4.2 billion (WSJ 22 July 1987). The Chief Minister was able to micro-manage this distribution process after he seized timber rents and gained allocation rights over timber concessions in a ‘direct, exclusive and discretionary’ way (Ross 2001: 35) (emphasis in original) via undermining the institutional authority of the Forestry Department. A substantial number of the timber concession licences issued during this period were disbursed to the Chief Minister’s family members, relatives and close business and political associates. Similarly, after Abdul Taib Mahmud, a nephew of Abdul Rahman Yakub, became chief minister in 1981, he, too, began to disburse to ‘relatives and political allies about 1.6 million hectares, or about one-third of the state’s timber concessions’ (AWSJ 7 February 1990).

Of these, only a small fraction of the benefits accrued to the natives of Sarawak. A timber industry-sponsored study observed that while, ‘some huge fortunes have been made by concessionaires in Sarawak’ (ITTO 1988, quoted in AWSJ 7 February 1990), there were serious doubts about ‘whether the split [was] equitable, since [village] people appear to be on roughly the same standard of living as 20 years ago’ (ibid.). Illustrating this gross inequity, a study found that the share of wealth gained by timber employees (comprising various forms of payments to mainly native workers in the timber industry and local populations affected by logging) amounted to ‘less than four per cent of the total gross income earned from the sale of timber although timber workers formed over ninety-five per cent of the total population involved in the industry’ (Lian 1990: 123).

In contrast, despite humble beginnings, both Chief Ministers and their respective families are presently wealthy (Aeria 2002). In addition, timber contractor Tiong Hiew King and his five brothers who own Rimbunan Hijau, a local company that now has global interests, had an estimated total worth of about US$2.5 billion in 1995 (Forbes 17 July
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1995). In 2001, Tiong’s personal estimated worth was US$1.5 billion, ranking him the 336th richest man in the world, and 46th in Asia (Forbes 22 June 2001). Rimbunan Hijau holds extensive logging interests in Papua New Guinea, Vanuatu, New Zealand, Gabon, Cameroon, Brazil, Equatorial Guinea and the Russian Far East. Through subsidiaries and relatives, Tiong has interests in a soft-wood plantation in New Zealand, a sawmill in Shanghai, a cattle ranch in Australia, property in Singapore, apart from banking and oil palm plantations (WRM and FM 1998: 46). He also has a major interest in Ming Pao, a Chinese daily newspaper in Hong Kong (The Digital Asset 7 February 2001) and major newspaper interests in Malaysia and Papua New Guinea. Another global timber contractor, the Samling Group, owned by Yaw Teck Seng and his family, is estimated at US$1.6 billion with business interests in Guyana, Japan, Taiwan, South Korea, the US and Canada (Toni and Forest Monitor 1997). Other large timber concerns that began operations in Sarawak before going global are the WTK Group, the KTS group, the Sanyan group and the Shin Yang group.

Aside from timber, the state government also intervened in the economy via the setting up of industrial and commercial enterprises buoyed by public resources derived from its timber and petroleum royalties. Numerous projects were set up ranging from silkworm farms, car assembly plants, banks, heavy industries (cement manufacturing and steel fabrication), tea plantations to international class hotels that catered to the international tourist trade.

Privatization in the 1980s and early 1990s, spurred on by neo-liberal economics at the global level and official economic policy, also saw the divestment of profitable state public corporations to private interests, many of which were owned by key politicians themselves (Jomo 1995). A specialist automotive assembly works, Sarawak Motor Industries (SMI), set up in 1973 primarily to promote and accelerate domestic industrialization under bumiputera ownership and management by importing and assembling completely knocked-down BMW luxury cars, HINO trucks and Toyota automobiles for local distribution, was divested to corporate interests linked to the daughter of the then chief minister Abdul Rahman Yakub in 1981 (People’s Mirror 10 April 1987). However, instead of the company growing further, a confluence of unprofessional management, an economic downturn and political troubles saw the eventual collapse of SMI in 1986, with the simultaneous loss of jobs of all its workforce (Aeria 2002).

In the 1990s, a key SEDC industrial enterprise, Cement Manufacturers Sarawak (CMS), was divested to family interests linked to the present
Southeast Asian Responses to Globalization

Chief Minister of Sarawak, Abdul Taib Mahmud, via a series of corporate acquisitions. Subsequent divestments, corporate restructuring, reverse takeovers and acquisitions ultimately saw the Mahmud family gain a majority stake in CMS. By 1996, CMS had consolidated its cement business, the financial and brokerage services of Bank Utama and Sarawak Securities, and the shipping interests of Archipelago Shipping under one roof. CMS, once the publicly-owned cement producer, had become the private-sector diversified conglomerate encompassing stock broking; road construction and maintenance; water supply; quarry operations; premix manufacturing; manufacture of steel bars and wire mesh; trading and group product marketing; manufacture and sale of cement; and investment holding (The Star 4 October 1994). This consolidation made it the unrivalled conglomerate in Sarawak and one of the major players in the Kuala Lumpur Stock Exchange (CMS 1996a; 1996b). CMS renamed itself Cahya Mata Sarawak. Its new corporate slogan also envisioned itself going global as the ‘financial and infrastructural conglomerate of Sarawak and beyond’.

Given its superlative links to the Chief Minister, the state government assisted CMS’s corporate growth by systematically channelling numerous projects and contracts to CMS, specifically to one of its subsidiaries, PPES Works, in which the state government had a minority shareholding. This ensured that CMS always maintained a profitable balance sheet ever since it was privatized. CMS also greatly expanded its cement and steel production facilities in response to a massive economic boom in the construction sector in the 1990s and in anticipation of further lucrative projects, especially the massive Bakun hydro-electric project costing an estimated RM15 billion (INSAN 1996). These new steel and cement plants were financed by large short and long-term loans from both local and international offshore money markets, notably the Labuan International Offshore Financial Centre. Critics, however, have charged that Bakun is unnecessary, represents a drain on public resources, is damaging to the environment, has potential negative consequences upon the economy and has had a severe negative impact upon natives living in the catchment and resettlement area. Additionally, it is not anticipated that the benefits accruing from Bakun will be distributed equitably (Concerned NGOs on Bakun 1999; Bakun Region People’s Committee 2001; International Rivers Network 2001; Sahabat Alam Malaysia 2002).

Further, the state government has promoted a cash-crop agricultural policy that has seen numerous oil palm plantations being set up over the last decade on fallow native lands and degraded logged
over forests to take advantage of high global commodity prices. These large-scale oil palm plantations are geared towards the international export market and are seen as Sarawak’s response to the demise of its timber industry. Indeed, many of these new oil palm operators were formerly involved in logging and the timber trade. To ensure that these large plantations have access to secure land, the Sarawak government has proposed a land scheme aimed at transforming ‘wasteful and unproductive’ Native Customary Rights (NCR) land into economic assets under a ‘Konsep Baru’ (New Concept) approach. Under Konsep Baru, NCR land is first consolidated and then passed over to a private plantation concern for agricultural development (IDEAL 1999). Despite the fact that most of Sarawak’s soils are largely infertile, there has been much official pressure put on local natives to allow their lands to be used for large-scale development of commercial oil palm plantations.

The essence of Konsep Baru is that natives develop their land jointly with a government agency and private plantation capital, for which purpose a joint-venture company would be set up. The government agency would hold in trust the interests and act on behalf of the landowners. Shares would be allocated to all parties, but with the private plantation company getting the lion’s share. The most oft-quoted model sees private capital receiving 60 per cent shares, natives 30 per cent and the state government agency 10 per cent (IDEAL 1999: 77). The private sector and trustee would pay cash for their shares, which would be injected into the company as working capital. Native landowners’ equity would, however, be paid for through their land value. In addition, natives are required to sign over power-of-attorney, surrendering all rights over their land to the private joint-venture company (JVC). Natives will not have the right to sit on the boards of the said joint-venture companies, meaning that they will have no say over the development of their land or management of their JVC. In exchange, the company would apply and be granted a leasehold title to the land for 60 years. Current legislation suggests that the land may be returned to the natives when the lease expires, provided the JVC ends up making a profit. Annual dividends are also expected to be paid but only after the JVC has begun to turn in a profit.

The state government remains optimistic about Konsep Baru. But, unlike the FELDA experience in peninsula Malaysia where restrictions on the land market have had a relatively positive impact on poor rural Malays, the majority of natives in Sarawak have serious reservations and remain unconvinced that Konsep Baru will enhance their property rights.
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over land (Majid Cooke 2002). If anything, their experience over the years has shown that the state government and big business have regularly encroached and even usurped their property rights over land, be it in the name of timber extraction or commercial land development (WRM and FM 1998; IDEAL 1999). Furthermore, compared to Peninsula-based FELDA schemes, Konsep Baru envisions natives working their own land as plantation labour not for themselves, but for the majority share interests of commercial plantations and the state government. And unlike FELDA, which is run on a non-profit and self-sustaining basis, natives under Konsep Baru would only have access to a 30 per cent share of all profits and dividends, while the commercial operation and the state government would have access to more than twice the level of profits relative to natives. Natives would also have much weaker property rights over their own land, unlike FELDA settlers. Effectively, natives will lose all rights to their own land, given a lack of participation in decision-making in the joint venture as well as the fractured nature of their shareholdings. In other words, large-scale oil palm plantations under Konsep Baru in Sarawak are targeted at disproportionately benefiting plantation capital and their corporate shareholders while increasing the vulnerability of natives (Majid Cooke 2002).

POLITICAL PROTESTS, AUTHORITARIAN ACTIONS AND DISENFRANCHISEMENT

Globalization and capitalist development have, however, not occurred seamlessly in Sarawak. Indeed, they have often and regularly been contested by the natives of the state. In contrast, the State has often acted as capitalism’s authoritarian handmaiden, protecting and securing it against all opposition.

With assistance from local and international NGOs, disenfranchised natives have repeatedly resorted to road blockades, media campaigns and legal contests since the mid-1980s to highlight their protests at the loss of their lands and livelihoods to logging and oil palm plantation development. Activities have encompassed high-profile local and international media campaigns, international parliamentary visits, global consumer boycotts and even the local sabotage of logging equipment and plantation infrastructure.

Natives adversely affected by oil palm plantation development have both legally and physically resisted such development only to find
themselves intimidated, arrested and jailed by police. For example, since 1987, the nomadic Penan communities of Ulu Baram have peacefully barricaded roads to protect their NCR lands from logging encroachment. In consequence, they have consistently been intimidated by logging companies assisted by armed para-military Police Field Force personnel. The Penan have reportedly complained of intimidation and harsh treatment, with PFF personnel pointing their guns towards them, discharging tear gas to disperse blockades or arresting them. Frustrated natives from other districts throughout Sarawak have also consistently taken matters into their own hands to defend their NCR lands from logging activities, given the inability of the State and the police to protect their interests. Such action has unfortunately also given rise to fatalities. In 1997, Iban villagers in Bakong, Miri clashed with police who had attempted to retrieve some bulldozers that had been earlier seized by the villagers’ intent on protecting their NCR lands from commercial development. Eight policemen and three villagers were injured in the clash and one villager died from gunshot wounds to his head (IDEAL 1998).

Furthermore, natives have also resisted intimidation from local gangsters hired by oil palm companies to evict them from their lands. In September 1999, a violent clash between Iban natives of two longhouse communities (Rumah Busang and Rumah Bali in Miri) and workers of a commercial contractor over land clearance resulted in the death of four workers, with three others injured. This clash erupted after the villagers were harassed by gangsters hired by the contractor, with the police doing little to resolve the tensions between both parties despite many police reports by natives. Instead, after the violent clash, 18 villagers were arrested and made to stand trial for murder, one of whom was a juvenile (BRIMAS 1999). Native protesters and their supporters have also written to elected assemblymen, contacted ministers in government and senior civil servants and even taken out legal cases against companies encroaching upon their lands, all, to little avail.

Instead of responding positively to such blockades and native protests, the State has on different occasions detained without trial NGO activists, repeatedly intimidated whole native communities, enacted legislation prohibiting blockades of timber roads, prosecuted and jailed key local community leaders for blockade and protest activity, ignored the native customary rights of local communities, while nearly always supporting the concession rights of logging and oil palm companies with a view towards harvesting timber and oil palm as key economic resources.
Such land disputes and conflicts reflect native resistance to globalization. But they also attest to the fragile institutional and political rights of natives, reflect the absence of good governance and highlight weak democratic practices of an authoritarian State bent on advancing globalization and the pecuniary interests of specific groups and individuals, but at local native expense (IDEAL 1999; Rengah Sarawak 2000).

However, more effective than coercion has been the role of the State in ‘persuading’ natives to support the dominant programme of globalization and capitalist development via a ‘politics of development’ ideology of the governing Barisan Nasional (BN). Central to this approach is the understanding that since the BN heads a developmental state anchored by the NEP/NDP, development must thus take precedence over politics and indeed even democracy. This approach has been a cornerstone policy of the present Chief Minister’s administration. And it has been used time and time again, especially during election periods, to persuade much of the electorate (especially in rural areas) into voting for the BN. In essence, communities that support the BN will continue to receive development projects, and those that do not end up being ignored and neglected. For example, after viciously fought electoral campaigns in 1987 and 1991, numerous rural Dayak communities were victimized and denied development funds and projects by the BN government. Local disputes induced by political differences often led to the break-up of local longhouse communities in which those factions unsupportive of the BN were denied development projects (Mason 1995; Ngidang 1995). In contrast, communities supportive of the BN have been showered with millions of ringgit worth of projects. It has been estimated that for the 1996 Sarawak state elections, a total of RM476.5 million, or an average of RM7.68 million per constituency was spent by the BN under the guise of ‘delivering development’ (Aeria 1997a). In a largely rural and undeveloped state, such a philosophy has had undoubted impact. And it has not only successfully secured continuing BN rule in the state, but has done so at the expense of genuine democratic choice.

In addition, genuine electoral choice has been undermined during elections via the systematic bribing of voters through direct financial handouts in exchange for votes. Such democratically debilitating practices have been prevalent in Sarawak since the late 1960s (Milne 1973; Leigh 1974). Today, anecdotal accounts proliferate of the myriad and creative ways in which money has been distributed in Sarawak elections to secure votes. For example, in the 1995 parliamentary
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elections, a BN electoral candidate paid a local Kapitan China (Chinese community headman) a large sum of money for re-distribution amongst Chinese voters in a parliamentary constituency within the Kapit division. Each voter was offered RM150, with RM50 being paid up-front with the promise of a further RM100 if the candidate won the election. All the Chinese voters who took the RM50 were also issued with 'Form E', an official form of the Election Commission identifying the person as a candidate’s campaign agent. Regarded as a proxy ‘I.O.U. note’ (ST 27 September 1991) during electoral contests, this form was issued guaranteeing voters the remaining RM100, in the event the BN candidate won the election (Aeria 2002).

In the 1996 state elections, many rural voters in the Bukit Begunan constituency received cash handouts in exchange for their votes. One voter received RM100 from a BN party worker, a relative of the BN electoral candidate, outside her voting centre, a primary school in Kampong Apiang, Pantu on polling day. The BN party workers distributed the money from a bag on the table at a stall just outside the polling centre, ticking off the names of voters from the voting centre’s electoral roll after they had received the money. Party workers from the opposing candidate’s camp also distributed RM150 to each of their supporters in Kampong Limau, Pantu to ensure that they did not switch camps. In Kampong Selepong Berangan, Sri Aman Division, voters each received a total of RM200 from party workers of both candidates, who sought to outbid each other in cash handouts to induce the villagers to support their candidate. And on 5 September 1996, BN party workers set up a stall in Lachau Bazaar and proceeded to openly distribute RM20 as an inducement to voters to elect the BN candidate. They marked the palms of all who lined up to collect the bribe with an ‘X’ after they had been paid. Amazingly, these corrupt payments were made in full view of the police, who calmly observed the whole procedure. Given such unabashed vote buying, the judiciary was constrained to declare the Bukit Begunan election null and void, a historical first for the country (Borneo Post 28 January 1997; ST 14 February 1997; Aeria 2002).

Accordingly, despite regular elections in Sarawak, the extensive use of money to influence their outcome has only undermined electoral institutions and increased general political cynicism in the state. Many voters are aware that while their votes are important, money has effectively undermined the rules of the electoral game, such that its use to influence electoral outcomes has become more important and often more effective than the power of persuasion, argument, ideology or
political conviction. It has also undermined the political and social contract that is inherent in any electoral compact between an elected representative and his/her constituents, wherein representation of the electorate’s interests and accountability to the electorate is paramount. Instead, loyalties of elected representatives are presently skewed more towards major corporations that they either own or are closely associated with, and to other major political patrons from whence come their electoral funds (Aeria 2002).

It is thus perhaps not coincidental that total voter turnout in Sarawak has declined, from a high of 80 per cent in 1969 to a low of 63.8 per cent in 1996 (Aeria 1996). The resort to cash bribes to purchase votes has reduced voters into essentially powerless actors contributing to the charade of an electoral contest. Honest voters futilely attempt to influence electoral outcomes and the policy path of government. On the other hand, bought voters who sell their vote to the highest bidder undermine the franchise of honest voters and, ipso facto, the democratic process. The whole process only deepens powerlessness amongst the electorate, with elections being perceived as occasions to make a ‘fast buck’ instead of one to hold a government to account for its previous tenure in office or even to articulate substantive alternative policy positions. In other words, bribing voters has become a sinister and highly effective process of disenfranchisement of the electorate, serving to cut off voters from the policy-making process, and from other democratic processes of representation, transparency and accountability. In such circumstances, elected representatives do not need to be accountable to their electors, since they are not beholden to them. Neither is programmatic politics relevant.

Complicating democratic representation further is the fact that two of the four political parties in the governing Sarawak BN coalition have presently splintered asunder, owing to ongoing contests between different factions for the spoils of office. The Sarawak National Party (SNAP) split asunder in 2002 after an intense factional fight over its leadership before it was deregistered. Factional leaders acceptable to the State government leadership subsequently formed a new party, the Sarawak Progressive Democratic Party (SPDP), which was immediately accepted into the governing coalition. In 2003, the Parti Banja Dayak Sarawak (PBDS) also split along factional lines over a leadership tussle. The factionalism proved fratricidal when the party got deregistered late in the year (Khoo 2004). Such factionalism is not uncommon. It is usual in Sarawak and is often most evident in the run-up towards elections when intense intra-party factional contests and electoral jockeying
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occur, as was the case in the 1996 state election (Aeria 1997a). In consequence, local politicians are widely perceived as being more prone to using their political and government positions to enrich themselves and to advance the interests of their families and supporters, rather than being model champions of democratic representation or the strengthening of rational institutions.

CONCLUSION

This paper has attempted to identify the local agents of globalization in Sarawak, as well as the institutional processes at work that secure their access to a disproportionate share of the state’s developmental benefits. While globalization has brought about beneficial developmental changes to Sarawak, it nevertheless has occurred through a process of institutional change that has reinforced authoritarian politics and non-competitive capitalism. In the process, the local agents of globalization, namely large local capital and politicians linked to them, have benefited greatly, while natives have lost out. Economic activities have also degraded the environment, with consequences that have increased native vulnerability. Under the present circumstances, given the particular character of property rights institutions and political institutions of authoritarianism and patronage, globalization in Sarawak means increased inequalities despite a general increase in overall development in the state.

Neither has development led to a flowering of democracy, nor has it enhanced citizen participation in politics and government. In contradistinction, development wrought by globalization has been accompanied and aided by increased authoritarian government in the state. Individual and community protests opposed to ‘development projects’ have on numerous occasions been violently suppressed, some with fatal consequences. Further, the resort to development project patronage and direct financial handouts during elections has resulted in political cynicism, a sense of powerlessness and the stymieing of democracy.

This state of affairs, however, need not last forever. The question in the case of Sarawak is whether such progressive political forces exist and whether they can be brought to bear upon the present political and institutional configuration in sufficient strength to bring about significant change. After all, just as the historical development of capitalism has led to Sarawak’s democratic impasse, so too a new
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conjuncture of politics, business and the State could potentially bring about a more equitable and democratic form of capitalism.

NOTES

1 Prior to its incorporation into a global capitalist economy, Brunei, of which Sarawak was then a constituent part, played an important role in the international trade of forests products with China and India (see Tarling 1971). That trade, however, was not part and parcel of the present global economic order.

2 In excess of £2 million (see Reece 1993: 76).

3 Singapore, however, seceded from the Federation in August 1963.

4 In 1970 Malaysian ringgit.

5 Development here means ‘to increase the economic, political, and civil rights of all people across gender, ethnic groups, religions, races, regions and countries’ (World Bank 1991b: 31). Such a definition entails not only the achievement of economic development, which is defined as ‘a sustainable increase in living standards that encompass material consumption, education, health, and environmental protection’, but ‘notably more equality of opportunity, and political freedom and civil liberties’ (ibid).

6 There is a wealth of information about indigenous resistance to logging and timber extraction in Sarawak (see Hong 1987; Colchester 1989; INSAN 1989; WRM and SAM 1989; Phoa 1995; Amnesty International 1997a, 1997b; Sabihah Osman 2000), a trade that is intrinsically linked to the global trade for tropical hardwoods (Nectoux and Kuroda 1989; ITTO 1990; World Bank 1991a; WRM and FM 1998).

7 Capitalism is defined by the private ownership of the means of production; the production of goods and services as commodities for exchange; the sale of labour power; and the individualistic, acquisitive, maximizing behaviour to accumulate capital (Hunt 1979: 2). Yet, there is no one definitive way to organize these elements. In fact, there are many different types of capitalism. For some theoretical expositions about how differently capitalism can be organized, see Heilbroner 1972; Hunt 1979; Barratt Brown 1984. For some real-life conflicts between different systems of capitalism, see Albert 1993; Ide 1997; and The Economist 8 April 2000.

8 I use the noun ‘State’ (with a capital letter) to refer to the sovereign political-administrative entity with the legitimate authority to govern and enforce compliance within a territorial entity. It embodies the ‘set of institutions [and] organizations established over time by people within a society, inhabiting a defined territory, that govern the relations
among people within the society and their relations with others outside the society’s boundaries, according to rules, claimed to be universal, that are coercively enforced. In addition to upholding and presiding over the evolution of property rights, State institutions are responsible for both internal policing and external protection, and whatever other administrative functions that have evolved over time. They also take charge of the collection of societal resources to accomplish these tasks’ (Putzel 1992: 36; fn.16). When used as an adjective and without a capital letter, ‘state’ refers here to the regional territory of Sarawak.

9 Contradicting his own position, Ooi notes that certain experiences eventually led all the Rajahs, while supposedly still supportive of free trade, to view all large commercial enterprises with ‘genuine anxiety’ and adopt hostile attitudes towards large-scale capitalist enterprises but always in protection of native interests (Ooi 1997: 19–79).

10 Two British companies that largely benefited from trade monopolies granted by the Brooke Raj were the Borneo Company Limited (BCL) and the Anglo-Saxon Petroleum Company (ASPC). BCL held lucrative long-term gold, quicksilver and antimony mining concessions as well as substantive interests in the ‘sago industry, the coasting trade, Kuching-Singapore shipping, banking, insurance, infrastructure development, cash cropping, import-export, and as agents and brokers for a score of Western firms’ (Ooi 1997: 293). ASPC held a monopoly on the extraction of petroleum after it struck oil in Sarawak in 1910. It was subsequently granted a 75-year mining concession to extract petroleum. The Brookes themselves held monopolies over antimony production, opium, arrack, gambling and pawnshops at various stages (Ooi 1997).

11 Despite the Japanese governing Sarawak between 1941–46, no significant political or economic institutional changes were made. Thus, I will not discuss this period of Sarawak’s history. Readers interested in this phase of Sarawak’s history are referred to Reece (1993) and Ooi (1999).

12 ‘Confrontation’ or konfrontasi refers to Indonesia’s political and diplomatic opposition to the formation of Malaysia, which deteriorated into armed conflict in April 1963, mainly in the border areas of Sarawak and Kalimantan. The Bangkok Accord of 1966 ended konfrontasi (Porrit 1997: 105–110).

13 The Federal government’s political hatchet man during this and many other episodes of intervention was Syed Kechik bin Syed Mohamed. Syed Kechik played a key role in undermining the legitimate government of Sarawak in 1966 as well as an important behind-the-scenes role in engineering the emergence of Chief Ministers and state cabinets more amenable to the diktat of the federal government in 1967 and 1970 (see Ross-Larson 1976).
The two key Muslim leaders were Abdul Rahman Yakub and his nephew and political protégé, Abdul Taib Mahmud. Both were held in high regard and trusted by the Federal Government. Rahman Yakub was also a Federal government minister at that time.


Principally, this has been through ‘transfer-pricing’. The process involves the issue of false documentation at export source where high-grade timber is declared as low-grade timber to reduce taxation, often in collusion with Forestry and Customs officials. New documents reflecting the real value of the timber are drawn up during transit along with new bills of lading and certificates issued overseas (e.g. in Hong Kong), to facilitate the sale of expensive timber, which earns super-profits for the logging concerns (Thompson 1993: 511).

The NEP embodied two key objectives, namely the eradication of poverty and the restructuring of society so as to eliminate ethnic identification with economic function. Apart from affirmative action in educational and employment opportunities, the NEP also ensured that the State pushed for corporate restructuring aiming to create a new Malay middle class and business community, which were targeted to own 30 per cent of the corporate sector by 1990 (Malaysia 1971).

Cahya Mata’ literally means ‘light of the eye’. Figuratively, it means ‘favourite child’. Considering that Taib Mahmud’s sons run CMS, its name is not unintentional. Sarawakians often quip that CMS also stands for Chief Minister and Sons.

Taib Mahmud has staunchly backed this project from the very beginning, citing it will provide safe and cheap power for use in Sarawak as well as for sale to the peninsula via an underwater cable. In his opinion, it has obvious socio-economic benefits, since nearly RM300 million has been paid out to about 10,000 people to resettle them in new ‘economically viable communities’. Said Taib, ‘We are hoping that with plantations developing around the resettlement area and the growth of a new township, the people living in scattered and isolated pockets in one of the most inaccessible areas of Sarawak will benefit from a planned and modern economy ... [T]he local people will not only experience a new and economically beneficial way of life but also, at the same time, will be able to preserve their culture and environment’ (Chan 1998: 39).

The ITTO Report (1990) notes that only some 28 per cent of Sarawak’s soil could be described as potentially suitable for agriculture, of which 11 per cent is definitely suitable, 12.5 per cent moderately suitable and 14 per cent marginally suitable. And this is not a recent view either.
Even in 1873, the Brooke government recognized the poor quality of Sarawak soils (Ooi 1997, Chapter 5).

21 The use of the word ‘may’ does not inspire confidence among natives since it does not suggest that they will receive their land back after the lease expires.

22 Both BN and opposition electoral candidates are known to be involved in direct financial handouts during elections. I only make references to the BN because their actions as caretaker government have a larger bearing upon the electorate than those of the opposition. In addition, my research has focused more on the BN than upon the opposition.

23 Thousands of ‘Form E’ have routinely been distributed in rural areas during electoral campaigns in Sarawak, under the pretext of authorizing villagers to campaign on behalf of a candidate.

24 It is possible that the Election Commission is not aware of such practices. However, it is more likely that it does not act against such corrupt practices, given its weak and even powerless role within an authoritarian polity (Aeria 1997b).

25 Polling in Sarawak began on 10 May 1969 but was suspended following a nationwide declaration of emergency after the outbreak of communal violence in Peninsular Malaysia on 13 May. Polling re-commenced in June 1970.

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The collapse of the New Order government of President Suharto in 1998 marked Indonesia’s transition from authoritarian rule into a more democratic system of government. As will be seen below, both the rise and the fall of the New Order regime can be attributed to the complex interplay between domestic forces and international dynamics.

The New Order regime emerged at the height of the Cold War period, when Western countries, led by the United States, pursued a policy of containing communism. To that end, the Western bloc gave support to developing countries that demonstrated an equally anti-communist stance, in the form of economic aid, military package and even overt political support. Although the West regarded itself as the champion of democracy, Western policy in fact helped to prop up authoritarian regimes in different parts of the world, including in Indonesia, as long as these regimes were anti-communist. The military-dominated New Order government, which restricted civil and political liberties and promoted crony capitalism, was generally applauded by the major Western countries for bringing political stability and economic development to Indonesia, thereby saving Indonesia from the communist virus.

The demise of the New Order political structure can also be attributed to a considerable degree to the fundamental changes taking place in the international political and economic systems. With the ending of the Cold War in the late 1980s, international relations agenda as promoted by the West shifted away from bipolar ideological conflict
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to such issues as the promotion of democracy, human rights, environmental protection and market liberalization. Combined with the forces of globalization, in particular the revolution in information and communication technology, these changes in the international environment helped to strengthen and embolden pro-democracy forces in Indonesia, which in an earlier era could easily be silenced by the government. As the New Order government faced both international and domestic pressures to reform, it was ill prepared to face the onslaught of the financial crisis that swept through Southeast Asia and Northeast Asia in mid-1997. The forced resignation of President Suharto on 21 May 1998, amidst riots triggered by the deepening economic crisis, not only brought about a change in government, but more importantly, it ushered in a new era of Reformasi, or reform, that seeks to dismantle the authoritarian political structure and replace it with a more pluralistic, participatory, transparent and accountable system of government. The Reformasi movement also seeks to dismantle economic monopolies and to fight corruption, collusion and nepotism (KKN), which had characterized economic practices under the New Order, and to promote good and clean governance instead.

This chapter looks at the link and the interplay between the domestic and external factors that contributed first to the boom and then the bust of the Indonesian economy. It further investigates the social and political changes taking place, which finally led to the popular uprising against the Suharto regime and the move towards democratization.

The chapter is divided into four parts. The first part will provide a brief analysis of the New Order structure, underlining its twin emphases of political stability and economic development and its dependence on, as well as support by, the industrialized countries. The second part discusses Indonesia’s economic liberalization since the mid-1980s, which further integrated the country into the world economy and the international capital market. We will also look at the socio-political changes that took place in Indonesia as a result of rapid economic development and globalization, focusing on the emergence of a middle class and an increasingly critical civil society demanding political liberalization to accompany the economic liberalization. This development coincided with major changes in international politics in the post-Cold War period, that increasingly put authoritarian regimes on the defensive. The third part looks at events immediately preceding Suharto’s fall, which clearly pointed to the predominance of the global factor, particularly the regional monetary crisis that started with the
collapse of the Thai baht, in which Indonesia was the worst hit. The concluding part argues that the recent happenings in Indonesia were the direct consequences of both the New Order’s inability to recognize and adapt to the fundamental political and economic changes taking place in the international environment, and its unwillingness to accommodate domestic demands for reforms that had been gathering pace as the by-product of Indonesia’s long period of economic development. This part will also look briefly at some of the political reforms that have taken place since the fall of the New Order regime, as well as the impact of the current US-led war on terrorism on Indonesia’s efforts to consolidate its democracy, in particular the struggle to enforce democratic civilian control on the military.

SUHARTO’S NEW ORDER: RIDING THE ANTI-COMMUNIST WAVE

The New Order government, led by the military under Lt General Suharto, was established in 1966, in the wake of the abortive communist coup of 30 September 1965. President Sukarno, who had ruled Indonesia since the declaration of independence in 1945, was accused of being complicit in the coup, for he refused to condemn the Indonesian Communist Party (PKI). Henceforth, the New Order government dominated nearly every aspect of Indonesian lives for 32 years, until the fall of Suharto in May 1998.

The New Order government was virulently anti-communist in its ideology and authoritarian in its politics. The government believed that the best way to prevent the rise of communism was through economic development, while economic development could only be achieved if there were political stability. In reaction to the frenetic politicking of the Sukarno period, the military-dominated New Order government restricted political participation and imposed a very tight control over social and political activities as a whole. The military dominated politics through its dual functions, while the government’s political organ, Golkar, was ensured successive electoral victory by the combined support of the military and the civilian bureaucracy. By restricting political participation and fixing the electoral system, the New Order government reduced the MPR (People’s Consultative Assembly) and the DPR (Parliament) into nothing more than a rubber stamp for the Executive. The Suharto government justified this political restriction as necessary for stability, a prerequisite for economic development.
There was little doubt that the success and longevity of the Suharto government, and the New Order as a whole, owed a great deal to Cold War global dynamics. As Indonesian politics under President Sukarno increasingly turned to the left, culminating in the Jakarta-Hanoi-Pyongyang-Peking axis by the mid-1960s, the US government actively cultivated the Indonesian military in their common opposition to the growing influence of the Indonesian Communist Party (PKI). Recently released official documents in the United States clearly show the extent of US involvement in the counter-coup launched by the military against the PKI and its followers. The American Embassy in Jakarta apparently provided the Indonesian military with the names of people suspected of being members of the PKI, and this document was used by the military to wipe out the PKI. It is unclear how many people were actually killed in the months following the abortive coup; the numbers ranges from 100,000 to 1,000,000 but clearly the number was huge. The US government, through its Jakarta embassy, also provided funding to an anti-communist civilian group.

American and Western support for Suharto’s New Order government was part of the formers’ global strategy for containing communism. Sukarno was seen as a threat to Western interests because of his close relations with the communist countries, particularly with the People’s Republic of China. By the same token Suharto and the Indonesian military as a whole were regarded as allies because of their staunch anti-communist stance, though Indonesia was never formally an ally of the United States. Although American troops were losing the war in Vietnam, communist defeat in Indonesia allayed Western fear that the whole of Southeast Asia would succumb to communism as envisaged by the so-called domino theory.

Throughout the Cold War period the New Order government enjoyed the support of the United States, Western European countries and Japan. These countries provided Indonesia with financial and other economic aid, as well as with technical assistance. A donor consortium known as the Inter-Governmental Group on Indonesia, or IGGI, was established, composed of major industrialized countries and international financial institutions such as the World Bank and the International Monetary Fund (IMF). The IGGI provided large-scale loans and grants to Indonesia on an annual basis. The IGGI was replaced by the Consultative Group on Indonesia (CGI) in 1992, after the Dutch coordinator of IGGI fell foul with Suharto because of his criticisms of Indonesian policy in East Timor. The CGI has since been coordinated by the World Bank, while the Netherlands has not been
invited to join. Besides providing capital and technical know-how, the major industrialized countries also provided Indonesia with market access for its exports.

Besides the generally close economic relations between Indonesia and the West, the Indonesian military also maintained very close links with the United States throughout the Cold War period. Besides providing training for Indonesian military officers, the United States provided Indonesia with military hardware, including advanced technologies such as helicopters and aircraft fighters. For instance, Indonesia was able to purchase a dozen F-16 fighter aircraft from the United States. The United States only made these technologies available to countries that it regarded as friendly to its interests, or of whom Washington politically approved. Despite Indonesia’s formal adherence to a free and active foreign policy, its defence relations with the United States until the end of the Cold War were extremely close, so that, as Juwono Sudarsono (1979) wrote, Indonesia in fact became a de facto ally of the United States.

Notwithstanding the authoritarian nature of the New Order government and the criticisms levelled at Indonesia’s poor human rights record, particularly in East Timor, until the collapse of the Berlin Wall, the major industrialized powers maintained high levels of economic and political support for the Suharto government. The evidence of international support, as well as the economic achievements of the Suharto government, which improved the welfare of the Indonesian peoples as a whole, helped to mute public discontent against the New Order’s authoritarianism.

This is not to say that there was no opposition to Suharto’s rule. In fact, the 1970s saw two major anti-government demonstrations. The first was the so-called Malari riot of January 1974, when student demonstrations against the visiting Japanese Prime Minister, Tanaka, degenerated into a full-scale anti-Japanese riot, protesting against the perceived domination of the Indonesian economy by Japan. The second was the 1978 student demonstration, centred on the elite Bandung Institute of Technology (ITB), when students called for President Suharto to step down. During both occasions many student leaders were arrested and jailed. A number of older politicians and retired military officers, many formerly close to Suharto, including General Nasution and Ali Sadikin, also became vocal critics of the government. In May 1980 they signed a petition (*Petisi 50*), which they delivered to Parliament, criticizing Suharto’s narrow and self-serving interpretation of Pancasila and his policy of promoting the col-
laboration between the military (ABRI) and Golkar, when ABRI should have been above all social forces (Elson 2001: 194–231).

Nevertheless, Suharto was able to crush all oppositions without too much difficulty. Political control was tightened even further, such as by banning all political activities from university campuses and the imposition of tight media censorships. Critics of the government, like the members of the Petisi 50, suffered imprisonment or at the very least political, social and economic marginalization.6 In the 1980s Suharto’s New Order seemed invincible (Liddle 1985: 68–90 and 1987: 180–191).

AUTHORITARIANISM ON THE DEFENSIVE

Until the onset of the economic crisis, Indonesia had enjoyed almost uninterrupted economic growth for three decades. Great strides were made in the improvement of living standards as the New Order government, with the support of donor countries and agencies, pursued a policy of green revolution, universal literacy, family planning and industrialization. From one of the least developed economies, by the middle of 1990s Indonesia seemed to be poised to join the ranks of the region’s newly industrialized economies (Bresnan 1994).

Although it was recognized that the process would be slow, the emergence of a new middle class in Indonesia as the result of the new wealth and education opportunities was expected to lead eventually to a more democratic political system. The growing political consciousness of the population, who increasingly demanded participation in the decision-making process, indicated that eventually the country would need to ease its political restrictions. Because of its huge size and diversity, it would have been difficult for the Indonesian government to sustain tight control over the population, while keeping them equally satisfied materially, for an indefinite period.

The expectation of Indonesia’s evolution to democracy as the result of an increasingly vibrant civil society received a boost as the private sector came to replace the government as the primary driving force of the Indonesian economy from the middle of the 1980s onward. This fundamental change in Indonesia’s economic strategy was primarily brought about by global events, which forced Indonesia to adjust its economic strategy to remain competitive. The sharp fall in the price of oil in the early 1980s caused a severe financial crisis in Indonesia, particularly as the country was already burdened with huge foreign debts that had to be serviced. The Indonesian government, therefore,
carried out a series of deregulation and de-bureaucratization measures to make the economy more efficient and adapt to market mechanism, to attract private foreign and domestic capital. Indonesia’s de-bureaucratization drive was probably also a response to the general economic liberalization trend spearheaded by the Reagan administration in the US and by Margaret Thatcher in Britain.

Through the so-called Pakto (Paket Oktober) 88 of October 1988, the government deregulated the banking sector, resulting in a shift from state domination of the banking system to a more liberalized system of banking in which the private sector played an increasingly significant role. The number of private banks grew rapidly so that by the middle of the 1990s, the private bank share was about 50 per cent, while before the Pakto 88 the state banks’ share of total funds and credits was about 70 per cent. The number of private banks in Jakarta rose from 104 to 213 in five years between 1988 and 1993. For the 1994–99 development period, it was projected that the private sector would provide over 70 per cent of total investment (Rachbini 1999: 13–40).

Although this policy was later to prove disastrous for Indonesia, for economic liberalization without adequate public and corporate governance led to mismanagement, huge private sector debt and rampant corruption, for more than a decade economic liberalization led to a new boom in the Indonesian economy. Furthermore, to reduce Indonesia’s dependence on exports of oil and other primary commodities, which were vulnerable to global fluctuations in demand, the government also encouraged the diversification of the Indonesian economy by promoting the growth of the country’s manufacturing sector. Unlike the primary industry, which is controlled by the state, manufacturing activities are mostly carried out by the private sector.

The new structure of the Indonesian economy from the middle of 1980s, therefore, greatly reduced the role of the state and increased the size and importance of the private sector. Drawing from the Western European experience of the eighteenth and nineteenth centuries, it is generally assumed that the existence of an autonomous bourgeoisie is critical for democratic transition and consolidation. In the 1990s, non-state economic players proliferated, all adding to the growing complexity of Indonesian society. Growing competition among economic players in Indonesia led to calls for greater transparency in the decision-making process, such as in awarding government contracts, as well as for greater legal certainty. Entrepreneurs chafed at bureaucratic inefficiency, arbitrariness and cupidity that contributed to a high-cost economy, making Indonesian exports less competitive in the world market.
The increasing dissatisfaction with the closed New Order political system was further intensified by the fact that economic deregulation had enabled the Suharto families and cronies to carry out monopolistic economic practices, thus marginalizing those without connection to the palace or Cendana. The greed of the Suharto families and cronies undoubtedly played a major role in the development of popular resistance against the New Order regime. Although economic development had improved the overall income of the population as a whole, reducing absolute poverty from about 60 per cent of the total population in 1970 (around 70 million people) to an estimated 11 per cent, or around 21 million people by the middle of 1990s (Far Eastern Economic Review 5 April 1997), economic deregulation had also widened the economic gap. It was popularly estimated that before the economic crisis, a few large conglomerations, mostly owned by Suharto's children and cronies, mostly of ethnic Chinese descent, controlled over 70 per cent of Indonesia's private capital (Robison 1986).

The single most decisive international factor undermining the authoritarian structure of the New Order government, however, was undoubtedly the ending of the Cold War. The disintegration of the Soviet Union and the collapse of the bipolar world structure brought about fundamental changes in the global agenda as well as in the relations between developed and developing countries. From concerns about ideology and military security, economic issues increasingly dominated international relations. Developed countries became much more concerned about their domestic economies and trade deficits, as well as about economic competition from overseas. The United States and its allies regarded the collapse of international communism as a victory for market economy and an opportunity to promote liberal democracy and human rights worldwide (cf. Saliha and Lopez, this volume).

These changes in the global agenda worked to the disadvantage of developing countries such as Indonesia, which in the past had attracted Western support in part because of its anti-communist credential. Although the New Order government’s poor human rights record at times invited Western criticism, Western governments did not in general link economic with non-economic issues in their dealings with developing countries. This situation changed drastically in the post-Cold War period.

With the ending of the Cold War, Indonesia to some extent lost its strategic importance vis-à-vis the United States and its major allies. The raison d’être for propping up authoritarian regimes simply because
they were anti-communists was gone. Even worse for the New Order government and similar regimes elsewhere, from being seen as valued allies or friends of the United States, they suddenly became the targets of American criticism, not just by Congress but also by the administration. The Democratic administration under President Bill Clinton formally pursued a foreign policy designed to promote worldwide democracy and human rights, as well as to ensure the opening of international markets for American products. Unlike earlier American administrations, which refrained from interfering too far in Indonesian domestic politics, the Clinton government had no such compunction and espoused intervention in the domestic affairs of other countries as a foreign policy strategy (Cipto 2002).

At the same time the 1990s also saw a rise in protectionism in the industrialized economies. After the signing of the Maastricht Treaty in 1991, there was a perception that the European Union (EU) was building a ‘fortress Europe’, discriminating against goods coming from non-EU members. North America was building a North American Free Trade Area (Nafta), consisting of the United States, Canada and Mexico, which also made it difficult for countries outside this trading bloc to enter the Nafta markets. The growing economic prowess of the Northeast Asian and ASEAN economies, while much admired and praised by Western countries, increasingly came to be seen as direct threats to the economies and job security of Western societies. Western governments, pressured by the labour unions, various NGOs and interest groups, began to pursue a generally protectionist trade policy by raising non-trade barriers against goods coming from the developing countries. These non-trade barriers include the linking of market access to labour rights, environmental protection and the issues of political freedom and human rights in general. Western aid and loans to developing countries have also become increasingly tied to political and other non-economic conditions.8

This fundamental change in international politics put authoritarian regimes everywhere on the defensive. Indonesia became a prominent target of international criticism and pressure for a range of issues, such as its human rights abuses, the role of the military, restricted labour rights, its poor environmental protection and lack of political transparency and accountability. In short, the whole political structure and practices of the New Order came under international scrutiny and was generally found wanting. Indonesia’s integration into the global economy and increasing dependence on international capital and markets made it much more difficult for the Indonesian government to
ignore the growing demands to conform to international norms and values, as well as to create better practices in public and corporate governance.

Throughout the 1990s, Indonesia’s relations with the West steadily deteriorated, particularly over the issue of East Timor after the Santa Cruz incident of November 1991, when Indonesian troops fired on civilians in Dili. The United States and other Western governments imposed embargoes on the Indonesian military, including military training and sale of weapons, while the East Timor issue came to dominate much of the agenda in Indonesia’s as well as ASEAN’s relations with the United States and Europe.

The political and economic pressures faced by the Indonesian government throughout the 1990s were compounded by the growing competition among the developing countries themselves for both capital and markets. If during the Cold War Indonesia and the ASEAN countries enjoyed close relations with the major industrialized countries, and almost privileged access to the latter markets, with minimum competition from other major developing countries, the post-Cold War period brought an entirely different scene. Not only were the developed countries more protectionist, their relations with developing countries that did not meet their approval became more acrimonious; equally important, many formerly communist or socialist economies began to adopt capitalism and a market-oriented system. Indonesia now had to compete for capital and markets with such major countries as China, India, Vietnam and the former Soviet Republics. The growing competition among the developing countries for limited global capital and market access clearly made these countries’ position vis-à-vis the developed economies much weaker than before.

Although the Indonesian government had carried out economic liberalization by the middle of the 1980s and tried to improve the country’s efficiency and competitiveness through various deregulation and de-bureaucratization measures, these were no longer sufficient in the face of rising competition and mobility of global capital. While in the earlier period Indonesia had mostly relied on official loans provided by donor governments and agencies, the disbursement of which was as much influenced by geo-strategic as economic considerations, by the 1990s the situation had changed. Private capital, particularly short-term portfolio investments, had taken over as a primary source of capital, whose only interest in coming to Indonesia was the desire to make profits. As long as the economy did well, private capital continued to pour into the country, but at the first sign of
trouble, there was an immediate outflow of both foreign and domestic private capital. Indonesia’s poor public and corporate governance, caused in part by the close connection between the state and big businesses, giving birth to inefficient monopolies and rampant corruption, would later prove disastrous for the country, as the events of 1997 demonstrated. At the same time, the Indonesian economy continued to be highly dependent on foreign debt, both public and private.9

Although a number of undemocratic governments have continued to survive, such as in China, the international environment in the post-Cold War period has become much less hospitable to authoritarian regimes. Civil society movements, which during the previous era had found little international support, began to flourish, emboldened by the new global movement for democracy and supported by a growing number of international actors (Uhlin 1997). The New Order government, therefore, came increasingly under both domestic and international challenges, making it more defensive and isolated.

The 1990s saw the proliferation of non-governmental organizations in Indonesia as well as the emergence of policy advisory institutions or think tanks. The development of these civil society organizations was clearly a direct outcome of Indonesia’s economic achievements, which produced a significant number of well-educated intellectuals as well as some financial capacity. The emergence of these NGOs and think tanks indicates the development of a new pluralism in Indonesian society, one not only based on primordial ethnic or religious differences. These non-governmental organizations played, and continue to play, an important role in reducing the domination of the state over society. The activities of these NGOs include policy advocacy, providing legal aid to community development efforts. Among the more prominent NGOs are LBH (Lembaga Bantuan Hukum), a Legal Aid Institute, Walhi (Wahana Lingkungan Hidup), active in protecting the environment, and YLKI (Yayasan Lembaga Konsumen Indonesia), which looks after the interest of consumers (Hikam 1999: 217–232).

At the same time, the growing pluralism and competition within the political elite have led to the emergence of a number of social organizations and private policy advisory institutions. For instance, in 1990 a group of prominent Muslim bureaucrats, intellectuals and activists established ICMI (Ikatan Cendekiawan Muslim se-Indonesia), the Association of Indonesian Muslim Intellectuals, with the aim of advancing the interests of Muslims, which had been sidelined by the New Order policy (Hefner 1993: 1–35). ICMI also established a think
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tank called CIDES (Centre for Information and Development Studies) in 1992, which engaged in various intellectual activities aimed at promoting democracy and a people’s economy (Anwar 1999). All of these organizations have helped to widen Indonesia’s political space. Throughout the 1990s, intellectual discourse about democratization became increasingly emboldened and sophisticated, while several NGOs openly challenged the government over a number of key public policy issues, such as on the environment, land rights and labour rights.

The emergence of these civil society organizations and their activities in helping to empower society vis-à-vis the state and in promoting political pluralism as a whole, also owed much to the support of the international community. Many NGOs received their funding, in whole or in part, from foreign NGOs. There has also developed a strong international network between a number of major Indonesian and international NGOs acting as a pressure group towards the donor organizations, which regularly review their assistance and loans to the Indonesian government. Through this international networking, the NGOs have tried to persuade the donor countries and agencies to put pressure on the Indonesian government to improve its policy on such issues as human rights, labour rights and environmental protection as a condition for financial assistance. For instance, LBH received 88 per cent of its budget from Novib, a Dutch-based NGO. Walhi formed a strong network with similar NGOs in ASEAN, leading to the establishment of SEACON (Southeast Asian Council) in 1990. The NGOs’ heavy dependence on foreign financial assistance, however, was also a major weakness, for the New Order government closely monitored the financial contributions of foreign countries to Indonesian NGOs. LBH, which was highly critical of the New Order’s human rights abuses, was badly affected when the Indonesian government curtailed all Dutch financial assistance to Indonesia in 1992 in response to Dutch criticism over East Timor (Hikam 1999).

The other forces of globalization, such as the revolution in transportation, communication and information technology, clearly played a considerable role in undermining Suharto’s grip on power and paving Indonesia’s transition to democracy. Thousands of Indonesian students have studied overseas, mostly in the West, learning new skills and ideas, and experiencing living in free societies at first hand. Although the Indonesian government had tried to contain Indonesia’s liberalization to the economic sector, while continuing its tight control of the political system, it found that it could not have an educated manpower that was entirely uncritical and submissive. Indonesia’s
economic achievements have also made it possible for an increasingly large number of people to travel overseas for business or pleasure. Just as earlier in Indonesian history the educated elite had spearheaded the country’s nationalist movement for independence (Van Neil 1960), a much larger group of educated elite is now struggling to develop democracy in the country.

The presence of satellite television and the growing availability of the internet also made it possible for Indonesians to learn of critical events overseas, or within Indonesia, which the conventional local media could not publish or broadcast due to tight censorship. The emergence of pro-democracy movements and the collapse of authoritarian regimes in other parts of the world, as well as greater awareness among Indonesians about human rights abuses and large-scale corruption, undoubtedly helped to galvanize the growing resistance against the New Order regime by the late 1990s. Easier communication, particularly the increased use of e-mails and cellular phones, also greatly aided the ability of students and other pro-democracy activists to exchange information and organize large-scale demonstrations against the government, not just in Jakarta, but also in other urban centres throughout the archipelago. Unlike in the earlier period, when the government could crush opposition such as student demonstrations almost with impunity, given the generally benign attitude of the major Western powers towards the Suharto regime, in the post-Cold War period, the New Order government had to tread more warily so as not to alienate the donor countries even further. Conversely, the more congenial international climate towards democratic aspirations added further impetus to the increasingly bold and large-scale anti-government movements that were spearheaded by university students. In fact, when the government finally tried to crack down on the demonstrations, killing a number of students, it only served to strengthen the students’ resolve to bring Suharto down (Bhakti 1998: 167–178).


Suharto’s resignation was immediately caused by the massive student demonstrations and the rioting that destroyed many parts of Jakarta’s business districts and other urban centres in mid May 1998. There is little doubt, however, that the trigger for Indonesia’s multidimensional crisis which ultimately led to regime change, came from outside.
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As mentioned by a World Bank report (1998: 1.3–1.4) ‘the pebble that began the avalanche’ was the decision taken by the Thai government to float the Thai baht on 2 July 1997, forcing the Philippines to float the peso on 11 July. The Indonesian authorities initially tried to contain the financial crisis by widening the exchange rate band from 8 to 12 per cent, and when it became obvious that the exchange rate band would be too expensive to defend against speculative attacks, the rupiah, too, was floated on 14 August 1997. From that time, the rupiah which was pegged to the US dollar at around Rp 2,500 to the dollar depreciated at dizzying speed. The value of the rupiah vis-à-vis the dollar fell by 10.7 per cent in July 1997, 25.7 per cent in August, 39.8 per cent in September, 55.6 per cent in October and November, and 109.6 per cent in December (World Bank 1998: 1.3–1.4). In fact, at one point in 1998, at the peak of the political crisis, the rupiah reached a low of Rp 17,000 to the dollar.

It is important to remember that at the beginning, no one really expected Indonesia to succumb to the crisis in the way it did. Both local and international observers of the Indonesian economy argued that Indonesia’s economic fundamentals were basically sound, for the country continued to enjoy high economic growth, its fiscal stance was regarded as sound, the external current account was healthy and inflation was low (World Bank 1998: 1.3). This was despite the rising external debt, the slowing down of export growth and Indonesia’s declining external competitiveness. The government’s prompt response to widen the exchange rate band and later to float the rupiah was generally praised for its foresight, and as late as September 1997 most reports still believed that Indonesia could escape the regional contagion of lost confidence. Analysts argued that with a quick infusion of capital to shore up the rupiah, the currency would stabilize, and Indonesia could weather the crisis without too much difficulty, particularly as the major donor countries and financial institutions had acted with greater promptness to assist Jakarta, compared to their relatively slow response to the Thai crisis (Far Eastern Economic Review 18 September 1997: 66).

As it turned out, however, Indonesia was the worst affected by the crisis of all of the countries in the region. Indonesia’s economic crisis led to a multidimensional crisis affecting almost every aspect of national life, leaving the country politically unstable, socially torn and at the same time facing a serious threat of territorial disintegration. Furthermore, Indonesia has become wholly dependent on the IMF, the World Bank and other donors as private capital has fled and continues to avoid the country.
To some extent, Indonesia, like Thailand, was a victim of its own success. Political stability, high economic growth, expanding infrastructure, rich natural resources, a large labour force and a stable currency were some of the natural advantages that Indonesia enjoyed for almost three decades. Thus, when the Indonesian government liberalized the economy and pursued a policy of privatization, foreign creditors and investors entered the country in large numbers and joined hands with Indonesian corporations. There was, therefore, a rapid build-up of private external debt in recent years. As pointed out by the World Bank report mentioned earlier, between 1992 and July 1997, 85 per cent of the increase in external debt was due to private sector borrowing (World Bank 1998: 1.8). Most of the debt was short-term, with an average maturity of 18 months. When the crisis broke out, Indonesian private sector debt was estimated to be around US$70 billion. By December 1997, US$20.8 billion had to be paid back within one year or less. As the currency had been relatively stable for a long period, for it was pegged to the US dollar, few borrowers hedged their debt. There was probably also an expectation that in the event of a crisis, the government would come to the rescue, particularly as the largest debtors were monopolistic corporations belonging to President Suharto’s families and cronies.

Such a large exposure to external debt, particularly with such a short maturity period, clearly made the Indonesian private sector vulnerable to changes in regional and international economic sentiments. When the rupiah lost its value, the private sector found that they could not repay their debt, thus a large majority of Indonesian companies were technically bankrupt. While creditors demanded immediate repayment and refused to extend further credits, portfolio investors pulled out of the country in droves, causing a massive capital flight from Indonesia. At the same time, local businessmen, particularly those of ethnic Chinese descent, also took their money out of the country because of the country’s uncertain political situation and the attacks against ethnic Chinese. Within a very short time the currency crisis had become a full blown economic crisis that destroyed much of the New Order’s development achievements, and which subsequently also destroyed the Suharto regime itself.

The currency crisis and debt crunch forced the Indonesian government to turn to the International Monetary Fund (IMF) for help. The Suharto government and the IMF initially expected that a quick infusion of capital on a large scale would restore market confidence, thus stemming the outflow of capital and stabilizing the
rupiah. Unlike its slow response to the Thai crisis, the IMF, backed by the US government, stepped in quickly. Indonesia was considered to be too big and important to be allowed to collapse (Far Eastern Economic Review 13 November 1997: 68–69). The first IMF package was announced on 31 October 1997, pledging that Indonesia would be given US$33 billion, to be paid out in several instalments. The aid and loan package required that certain conditions be met by Indonesia.

For President Suharto, the situation was clearly very difficult. The legitimacy and survival of the New Order government were almost exclusively dependent on its economic performance. His continuing political survival depended on a quick economic recovery, which in turn depended on the stability of the rupiah. The strengthening of the rupiah could only be achieved if there was a return of investor confidence, and for this Indonesia had to turn to the IMF for help. Yet asking the IMF for help also cost Suharto dearly. Besides injuring national pride, the IMF package came with stringent conditions that would not just inflict pains on the Indonesian people, but more specifically, the IMF attacked the economic basis of the First family and its cronies. In the end it must be admitted that the IMF policy in Indonesia and Suharto’s response to it speeded up the president’s downfall. Equally important, the IMF package, however painful, forced Indonesia to undertake fundamental structural reform of its economy and opened the way for far-ranging political reforms.

The US$33 billion package pledged by the IMF to the Indonesian government was tied to a 50-point agreement intended to overhaul the country’s economic structure. Among others, the IMF demanded the dismantling of both state and private monopolies, the liquidation of insolvent banks, the cutting of subsidies on basic commodities, the lifting of various restrictions on foreign investment and the postponement of major government projects. These reforms were intended to reduce Indonesia’s high cost economy and reduce government spending as well as make the Indonesian economy even more open to international competition. The IMF imposed these stringent conditions in the belief that they were necessary for Indonesia’s economic recovery. Moreover, the funding members of the IMF, particularly the United States as the biggest contributor to the Fund, would not have agreed to assist the Indonesian government without ensuring that the money be well spent and have the prospect of being repaid.

The immediate effect of the IMF policy, however, actually worsened the crisis and widened it to become a full-blown social and political crisis. The situation was exacerbated by President Suharto’s response to
the IMF package, which destroyed any remaining confidence in his government. What began as a monetary crisis quickly developed into a multidimensional crisis that could no longer be resolved through macro and micro economic management alone. By early 1998, it became clear that Indonesia’s economic recovery must start with a fundamental reform in governance, which could only begin with a change in the national leadership.

In compliance with the IMF, the Indonesian government closed 16 banks in November 1997, including a number of banks owned by businessmen connected to President Suharto. The bank closure was no doubt necessary, as most of the banks were undercapitalized and burdened by large non-performing loans. Instead of instilling fresh confidence in the banking system, however, the bank liquidation led to panic withdrawals of deposits from private national banks.

Despite the fact that President Suharto himself signed the second accord with the IMF on 15 January 1998, it became quite clear that he had little intention of fully complying with the IMF conditions, particularly when they touched the interests of his children and cronies. Although a number of banks owned by businessmen close to the president were liquidated, Suharto found it hard to face his children when the IMF insisted that the government abandon the Timor national car project controlled by Tommy Suharto, the Chandra Asri petrochemical plant owned in part by another son, Bambang Trihatmojo, or the construction of new power plants. In early September the government decided to postpone 29 private power projects, but in early November 1997 President Suharto quietly changed his mind and authorized eight of them to proceed. Not surprisingly, a number of these projects involved the president’s children, in this case two of his daughters in two separate Tanjung Jati power projects (Far Eastern Economic Review 4 December 1997: 79). At the same time, Suharto began to chafe at the IMF rigorous monetary policy, which allowed the currency to fluctuate to market forces, and began to entertain the idea of introducing a currency board, a move strongly opposed by the IMF. Moreover, Bambang Trihatmojo and the president’s half brother, Probasutejo, sued the Finance Minister, Marie Muhammad, for liquidating their banks.

All of these moves by President Suharto and his family led to a deterioration of relations between the IMF and the Indonesian government, so that the IMF withheld the disbursement of fund. Suharto probably believed that the IMF would not really abandon Indonesia, for various strategic considerations, so he felt that he could
ignore the Fund with impunity. But the IMF felt that it could not compromise with the Indonesian government, for its own credibility was at stake (Far Eastern Economic Review 19 March 1998: 18–19).

The stand-off in relations between the Indonesian government and the IMF destroyed what was left of public confidence in the Suharto regime. Although the IMF conditions were acknowledged to be harsh, Indonesians at the time also recognized that their country needed the IMF to bail it out of the crisis. Suharto’s opposition to the IMF was not seen as a sign of patriotism by the public, but rather as proof of Suharto’s continuing attempt to protect the business interests of his children. The loss of public confidence was worsened by the unrealistic budget announced by the government on 6 January 1998, which continued to predict growth and a relatively strong rupiah. The rupiah plunged even further and the conviction that a change of policy would need a change of leadership began to gather momentum.

By withholding aid, the IMF further undermined the credibility of President Suharto, who, despite his deep unpopularity, was re-elected by the People’s Consultative Assembly (MPR) in March 1998 to his seventh term. The general elections of 1997 were marked by violence and accusations of fraud, so that the usual overwhelming victory by Golkar and the subsequent re-election of Suharto as president by the Executive-dominated MPR had led to growing public discontent. Therefore, while the IMF’s tough stance undoubtedly led to a great deal of suffering among the common people, it was also welcomed by pro-democracy activists who saw it as a rare opportunity for pushing the reform agenda and ending Suharto’s long-term rule. After all, for three decades Suharto had the support of the IMF and the World Bank, making it difficult for civil society movements to make much headway whenever they opposed the government. It was important to note that, unlike in Thailand and South Korea, there were no large-scale anti-IMF demonstrations in Indonesia. People’s anger was almost exclusively focused against the Suharto regime and his family.

The end of Suharto’s rule was precipitated by the announcement on 4 May 1998 that the government would cut fuel subsidies, which triggered riots in Medan, North Sumatera. While President Suharto flew to Cairo for a G-15 summit, rioting also broke out in Jakarta after six student demonstrators were shot dead by security forces at Trisakti University on 12 May. Students had been demonstrating and marching since early April as a reaction to the formation of Suharto’s seventh cabinet and the signing of the third accord with the IMF, after the government failed to meet the conditions laid down by the second
agreement, signed on 15 January. Suharto was forced to cut short his Cairo trip and, faced with an untenable position, abandoned by nearly half of his cabinet and mass unrest throughout the country, he resigned as president on 21 May, making way for his Vice President, B.J. Habibie, to assume the presidency. A combination of international pressure and domestic uprising ended the rule of one of the world’s longest serving leaders, and paved the way for Indonesia’s transition to democracy.

RETROSPECT: DEEPENING DEMOCRACY

The rise and fall of President Suharto owed as much to external (regional and global) factors as to complex domestic forces. Although as a large country with an independent foreign policy outlook Indonesia has not simply been dictated to by the outside world in everything it does, it is also difficult to deny the importance of external influence in the country’s affairs.

The ending of Suharto’s rule was partly caused by his failure to understand the fundamental changes in the international system after the end of the Cold War. Suharto seemed not to have realized that with the collapse of communism, his worth as a staunch anti-communist de facto ally of the United States and the West as a whole had greatly diminished in value. The immediate post-Cold War international agenda, which gave priorities to democratization, human rights and environmental protection, transparency and good governance, all directly went against the Suharto regime’s political and economic interests. Instead of being willing to adapt to the major global changes, the New Order rulers mostly adopted a defensive attitude towards the criticisms that were increasingly being levelled against them. External calls for Indonesia to reform its political system and improve its human rights practices were regarded by the government in Jakarta as interference in Indonesia’s internal affairs, which must be rejected out of hand. This attitude put Indonesia in an increasingly difficult situation, particularly as Western donor countries started to link economic assistance with human rights and other non-economic issues.

At the same time, Suharto also failed to understand the major social transformations that have taken place in Indonesia in the past three decades. Economic development and globalization have brought about major changes in Indonesian society, such as the emergence of an increasingly large and critical civil society that demanded greater political liberalization, respect for human rights and the rule of law.
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The changing international environment emboldened domestic opposition to Suharto, and the growing coalition between domestic and international pro-democracy forces increasingly put Suharto on the defensive from the early 1990s onward.

Indonesia’s economic liberalization and integration into the world market, particularly the liberalization of the financial sector, have also made the Indonesian economy extremely vulnerable to changes in the world economy and the sentiments of global investors. The invisible hand of market forces is beyond the control of any government. One implication for this phenomenon is that the government can no longer control the economy, which means that it can no longer promote a patron-client relationship with the business community as a tool for political control. Another important implication is that to remain competitive, a country is increasingly forced to adapt and adhere to international best practices, or risk being left behind. Thus domestic policies are increasingly being dictated by the global agenda.

For Indonesia to remain economically competitive it needed, and continues to need, to carry out wide ranging governance reform, such as ensuring transparency in the decision-making process, ensuring legal certainty, improving the accountability and reliability of the government and public servants as a whole, ending or at the very least reducing corrupt practices, and cutting down on bureaucratic red tape that in an earlier era was intended to show the power of the government vis-à-vis the people. Adherence to international labour standards, environmental laws and intellectual property rights has also become a prerequisite for attracting foreign investment and obtaining market access, particularly from Western countries.

At the same time, collusive business practices that primarily relied on political connections to obtain licenses and contracts, as well as government protection against international competition, resulting in an inefficient and high cost economy that made Indonesian products uncompetitive, must be replaced by free and fair business practices. This would not only enable companies to compete at home on a more level playing field, but it would also help to make Indonesian companies better prepared to face international competition both at home and abroad. The private sector, like the public sector, must therefore carry out thorough reforms to promote good corporate governance rather than political patronage. Indonesia’s banking sector and other financial institutions also need to be thoroughly cleaned up and made more prudent and accountable to regain domestic and international confidence. Under the New Order many banks were owned by major
conglomerates and regularly exceeded the lending limits to finance the activities of their related businesses, leading to massive amounts of non-performing loans that finally caused the closure of many banks, while others had to be bailed out by the government, thus putting the burden on taxpayers. President Suharto, however, had resisted carrying out necessary political and economic reforms because such reforms were directly detrimental to the interests of his extended families and cronies.

There is little doubt that the policy of the IMF towards Indonesia hastened the downfall of Suharto. While Suharto apparently continued to believe that the IMF and other donor countries and agencies would not abandon him, the IMF clearly saw that Suharto was an obstacle to the implementation of the necessary economic restructuring. When the IMF withheld the promised aid-package and worsened Indonesia’s economic crisis, causing large-scale demonstrations and riots, Suharto had no choice but to resign from the presidency.

With the end of Suharto’s rule, the New Order political structure has also come under attack. President B.J. Habibie, who succeeded President Suharto, carried out several major political reforms during his brief tenure (May 1998–November 1999). The military’s dual functions have been ended and both the military and the civil service must now be politically neutral and disengage from party politics. Political parties have been freed, leading to the rapid growth of such parties, and an independent electoral commission oversees general elections. In June 1999, 48 political parties contested the first democratic general elections since 1955, in which no party emerged with an absolute majority. Golkar came in second with about 23 per cent of the vote, but in the 1997 elections it obtained over 70 per cent of the vote.

With democratically elected legislators, the power of parliament has greatly increased, accompanied by the corresponding weakening of the president. Other fundamental changes have also taken place. Indonesia gave the people of East Timor the right of self-determination in August 1999, leading to the independence of East Timor from Indonesia. A radical decentralization policy, which gives considerable political and economic power to the regions, is also underway. In all of these developments Indonesia has been greatly influenced, assisted or pressured by external actors and events.

The years following the fall of Suharto, however, have not been easy. The transition from authoritarian rule to democratic governance has been fraught with difficulties. Deep political polarization resulted in
political instability and rapid changes of government in the first three years of the post-Suharto era. The weakening of the central government, in particular the discrediting of the security and legal institutions that had been seen as tools of repression, engendered a general situation of lawlessness. Communal conflicts, in the form of ethnic and religious clashes, erupted in certain parts of the country, such as Central Kalimantan, Maluku and Central Sulawesi. A long period of authoritarian and centralized rule, during which social tensions and popular grievances were mostly dealt with by force, usually employing the military, had destroyed many traditional institutions and the ability of many communities to resolve conflicts through peaceful means. Regional grievances against Jakarta’s domination escalated in the immediate aftermath of Suharto’s resignation, leading to demands for independence from the provinces of Aceh and Irian Jaya (West Papua).

The lack of security and legal certainty, the latter compounded by changes brought about by the rapid decentralization process, as well as the continuing practice of corruption, have continued to deter large-scale foreign investment and impeded Indonesia’s full economic recovery. Just as Indonesia was slowly beginning to overcome some of the security problems, such as bringing the deadly communal conflicts to an end, and regained a measure of political stability under the Megawati presidency, a new threat in the form of terrorism came to the fore. The rise of a new international threat, that of international terrorism linked to an extremist Islamic movement that targets the West as its enemy, particularly the United States, has also affected Indonesia directly.

After the terrorist attacks on New York and Washington DC on 11 September 2001, which killed thousands of people and was blamed on al-Qaeda, the terrorist organization led by the Saudi-born Osama bin Laden, Indonesia has also been the victim of major terrorist attacks. Home-grown terrorists, linked to Jemaah Islamiah, an extremist Islamic organization believed to be the regional arm of al-Qaeda, killed nearly 200 people, mostly foreign tourists, in bombing attacks on two nightclubs in Bali in October 2002, and caused the deaths of many people in a similar attack at the J.W. Marriot Hotel in Jakarta in August 2003. These terrorist threats have led many foreign governments to issue travel warnings for Indonesia, thus greatly reducing the number of tourists coming into the country and further deterring new foreign investments, critical for boosting economic growth. Although the Indonesian economy has enjoyed a modest economic growth of between 3–4 per cent in the past two years, mostly fuelled by domestic
demand, it is not sufficient to create new jobs for the growing number of unemployed that come into the labour market every year.

Despite the undoubted difficulties associated with the period of transition, there have also been significant advances made in entrenching democratic principles. The single most important democratic achievement in the past four years is the amendment of the 1945 Constitution. The original 1945 Constitution had been blamed for fostering authoritarian regimes (Sukarno and Suharto among others) because it was heavily oriented towards the Executive, did not provide a clear separation of power between the different branches of government, transferred the people’s sovereignty to the MPR, which could easily be manipulated, did not provide safeguards for human rights and provided a clause that enabled the military to play an active political role. Four successive amendments between 1999 and 2002 have produced a basically new constitution, though the Preamble has not been changed and the name of 1945 Constitution has been retained, which tries to address most of the earlier shortcomings. The most radical innovation is the decision to have a direct presidential/vice presidential election, similar to that practiced in the United States, thereby giving the people the right to elect and control their leaders directly, instead of leaving these to the machinations of the MPR. A robust civil society and a free press have played an important role in ensuring that democratic reforms continue to be carried out.

Democratic consolidation in Indonesia, however, continues to face serious challenges, if not threats, from both domestic and international forces. The ending of military involvement in politics, the clear separation between the military and the police, both organizationally and functionally, and the subordination of the military under civilian supremacy, are major objectives of the Reformasi movement. As the military came under strong public criticism and was put on the defensive, the new civilian government in the immediate post-Suharto years was able to implement certain measures to end the dwi-fungsi, and direct the Tentara Nasional Indonesia (TNI) to become a more professional military primarily responsible for external defence. This situation, however, did not last long. The worsening security condition, added with the inability of the police to deal with the various internal conflicts, have again put the military at the fore. Civilian leaders have shown an inability or unwillingness to control the military, as each political leader and group continues to view the military as a major political force whose support is essential for maintaining or obtaining power (Anwar 2001). The Megawati govern-
ment has also given the military a free hand in matters of security, as can be seen from the decision to impose and prolong the military emergency in Aceh. Even more worrying, the general public has begun to long for the ‘good old days’ of strong leadership and political stability, when the incidence of violent conflicts and crimes was relatively low and jobs easier to obtain. It is significant that except for protests from human rights activists, the ending of the Aceh peace dialogue and the subsequent imposition of the military emergency there enjoyed overwhelming popular support, as the government was finally seen to be acting firmly against the regional rebels.

At the same time, the international environment after the terrorist attacks against the United States has also benefited the military. International drives to promote democracy, human rights and good governance have been replaced by an international war against terrorism. The terrorist attacks in Indonesia, and the emergence of extremist Islamic groups that threaten both Indonesia’s pluralism and Western interests have been blamed by the West, particularly the United States, on the weak civilian government. Under the New Order, such groups would not have been allowed to flourish. The Indonesian government has been under a lot of pressure to take tough measures against these extremist groups. Although the Indonesian police have shown remarkable professionalism in solving the Bali and Marriot bombings, arresting many of the key suspects, it is recognized that the existing criminal laws, in which the police can only act after a crime has been committed, are not adequate to forestall terrorist attacks. The Indonesian government has, therefore, introduced an anti-terrorism act that allows intelligence information to be used as evidence in investigating people suspected of being linked to terrorism.

The military has generally benefited from the international war on terror, particularly as the US government of President George W. Bush believes that only the TNI can ensure security in Indonesia. Moreover, Western countries cannot become too critical of the Indonesian military after the US unilateral invasion of Iraq, a factor that also contributed to the implementation of the military solution in Aceh. TNI leaders argued that Indonesia has a much stronger case to deal firmly with the armed resistance in Aceh, an Indonesian province, than the US in invading Iraq, a sovereign country, and without UN authorization, simply because of an unsubstantiated threat from the Saddam Hussein regime.

Even more important, the intelligence agencies continue to be dominated by the military, while the best counter-terrorism unit is
located in Kopassus, the elite special forces command. The TNI, therefore, insists that it is the only institution that can detect and nip terrorism in the bud through its massive intelligence network, gathered partly through its territorial command structure, which places military personnel down to the village level. Nevertheless, continuing the TNI involvement in intelligence gathering, and the renewed justification for maintaining and expanding the military territorial command structure, raise concerns for Indonesia’s democratic consolidation, since the pursuit of suspected terrorists can easily replace the former witch-hunt of communist suspects as a pretext for curtailing civil liberties. Phasing out the army territorial command structure, which under the New Order had been used as a tool for socio-political control, is a key Reformasi goal.

NOTES

1 The Indonesian military regarded itself as unique, for it emerged from the revolutionary struggle for independence, making the military a highly politicized entity since its inception. Besides its function as a defence/security force the Indonesian military argued that it was also a social-political force. There have been many books written on the Indonesian military. See for instance Crouch (1988) and Salim Said (1993).

2 Golkar (Golongan Karya), or functional group, was created at the beginning of the New Order as a non-party, in contrast to the other two political parties, PPP and PDI, which were allowed to exist. The membership of Golkar came from three major groups, namely civil servants who all had to belong to Golkar, families of military personnel and various functional groups such as trade unions, youths, women etc. As Golkar was not considered a proper political party, the many restrictions imposed on the other two parties did not apply to Golkar, thus giving it an unfair advantage at elections. See Reeve (1985).

3 The New Order government not only benefitted from a congenial international environment that enabled it to prosper, but its rise to power was also due to considerable external support, specifically from the United States. For instance, the Indonesian military enjoyed well-established contacts with Washington and many Indonesian officers were trained in the United States. See McVey (1971: 131–176, 1972: 147–181).

4 Much has been written about President Sukarno and his politics. Sukarno’s leftist foreign policy was partly forced on him by necessities,
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for only socialist and communist countries were willing to support Indonesia, first in the struggle to liberate West Irian from the Dutch, and later in the confrontation against Malaysia. At the same time Sukarno deliberately adopted a confrontational foreign policy as a means to control the contending internal political forces, the military and the army. Sukarno increasingly turned to the PKI as a counter weight to the power of the military. See Feith (1963: 309–409) and Mackie (1974).

5 Cables between the US Embassy in Jakarta and Washington relating to the 1965–1966 events in Indonesia were recently released in accordance with the usual 35-year secrecy rule. These can be found in the State Department history book Foreign Relations of the United States 1964–1968 Vol.XXVII, Indonesia, Malaysia-Singapore, Philippines. One cable contained in the book spells out a US plan to funnel tens of thousands of dollars to a group that targeted the Indonesian Communist Party (PKI), for destruction. The Bush government, however, has recalled all copies from hundreds of libraries across the US, presumably because it does not want the public to know about the US role in the destruction of the PKI. The National Security Archive, however, has posted the disputed volume on Indonesia on its website: http://www.nsarchive.org. See the discussion by the Associated Press writer Yost (2001).

6 Those who dared to criticize the government found that they and their families would be barred from government jobs and businesses related to the government. Suharto’s enmity to his critics was also personal. Members of the Petisi 50 could not be present at any event attended by Suharto.

7 Cendana refers to the street where President Suharto lived. Most of the business deals and shady contracts were made here, and not at the president’s official office in Binagraha. The power of the Cendana family was such that no one could get a major government contract without involving one of the Suharto children or relatives. This also applied to foreign firms. See Elson (2001: 250–252, 278–281).

8 Throughout the 1990s, ASEAN countries opposed the attempts made by a number of ASEAN’s Dialogue Partners, notably the European Union, to link economic issues with non-economic issues in their annual dialogues.

9 Many scholars have been critical of the New Order’s economic policy and modernization drive, which was highly dependent on foreign borrowing. As early as 1973, Rex Mortimer (1973) wrote about Showcase state; the illusion of Indonesia’s accelerated modernization. For more recent analysis, see Shin’ Ichimura (2002: 51–61).

10 Steven Hanke, a professor at Baltimore’s Johns Hopkins University, suggested the currency board to the Indonesian government.
11 President B. J. Habibie’s government only lasted 15 months. Habibie brought forward the general elections from 2002 to 1999 so that a new government with greater political legitimacy could emerge and end the political crisis. The new MPR rejected Habibie’s accountability speech in October 1999 so that he withdrew from the presidential nomination. Although Megawati’s party, PDI-P, won the plurality in the 1999 general elections with about 32 per cent of the votes, she lost the contest for the presidency. In the original 1945 Constitution the president and vice president were elected separately by the MPR, consisting of members of the DPR, regional representatives and other appointed members, including from the military. A coalition of Islamic parties succeeded in out-maneuvering Megawati by mobilizing MPR support behind the charismatic religious leader, Abdurachman Wahid, whose party in fact only obtained about 10 per cent of the popular votes. Wahid was elected president and as a consolation prize Megawati was then separately elected as vice president. Wahid, however, quickly alienated most members of the DPR by his eccentric and erratic style of leadership, and since the DPR makes up five-sevenths of the MPR, the DPR easily convened the MPR to impeach Wahid and appoint Megawati as the new president in July 2001. In comparison, Megawati’s presidency was relatively stable, as she enjoyed a much wider base of support in the DPR.

12 The joke is that in the democratic and decentralization era, corruption has also been democratized and decentralized. If under the New Order large-scale corruption was carried out by the Executive and figures closely associated with the powers-that-be, now corruption is also carried out by members of parliament and local legislators, as power shifted more towards the Legislative branch.

13 TNI-Police rivalry and the involvement of security forces in some of the conflicts, such as in Ambon and Maluku, had made conflict settlement difficult.

14 President George W. Bush has indicated on many occasions his government’s desire to normalize military-to-military relations with Indonesia. The US Congress, however, has continued to oppose this plan until the military involvement in the post-ballot violence in East Timor has been cleared, and lately, until the killing of two Americans near Freeport in West Papua, which implicated the TNI, has been resolved.

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Part II: Deepening Democracy
People around the world are experiencing a growing disillusionment with state, government and public policies. A recent study of 47 Commonwealth countries argues that ‘many citizens are increasingly feeling remote and disconnected from the processes that affect their lives. They feel more and more disempowered by trends towards globalization, competition and individualism. In turn, the health of civil society, on which so much rests, suffers’ (Commonwealth Foundation 1999: 10). In a similar manner, a World Bank-sponsored report based on grassroots research in 23 countries concludes that ‘state institutions, whether represented by central ministries or local government are often neither responsive nor accountable to the poor… Not surprisingly, poor men and women lack confidence in the state institutions even though they still express their willingness to partner with them under fairer rules’ (Narayan et al. 2001: 172).

Perhaps this disillusionment is an intrinsic part of globalization. The power of nation states is being challenged by supra-national forces, by privatization and by decentralization. Late capitalism is characterized by free-floating financial exchanges and sophisticated technologies. The autonomy of the nation state is being eroded through forces of the market and the demands of emerging global cultures. In this regard there has emerged a strong belief, especially among neo-liberals, that the public good is better catered for by the mechanisms of a free
market, rather than by governments. According to this dogma, states should confine themselves to providing a competitive and level playing field for political parties, investors and citizens. It is further believed that market competition has become the primary means of defining the value of a society, and notions of social justice and common good have been displaced by an apolitical view of a public sphere apparently accessible to all but in fact, mainly benefiting a few. Traditional bonds of kinship and family are also being eroded under pressures from work, consumerism and modernization. People are also encouraged to become consumed with their private lives and many do not have the energy, time or commitment to care about public policies and affairs of the state. Both state and civil society suffer from this retreat into private life. All over the world, led by the United States, conservatives have taken this opportunity of what they see as failing states and passive citizens to launch full-scale attacks on the state. Deregulation, downsizing of social services, privatization and reduced public spending are some of the key words informing the role of the state after the turn of the twentieth century. Government power is better served by emphasizing the personal or narrower political interests at the expense of more legitimate social concerns (although September 11 and the war against terrorism has resulted in increased state spending for security purposes). These neo-liberal notions have become so commonplace today that it has been adopted also by leftist governments in Europe, who in the face of free-flowing capital and global markets have had little choice but to be competitive and downsize their welfare systems.

But there is also a very different response to the erosion of democratic vitality from people who do not accept political passivity and the retreat into the private sphere as the inevitable price of political progress. Concerned citizens around the world – in Europe and North America as well as in Asia, Latin America and Africa – are demanding that they have a greater say in decision-making at the local and national levels of government. They demand direct involvement. Rather than allowing the market, politicians and bureaucrats to manage their lives as before, concerned activists around the globe argue that the world would be a better place if decisions were taken in more unhurried and reflective deliberations, involving as many people as possible. They argue that stable, responsible and accountable public policies are needed to remake societies so that benefits will accrue to all. The challenge of the modern nation state is to reconcile the need to limit its own power (since it tends to overly interfere in the daily affairs of its citizens, and because power corrupts), while not undermining itself to
the extent that it becomes powerless to counterbalance the global corporate wielders of money and information, and thus be unable to protect the interests of its citizens, especially the poor.

The basic argument of this chapter is that the Toquevillian notion of a ‘depoliticized’ democracy which ignores social justice outcomes and organized political interests, as described above, is not capable of providing pro-active policies for disadvantaged and marginal groups, and therefore will increase the gap between common people and political institutions. Public trust must be regained by improving government performance, involving citizens in the political process and identifying practices and innovations that contribute not only towards more effective government, but governments that serve society better – the form of politics that allows the disenfranchised and poor to be represented and included. The state must be empowered enough to carry through such pro-poor policies, but also sufficiently flexible and responsive to be able to promote and accommodate initiatives from below. Developing this formula will be one of the main challenges of the twenty-first century. If governments fail to deliver peace and prosperity – so often the case during many decades of the twentieth century – we might once again see the global rise of authoritarian rule.

Certain politicians and intellectuals in Southeast Asia have in the past decades attempted to provide an alternative vision to liberal democracy, through the so-called ‘Asian values democracy’. Even if events in post-financial crisis 1997–98 displayed the weaknesses in this approach, and the rhetoric has been turned down, we have not come to the ‘end of history’, as Fukuyama would have it.

Against this backdrop, this chapter will describe how Indonesia, one of the countries hardest hit by financial and political crises in recent years, and which for 32 years was characterized by a highly authoritarian and unresponsive government, is now trying to mend the gap between state and civil society. During the past five years, Indonesia has experienced far-ranging and radical transformations, moving from authoritarianism to electoral democracy and from centralism to regional autonomy. Yet to a large extent, the local elites are still around and are able to monopolize the spaces purportedly opened up by democracy and decentralization. Specifically, we will discuss how people in one local town in West Java have responded to this democratic deficit, and attempted to fill the public space with new people and new hopes.
LACK OF ACCOUNTABILITY, LACK OF TRUST

For 32 years (from 1966 to 1998), Indonesia was run by President Suharto. His ‘New Order’ regime was characterized by a centralization of power in the hands of the Executive aided by the military, and by a patrimonial system of governance. The relationship between the state and society was highly skewed in favour of the central state, while public administration was essentially paternalistic and interventionist. The state also penetrated into the everyday life of the people: through development programs, cultural policies, government projects and co-optation of local leaders. A lack of accountability, transparency and initiative led to uniformity and standardization, destruction of the traditional social fabric, abuse of power and corruption, and perhaps most serious of all, a deep distrust in civil institutions. For decades, the voice of civil society in public policy was limited to the occasional letter to the editor and participation in the controlled election process every five years. Pressures from civil society toward reforms were dismissed, and criticism of official policy was often perceived as disloyal, even subversive. Civic and political liberties suffered and democratic institutions functioned in name only. However, a public image of political stability and communal harmony prevailed, and this positive image encouraged increased foreign investments.¹

A counter-movement emerged in the late 1980s. Democracy activists in the larger towns around Indonesia started to demand more equitable development. The policies of the government became increasingly violent and nefarious. People around the country, in both cities and villages, were becoming better educated but they were not given opportunities in ruling the country – power was closely monopolized by the Suharto clan and cronies. By the mid-1990s, more and more people began to distrust the authoritarian government and its capacity to deliver and organize society. Events leading up to the New Order’s final election in 1997 exposed how little the government was willing to change. Hundreds of people were killed in campaign-related violence in a strictly controlled election (see Antlöv and Cederroth 2004 on the 1997 elections). When the Asian financial crises a few months later uncovered massive domestic debts and dubious financial transactions, and after a last-minute shock attempt to save the currency by reducing food and fuel subsidies to an even greater extent than the IMF had asked for, students took to the streets. After strong internal pressures – including serious rioting with several hundreds dead, the killings by the military of demonstrating students, the occupation of the
parliament and differences among the political elite – Suharto handed over power, during a dramatic CNN-Breaking News speech, to his loyal vice-president B.J. Habibie.

Dewi Fortuna Anwar in her chapter in this volume has described major aspects of the transition that followed: democratic elections, a free press, the eruption of a colourful civil society. In theory, Indonesia is today a very different country from that ruled by Suharto. Five years into what is known locally as Reformasi, people are making their voices heard in a myriad of ways, deepening their new-won freedom, and in the process building a new relationship with the state. These are new experiences in Indonesia. Only since the fall of Suharto has it been truly possible for citizens of Indonesia to express their voices in public and speak up about what they feel important in life.

But democratization has been shallow. Political parties do not have any meaningful grassroots basis. Only the top layer of the bureaucracy has been replaced. Most state officials have not embraced the idea of new procedures and standards accompanying decentralization and democratic reforms. Civil servants maintain old work patterns and attitudes. Top-down planning remains a powerful organizational reflex. Positions of power within the government and in the various legislative bodies are still held by members of the old elite.

If public perception of corruption can be used as an index of trust in government, then citizens in Indonesia have seemingly very little confidence in their government. Indonesia is listed at number 122 out of 133 countries in Transparency International’s 2005 Corruption Perception Index and the country is, by any measure, still one of the most corrupt in the world. In 2002, the governor of the Bank of Indonesia and the speaker of the House of Representatives (also the chairman of the second largest party, Golkar) were convicted of corruption. However, because of appeals to set aside their convictions, both felons remained free, and even maintained their official positions. Unfortunately, corruption prevails not only at the upper levels of power holders, but has trickled down to individual bureaucrats in local offices. A survey in the weekly Tempo magazine in February 2002 noted that the two most distrusted public institutions in Indonesia are the police and the judiciary. These, significantly, are the two institutions responsible for fighting corruption and power abuse! Many, if not most, civil servants and local politicians gained considerable power and wealth and lived very comfortably under the Suharto administration. It might be that they are worried about their future, and are making the most of the present. These people – who are crucial for the implementation of
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democracy – might initially be very reluctant to support these reforms. It is an irony, and a great problem, that these local bureaucrats who are to implement anti-corruption and other good governance reforms are those that have most to lose from their implementation.

Consequently, there is much dissatisfaction with what five years of democracy and Reformasi have achieved vis-à-vis the public sector. The response to this, however, is not passivity and acceptance, but engagement and commitment. Pressures are strong from people for reforms within the public sector. If the demand in 1998 was a new election and the dismantling of the Suharto business empire, public demands in 2004 are accountability, a greater say in decision-making and local autonomy.

DECENTRALIZATION POLICIES: EMPOWERING LOCAL GOVERNMENTS

Partly due to these demands, but partly also to ‘save the nation’, the Indonesian government (specifically the Ministry of Home Affairs) acknowledged the need to revise the balance of power between Jakarta and the provinces and acted to provide more autonomy to local governments (Rasyid 2003). Two laws on decentralization and fiscal balance have been introduced to reform the centralized structure and to provide the legal framework for local democracy. Law no. 22 of 1999 on Local Governance grants full autonomy to the (rural) districts and (urban) municipalities to manage a number of services and duties. Similar to a federal system, finances, the legal system, foreign affairs, defence and religion are retained at the national level, while the authority over roads, harbours and other ‘areas of strategic national interest’ is transferred to the provincial level, an administrative arm of the central government. Districts and municipalities are given authority over remaining functions, including health care, education, public works, cultural policies and natural resources management (for more details, see Hidayat and Antlöv 2004).

Law no. 25/99 outlines the new fiscal relations between the centre and the regions and provides new formulas for dividing revenues. Local governments retain 90 per cent of house tax, 80 per cent of land tax, 80 per cent of forest and fishery revenues, 15 per cent of oil and 20 per cent of gas revenues. In the past, local revenues were based on lobbying with senior officials in Jakarta, with built-in kickbacks and mark-ups for all parties. The law attempts to avert this rent-seeking behaviour through defined resource-sharing formulas.

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These two decentralization policies were enacted on 1 January 2001, after 18 months of preparation. Obviously there have emerged problems in trying to initiate such a radical and rapid decentralization process during a period of social disintegration and democratic deficit. Law 22/99 assigns the provision of virtually all public services to the district administration, without establishing the appropriateness of devolving these functions to this particular tier of government – how this might be achieved, the required sequence of measures and how funding should be secured. This has initially led to deterioration in the provision of services as state expenditures for social services, such as public hospitals and schools, have been reduced. This has also meant an exacerbation of inequalities between districts as localities are asked to pay for more and more of their own services. Regional autonomy has allowed resource-rich localities to keep their riches for themselves, and has thus augmented existing interregional disparities. Furthermore, large parts of local budgets are used for routine spending, such as salaries for civil servants and elected councillors (who get free housing and generous allotments for representation and study tours). Since a larger share of revenues must now be raised by local governments, resource-rich districts have also been encouraged to make optimal use of their resources. In turn, this has led to a rapid exploitation of natural resources, such as minerals and forests. Thus, in many instances, the local economic spaces opened up through the dismantling of the monopoly of the centralized state have been captured by local elites (for good case studies, see the chapters in Aspinall and Fealy 2003, and Sakai 2002).

Importantly, the promotion of regional autonomy and democratization has also provided room for citizens to become active in governing their own communities. The momentum was initially provided by Reformasi in 1998, with freedom of expression and assembly. With Law 22, policy making has been pushed down to cities and districts (in line with the subsidiary principle), where people’s voices are much more easily heard than at the national level. In general, decentralization promises that decision-making will become more transparent and accountable as it is pushed downwards, closer to people. Indeed, decentralization policies are often quoted as a prerequisite for the growth of local democracy. Sustainable systems of economic growth together with political stability can only be achieved through a process of careful empowerment and devolution of power to the local level from the centre, in which meaningful authority is devolved to local bodies that are accountable and accessible to local councils and citizens.
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Local government has the potential to democratize because the decentralization process allows for more responsiveness, representativeness and thus accountability. Imperative in this process are the attempts to move decision-making, policy-formulation and the provision of services closer to the people. To what extent this is happening in reality cannot be determined a priori but must be subject to empirical verification. Decentralization policies in themselves do not promote good governance, as the above stories of mismanagement and power abuse attest to – decentralization does not automatically translate into enhancement of communication between government and society. Effective and more democratic management by the state requires improved governance practices that encourage popular participation at the local level, and better channels for communication. Decentralization must simultaneously strengthen local capacity and build responsive governance systems (not only empower local governments, but also ensure that they are held accountable and deliver social services). For decentralization to enable popular participation, it must be democratic i.e., ‘meaningful authority devolved to local units of governance that are accessible and accountable to the local citizens, who enjoy full political rights and liberty’ (Blair 2000: 21). It is thus not sufficient simply to reshuffle the system of public administration, as we have seen in earlier state-driven efforts of administrative decentralization elsewhere (for Asian cases, see Azis and Arnold 1996). Decentralization must come with democracy and human rights – it must allow for the active involvement of people outside of formal state structures. In the words of Michel Pimbert (2001: 81), ‘the democratic potential of decentralization is usually greatest when it is linked with the institutionalization of local level popular participation and community participation’. Otherwise, when government is decentralized, the local elites are the ones who end up acquiring the new power, which enables them to direct more benefits to themselves and their clients. The emergence of local strongmen, even warlords, may occur. We have seen this in Thailand and the Philippines, where local elites have been able to monopolize the newly decentralized financial resources and powers (Sidel 1999; Arghiros 2001; Connors, this volume). There are tendencies that similar processes are happening in Indonesia as well (Hadiz 2003 and Törnquist 2003).

In order to avoid this, common people must be systematically involved in policy formulation, decision-making and program evaluation. This kind of popular participation shifts the focus from a
concern with beneficiaries or marginalized groups (as in much development work) to a concern for broad forms of engagement by citizens in key arenas that affect their lives (Valderrama and Hamilton 1999: 5). Such deliberative processes involve giving new voices to those who usually are excluded from both social and political participation. It means opening up new ways to involve as many people as possible in policy formulations, program implementation and outcome evaluations, so as to overcome the distrust in government and the crisis of legitimacy of the state.

Popular participation, a method and technique, emerged within participatory development projects in the South and social activism of the North, giving the historically excluded a voice. It can, in the words of Fung and Wright (2001: 8), ‘surpass conventional democratic institutional forms on the quite practical aims of enhancing the responsiveness and effectiveness of the state while at the same time making it more fair, participatory, deliberative, and accountable’. By imbuing such processes of participation and deliberation into public matters and institutions, the hope is that governing the community, the city or the nation can become more effective and accountable, thus remedying the failures of state agencies. Participation is thus a way to instil new trust into decomposed political institutions. Participatory methods can also be put to use to enhance social justice agendas by addressing directly inequalities and the lack of accountability. There are at least four interrelated objectives of such deliberative processes: to forge a new contract between citizens and state; to reconstruct state agencies by making them more effective and accountable; to encourage good political cultures by providing a forum for bottom-up citizenship; and to redress basic power relations within society by giving the poor and disadvantaged a voice.

Popular participation involves systematic participation by groups of citizens in decision formulation and deliberation, and linking those who have developed participatory methods for consultation, planning and monitoring to the new governance agenda. Popular participation can be driven by innovative and committed citizens demanding that their voices be heard. By providing the space for enhancing popular participation, state agencies can also help to empower local communities and remove people’s distrust of government. In the rest of this chapter, I will discuss one such citizen-driven initiative in Indonesia. The ultimate aim of this effort is to create better local governance structures – and to build confidence and trust between civil society and the state. The particular case discussed is a local effort by
engaged citizens in a town in West Java to fill the public space with new people and new voices. The political space is provided by the state, through decentralization and freedom of expression, but the initiative and energy comes from civil society.6

DELIBERATIVE PEOPLE’S FORUMS

One of the more exciting new mechanisms for participation that people in Indonesia are developing is what variously has been called citizen-based social action groups, non-partisan popular councils, deliberative assemblies, neighbourhood associations, stakeholder forums or simply citizen forums (forum warga). These refer to groups of concerned citizens in a town or district mobilizing around a common cause in order to make a change. A citizen forum is outside of formal political institutions but should ideally feed into the representative system.

I want to take the reader to the town of Majalaya, on the Bandung plateau, in West Java. This is a crowded and dusty town of some 200,000 people of mixed economic and ethnic backgrounds, known for more than half a century as the textile centre of Indonesia. It is characterized by unplanned growth, complex political issues and intense social conflicts. Rising unemployment figures combined with political abuse and several high-profile corruption cases have caused strong tensions between government and people living in the town. In early 1999, the sub-district office was burnt down by an angry mob. People have had little faith in the local Majalaya and Bandung authorities.

With this background, a number of prominent community leaders decided in early 2000 that something needed to be done. A citizen group was established that eventually became the Forum for a Prosperous Majalaya, FM2S (Forum Masyarakat Majalaya Sejahtera). Because of the social and political tensions, the local community leaders decided to invite an outside group to facilitate the process. IPGI (the Indonesian Partnership for Local Governance Initiatives) consists of experienced and committed nongovernmental activists and a few progressive bureaucrats: government officials from the Bandung Regional Planning Board, public planners from the Bandung Institute of Technology and researcher-activists from NGOs in Bandung. Through a series of evaluations, assessments and meetings facilitated by IPGI, FM2S was formally established in October 2000, consisting of some 70 Majalaya residents. Some members represent only themselves
(being community or business leaders), while others are elected by interest groups such as factory workers and street vendors. It has been important for IGPI and FM2S to include as many stakeholders as possible and the number is constantly growing. This is done by active community organizing among, for instance, pedicab drivers and hawkers, who then through affirmative action are given seats within FM2S.

Presidium members in FM2S are elected through a democratic process among the members (but anyone is welcome to join the forum). The composition of the members covers various backgrounds – religious teachers, professionals, entrepreneurs, sidewalk vendors, youth, government officials – and they range from 25 to 60 years of age. Men play a dominant role in the presidium as well as in the committees. To date, only one woman sits in the presidium, a young, unmarried, articulate teachers’ college student who has taken on the role as secretary. Apart from her, there are two other women involved in the committees. Changes have been made to the composition of the presidium members in order to embrace several components that initially were not represented in the presidium, such as village council members, pedicab drivers and parking attendants. The participation level in the presidium meeting, committees and task force is relatively high. Initially, meetings were held once a week by the presidium and the committees to develop plans and realize the collective working programs. During 2002, this frequency has been reduced somewhat, which could be expected once the initial excitement settles down.

The achievements during the first year were considerable. The most visible progress was the collection of 350 million rupiah (some US$30,000) from factories to repave and build a new bridge over the main road to Bandung. This was repeated in 2002. In 2000–2001, IPGI and FM2S also organized a number of public consultations on street vendors. The number of vendors in Majalaya has increased rapidly during the past ten years, and it skyrocketed after the financial crises forced textile factories in Majalaya to lay off staff in 1998–99. Street vendors have been subject to many levies, most of which were illegal (by shopkeepers and landowners, local government officials, hoodlums (preman) and the police). Through the consultations, an agreement was reached that if the illegal levies were reduced, the vendors, through an Association of Street Vendors that IPGI facilitated, promised to adhere strictly to existing regulations. The agreement still holds.

In late 2001, FM2S took on its greatest task: preparing a new town plan for Majalaya. Every ten years, each sub-district town in Indonesia
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has a new spatial plan made. In mid-2000, it was time for Majalaya to do so. Consequently, the Regional Planning Board and the Bandung bureau of the Ministry of Public Works commissioned a plan by a private consulting firm. When the plan was made public in May 2001 and discussed in an FM2S meeting, a number of shortcomings became obvious. Worst of these was that the data the consulting firm had used was hopelessly outdated, from the early 1990s. They had projected this forward, but had seriously underestimated population growth and the number of shops, vendors and vehicles. Most facts were inaccurate, argued the critics from FM2S. During a number of meetings, FM2S discussed what to do. Meetings were held with the consulting firm, and representatives from the Regional Planning Board were called in (importantly, one of IPGI’s members works at the Bandung Planning Board). Finally, in November 2001, a decision was reached to try to produce an alternative town plan, and to have this approved by the Bandung government as the official plan. Indeed, this decision was supported by the Bandung Regional Planning Board in 2002.

The work is still going on as I write. Both the Bandung Institute of Technology and Regional Planning Board have assumed key roles in providing technical assistance on how to manage a plan, technically and politically. The main target of the revised town plan is to relocate the market. By having a new market in the outskirts of the city, the street vendors around the town square could be relocated, and the bus terminal could then expand to the old market (they are now beside each other, right in the town centre, about 150 metres from the town square). However, vendors are worried that shoppers would not find their way to the new marketplace, preferring to purchase their daily needs at the slightly more expensive food-stalls or shops around the town square. It is difficult to balance these competing demands.

Perhaps the most notable achievement of FM2S is not the material development. Rather, it is its ‘democracy-making’. FM2S has fostered a sense of civility in discussing sensitive matters, such as the town plan. Meetings today are generally held in an intimate atmosphere, although the attending participants come from parties who have been disputing one another. Initial meetings were characterized by distrust and deep suspicion towards one another and especially towards the government, which in people’s view was leading Majalaya down the road towards misfortune. Participants spoke heatedly when they expressed their grudges and were reluctant to listen to others. Several participants had difficulty in controlling their emotions, especially when there was no response to their suggestions. It took quite some effort on the part of
the IPGI facilitators to create an atmosphere of give-and-take. Today, meetings are much more democratic. Members are willing to listen and show respect for the views of others. The jargon, prejudices and stereotyping that characterized public discussions in Majalaya previously have fallen away. Government officials are sitting around the same table as the people who burnt their office. Conservative Islamic leaders are in the same room as radical labour activists. Bus drivers share lunch with the hawkers who block their roads.

Despite differing opinions, meetings have succeeded in reaching a consensus and agreement as well as a commitment for a continuation. The distribution of information has also opened up. In the past, information was inaccessible to most people in Majalaya, such as data about budgets or town plans. With FM2S, it has been much easier for residents to access facts and figures, and thus to become engaged in change. Much of this is due to the progressive role of the local government, which sees FM2S as a way to rebuild trust lost during the Suharto government.

The government representatives on the board of FM2S are the sub-district head (he was its first chair) and a planner from the Bandung Regional Planning Board (he is also a member of IPGI). In fact, both of them put their careers at stake by participating in FM2S (which is not legally recognized by the Bandung government). One of the keys to its success is right here: it has been very important during meetings at FM2S to have someone to turn to in order to get answers. What does the government plan do about this? What about the Regional Planning Board? How are decisions taken at the Bandung House of Representatives? What is the view of the street vendors? What can factory owners do to support us? These and many similar often technical and practical questions have been addressed directly during meetings, rather than having to wait for a formal appointment with some faraway decision-maker. Importantly, this has also instilled people with a new sense of confidence in the government.

As mentioned previously, FM2S was in its initial stages a fairly elite-oriented forum: the majority of members were local notables and discussions were monopolized by a few powerful individuals. IPGI was acutely aware of these problems, since one of the issues they had been researching in the past was poverty alleviation schemes for the urban poor. The democratic outcome of a popular forum can be seriously distorted if internal democracy does not operate – if deliberations are monopolized by powerful individuals or if the forum falls prey to powerful outside agents who use it for their vested interests. One lesson
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that IPGI learnt the hard way was that when disadvantaged and marginal people were put around the same table as the articulate and powerful, the poor lost out. This would probably happen in most countries around the world, but it is especially true in a society such as Indonesia, with its paternalistic culture and lack of democratic rules. Once the poor become disillusioned it will become, for them, yet another of those many state-initiated and top-down projects that promises to involve the poor, but never does.

IPGI (more than FM2S) utilized a two-track strategy in Majalaya. It facilitated the broad-based (but elite-oriented) deliberations within FM2S, as described above, as a crucial building-block for local democracy. But equally importantly, they also launched a program of grassroots empowerment and organizing, with the aim of persuading disadvantaged groups to become full members of FM2S. There are six full-time community organizers working in Majalaya involved with this task. All of them come from the town and know the people. They have been trained in community organizing and techniques of participation by the IPGI staff. The main approach by the community organizers and IPGI is 'learning by doing'. As a start, IPGI chose the town square as its main area. This is where most of the problems in Majalaya are centred, with street vendors, markets, buses and horse-carts, the mosque and lots of shops. With the help of IPGI, and after much discussion, an association of street vendors was established. They have elected through public deliberations their representatives to sit in FM2S. These persons are now full members of the Forum, even though they still remain a bit withdrawn. The work continues to establish similar groups.

What will happen with FM2S in the future? One possible scenario is that members of FM2S in a few years will become disappointed with the lack of real change. Stakeholder forums hold out promises to members, promises that cannot all be fulfilled. There is a danger that by building partnerships between civil society groups and the government, which cannot deliver, distrust and political inertia will increase. This kind of frustration might lead to anger, which might lead to violence, while cynicism might lead to passivity and further distrust. And once people have left the process, disappointed with the government, it will be more difficult for them to trust the government the next time around. It is important therefore to have 'small victories', such as the paving of the road. What a stakeholder forum such as FM2S can really deliver must also be put into perspective. In this increasingly global world, with privatization of public services, government is not at discretion to reach decisions independently of other powerful actors. FM2S and IPGI must
think carefully how collective action can be strengthened, and how FM2S can reflect the diversity of voices in the town, so that democracy benefits common people living in Majalaya, and not the elite.

Another issue that needs to be addressed is the autonomy of FM2S and Majalaya. In order to ensure that decentralized grassroots alternatives continue to be proposed, local governments must develop an independent and long-term capacity to access funds, whether raised locally or allocated to them from the top, and to direct those funds to communities. Law 22/1999 grants far-reaching authority to local governments to raise the funds locally, and Law 25/1999 provides for a division of resources. But these powers stop at the district and municipal levels. There is no fiscal autonomy at the sub-district or village level; they are fully dependent on the goodwill of the district government for funds. There is thus the danger that district governments might turn into new powerful centres (albeit at a lower level). Communities are still dependent on higher authorities for revenues. If FM2S runs into confrontation with the local government, Bandung officials might try to undermine the local efforts in Majalaya – one effective way would be to cut out its access to resources. IPGI is therefore working at the national level to increase the autonomy of villages and the accountability of sub-districts. Members of FM2S were active in establishing the National Association of Village Councils in June 2003, which will try to give voice to the concerns of villages vis-à-vis the higher authorities.

Recently, members of FM2S have realized that the organization is not the broad-based multi-stakeholder forum it set out to be. Rather than pretend to represent the diversity of voices in Majalaya (and be criticized when not actually doing so), FM2S decided in October 2003 to present itself for what it actually is at the moment – an association of committed people in Majalaya who are concerned with what is happening to their town. They use the word ‘pioneers’ (*pelopor*) about themselves. However, this has not meant that FM2S has ceased its community organizing or revised its work-plan – both IPGI and FM2S see this as a transitional stage towards a more representative body.

EMERGING DEMOCRATIC LOCAL GOVERNANCE IN INDONESIA

FM2S is an exciting experiment for people who in the past had no opportunity to participate democratically with the elite. One of the
promises of democratic decentralization and the introduction of empowered deliberative forums is that basic power relations are being revised and re-defined. In a way, it is about changing people’s behaviour and attitudes, both of the powerful elite and of the disempowered clients. In this interaction, a new political culture has already begun to emerge. More so than in the past, this political culture is characterized by tolerance and respect for other people’s views, by more flat organizational structures and by more transparent and democratic decision-making.

I argued that creating public spaces through democracy and devolving powers and resources through decentralizations are necessary but not sufficient conditions for effective and transparent local governance. Indeed, two additional steps are necessary. The first is to create mechanisms through which citizens can become engaged in governing their own communities by monitoring the government, holding it accountable and limiting state power. However, merely opening up spaces is not sufficient if they are immediately captured by forces opposed to a people’s democracy. Democracy does not automatically benefit poor people and groups that have been historically excluded. The poor and disadvantaged must be fully included in the newly democratizing systems (cf. Manor 2002). The second step is therefore to have affirmative political action in order to give voice to the needs of the poor and thus actively promote social justice, i.e. to usher in more progressive and social justice politics.

Let us start with citizen engagement and participation. We have seen that one important strategy to encourage and support popular participation is by rebuilding trust between citizens and between local communities and state authorities. FM2S has managed to build that trust between citizens in Majalaya through persuading them to re-engage in politics and decision-making. People in Majalaya are, seemingly, starting to feel that Majalaya is their town, and that they have the right to manage it. As one of the FM2S members, an Islamic teacher, told me, ‘In a brief period of time, FM2S has been able to build trust with the local government in an unprecedented way. Five years ago it would have been unthinkable for me as an Islamic preacher to argue in public over government policy – now it is becoming my second nature.’ The development and management of the home community is no longer the purview of the government alone. This is a radical departure from the paradigm of the past, in which local communities were the objects of development, of state intervention and of political monopolization, and wherein people were only asked their opinions once every five years.
during highly controlled elections. As concerned citizens get together to improve their community and put pressures on local governments, a new democratic paradigm is evolving. Since local ownership and empowerment are preconditions for trust in government, there are strong positive developments towards autonomy and democracy.

Poverty is more than material depredation. It is also vulnerability and exclusion (quite often, material poverty has its roots in social exclusion). Participation is thus not only a process, but also a means to overcome poverty (Cornwall and Gaventa 2001). FM2S has allowed for the participation of people who were previously left outside, and opened up the system of local governance. The on-going work of drafting an alternative town plan holds promise for the more vulnerable groups in the community. Meanwhile, the decision-making process has become a bit more democratic and the deliberations have produced better citizens. Indeed, in the words of John Stuart Mill, this is a good way to measure democracy.

Viewed from this perspective, there have been considerable achievements, especially in consciousness-raising and democracy-making. But let us put FM2S in perspective and in context. In relation-ship to other power brokers in Majalaya, FM2S has growing but still marginal powers. These power-holders include the religious establishment, factory owners, rich landlords, the sub-district government, even local hoodlums (Antlöv 2004). FM2S has good meetings (it is a mental boost to sit in on an FM2S meeting), but at the end of the day, politics and policies are decided far above the realm of where these citizens operate. FM2S has a moral influence, and is perhaps a moderating force, but not much more. In the meantime, Majalaya is becoming even more crowded and polluted.

The simple and yet painful reason for this is that FM2S has little political clout. Its ability for collective action is limited by its stakeholder character, in which the views of many, if not all, must be accommodated (this is also one reason why it decided to reorganize itself). To have political influence, an organization needs some form of legitimate authority. FM2S has a degree of moral authority, but it has not yet been able to turn that into political power. Tight control of political activities for more than 30 years of authoritarian rule helps to explain the lack of power as well as political skills amongst the ordinary people (Antlöv 2003: 75). A disconnection was created under the New Order between popular and institutional politics, a gap that has not been bridged yet. What is being debated in formal bodies is detached from the everyday concerns of ordinary people. Government remains aloof from people.
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Sadly, this remains true also of the representatives bodies elected democratically in 1999. This disconnect takes us back to the beginning of this chapter, that is, the persistent lack of trust in government.

It is therefore not enough only to open up and fill the political space with new voices. If power relations remain the same, nothing fundamental will change. People might be pleased for a few years with the autonomy they might have been able to chip out, but when they lose momentum or when people start to drop out, the original elite-driven state of corruption, violence and distrust might well be restored (Törnquist 2003). What is needed, I would argue, is for FM2S and similar citizen groups to engage in politics more earnestly. Such earnest engagement can best be realised when citizens begin to reclaim the local as an arena for politics. In a sense, this is a reinvention of social justice politics. Majalaya must be contested by people who act collectively to exercise democratic authority over matters of public concern. They must be willing and capable of challenging basic power structures too. Perhaps this can be done by advocating quotas for women and disadvantaged groups in parliament and councils, by organizing communities to amplify common people’s voices, by supporting movements of the poor, by privileging the disenfranchised and disempowering the elite. Put another way, all public policy-making should include a social justice dimension, so that politics is viewed through the prism of the disadvantaged. This is no easy task, it is a long uphill struggle, but one that must be struggled for in order to counter the greed and abuses of the powerful. IPGI and other progressive leaders in Majalaya hope that FM2S, after its present consolidation, will be able to better organize for transformative social change. The risk, however, is that the ‘pioneers’ – many of whom are quite conservative in their politics – will use a more streamlined FM2S for their form of weak democracy.

In this context it is relevant to ask whether there is a danger that FM2S might deflect interest in politics away from the formal political institutions, and end up as I described it initially, with the privatization of politics retreating into a struggle for one’s own comfortable private home, which has become increasingly the case in Europe and the United States. When asked, members of FM2S reject such notions offhandedly. For them, their active participation is really a way to revive politics, although in a different way from how it works today. The issue is thus not to replace the state and formal political institutions, nor to make them redundant. Rather, it is to find new ways to rebuild social contracts so that the private concerns of citizens and the public good complement each other, and so revamp the existing representative bodies as well.11 I am not
quite sure that civil society can or should represent, aggregate and negotiate interests in a way that political parties, at least in theory, are supposed to. It would seem that an important premise in classical democratic theory has been sidelined by the past decades of excitement with civil society: that a vibrant civil society and effective parties are both necessary for a sound democracy. FM2S is an attempt by citizens and government in Majalaya to find a new formula for deliberative democracy. No one sees this as replacing the formally elected council in Bandung. But everyone hopes that this model of collaboration – characterized by a sense of commitment, enthusiasm, self-sacrifice and honesty – will one day make it into the Bandung House of Representatives and spread across the country. More than that, FM2S is also a role model for how popular participation and local democracy can be achieved in real life, pushing democracy downwards. Kasfir (1992: 600) has described such a general model in this manner:

Constructing a creative tension between autonomous popular councils and organizations, on the one hand, and multiparty competition, on the other, would provide a significant set of reciprocal checks and balances ... Popular and representative structures would have to be given separate legal personalities. Parties would compete for national power...while autonomous non-partisan popular councils organized from the village to the regional level, each with specified sources of revenue and taxing power, would hold entrenched powers within each region.

In this model, popular organizations for various disadvantages groups should be permitted to form counterpart organizations at all levels of government. Ordinary citizens should have the right to vote for candidates for popular councils at these levels, as well as for members of local and national parliaments. The popular councils should be insulated from the national level parties, so that they do not merge. This is the same kind of synergy that we can find in the relationship between local autonomous councils and federal-level bodies.

**CONCLUSION: THE POLITICIZATION OF DELIBERATIVE DEMOCRACY**

In recent years, due to pressures from globalization, there has been an erosion of the power of the nation state on three levels: authority has moved down the political system to sub-national units, up the political system to supra-national institutions and away from state monopolies...
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to non-state actors (both market and civil society). In Indonesia, this has led to a lack of trust in national government and a push downwards in governance practices. As argued above, not everyone accepts the global erosion of democratic vitality and the retreat of citizens into the private sphere. Indonesia is characterized by a flowering of new ideas and social actors, as people who have been denied participation for 32 years seek to get involved in new ways. It is a country of potentially enormous social change and entrepreneurship. People are actively questioning old ways of doing things and struggling for more open and responsive governance systems. There is a lot of excitement about the new possibilities allowed by regional autonomy and democratization, and people are seizing these new opportunities. During the past five years, thousands of citizen forums and neighbourhood associations like FM2S have been established throughout Indonesia, many under the auspices of intermediary organizations such as IPGI. Such forums are creative ways of making democracy work at the level that matters most to people, their own local communities. Some of them are involved in planning local budgets. Others are monitoring World Bank development projects to ensure that funds are used transparently and responsibly. Still others are created simply to ease social and political tensions in a town and to provide a conduit for concerned citizens to voice their concerns.

If decentralization is to deepen democracy by pushing decision-making closer to people and produce more ‘rooted’ public policies, popular citizen forums are a good mechanism through which people actually can get involved in governance on a day-to-day basis. Participatory forums and deliberative councils are attractive because they are important grounds for learning basic democratic and political skills, and because they hold out the possibility of improved decision-making. Ultimately, they could point the way to a revival of people’s interest in the state and government. People are demanding their rights as citizens in a nation and as residents in a community. They demand that politicians and public administrators listen to them – and it is happening! In the words of the Commonwealth Foundation’s study (1999: 61): ‘Citizens want public institutions and officials to communicate with them, to engage them in dialogue on public issues, and to include them in the processes of decision-making and implementation.’

But let us not be naïve and simply herald (as have many international democracy promoters, see Carothers 1999) the diversity of voices within the ‘new’ (and often depoliticized) civil society as the panacea to Indonesia’s democratic deficit. As we have seen, there is also
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There is a need to strengthen the capacity of popular groups to organize around their political interests, and to reform power structures. Although many people in Indonesia might want to get rid of the ‘corrupt and useless’ political parties, doing so would further depoliticize society. The suggestion being made here is that there should be more political activities and struggle, not limited to political parties, but certainly not excluding them. The constituency-building achieved by deliberative forums must ultimately feed into formal politics. This does not necessarily mean that civil society groups must establish political parties (such as Akbayan in the Philippines). However, linkages between civil society and political struggles must be strengthened. Through collective action, pro-democracy groups can challenge existing political elites and become a political force to reckon with. As argued by Sandercock (1997), transformative political action often begins with a ‘thousand tiny empowerments’, not grand designs. FM2S is such a miniature effort (one of thousands!) at shifting power to the people, of learning political skills, challenging the authoritative way of managing the community and promoting social justice and a substantive democracy, rather than the weak democracy endorsed by the elite. It is a way to bring people back into politics and government back into public life. This is a move away from the ‘free-market politics’ of the elitist democracy and administrative decentralization towards a participatory democracy involving the disenfranchised, which empowers them to be part of the collective decision-making process. If the poor in Indonesia want more public money spent on affordable education, public health care and other welfare institutions for the poor, they must organize themselves politically and improve their collective bargaining power. Collective action through movements and citizen groups led by the people most affected is such a strategy (Sen 2003: xvii). In short, popular political participation through various forms of deliberative councils is a way to reinvent politics, allocating power for those who need it most and in the process creating a government, and ultimately a state, that is responsive to people’s needs and worthy of their trust. As such, it is what is needed today so that people do not disconnect from politics and retreat into their private lives.

AUTHOR’S NOTE

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I must also express my gratitude to the Center for Asian Studies at Göteborg University (where I was based until 1998) and to the Swedish Sida/SAREC for encouraging my academic curiosity on issues of democracy and its local practices.

NOTES

1 For the politics of the New Order, see Ramage (1995); Liddle (1996); and Schwartz (1999). For case-studies of how communities were affected, see Guinness (1986); Hefner (1990); Antlöv (1995); Warren (1995); and Parker (2003).

2 Some of the books in English on the demise of authoritarian rule include: Aspinall, Feith and van Klinken (1999); Budiman, Hatley and Kingsbury (1999); van Dijk (2001); Eklöf (1999); Forrester (1999); Forrester and May (1998); Mann (1999); Manning and van Dierven (2000); Schwartz and Paris (1999); and Singh (2000).


4 During 1998 to 2001, there developed separatist movements in East Timor, Aceh and Papua, vocal demands for more autonomy in resource-rich provinces such as East Kalimantan and Riau, while people were killing each other in frustration over social injustices in West Kalimantan and the Moluccan islands.

5 There are in Indonesia in late 2003 some 430 districts and cities in 30 provinces.

6 I have studied these processes both as a program officer for governance and civil society at the Ford Foundation in Jakarta, where, since 1998, I have supported innovations in local governance, especially experiments in popular participation, and as an anthropologist wherein I have spent considerable time in the town of Majalaya, West Java; data for the present case has been gathered there. I have also been helped by research reports by two local researcher-activists, Diding (2001) and Chandra (2003).

7 There were two incentives for them to be associated with FM2S and IPGI. The first was to jump-start their careers. In a newly democratizing country such as Indonesia, the kinds of skills an official can achieve in actively participating in FM2S would potentially be in great demand by progressive governments and citizens at large (there is a draft bill at the parliament proposing that Indonesia in 2004 introduce direct elections of heads of local governments). They were willing to take the risk of
being associated with the private FM2S initiative because of the second incentive: they believed in the importance of citizen participation in public matters. IPGI has over the years organized a series of seminars and workshops and has been able to identify, attract and support public servants who see citizen participation not only as a personal interest but as benefiting the citizenry at large. In spite of all the corruption and abuse of power in Indonesia, there are many reform-minded and ‘good-hearted’ public officials around. It would be these democrats, and not the ‘bad guys’, that are attracted by working in FM2S.

8 See for instance Blair’s study of six democratic local governance schemes around the world, in which he argues that affirmative action schemes have had very limited results in the short term (Blair 2001).

9 IPGI in Bandung is here inspired by the work of the IPGI branch in Solo, which works closely with Sompis, the ‘Surakarta Marginalised People’s Solidarity’. Sompis consists of some 20 associations representing disadvantaged groups such as pedicab drivers, hawkers, sex-workers, parking attendants, disabled people and domestic helpers. It claims to have more than 15,000 supporters and has been successful in lobbying the local government and parliament to pass pro-poor legislation (Antlöv 2003).

10 FM2S has been utterly powerless to tackle the injustices under which the majority of the industrial workforce in Majalaya lives: low pay, long hours, noise, dirt and often outright dangerous working conditions. And when workers want to exercise their legal right to organize, they are harassed and face at times violent intimidation. One of the powerful men leading FM2S is an outspoken and often quite progressive textile mill owner who has little interest in reforming basic power relations in the town: so too the Islamic teacher, the shopkeeper and the government official. There is thus a definite limit to what FM2S is capable of achieving.

11 People in Majalaya and elsewhere trust government more than politicians. All around the country, when I talk to people, the great majority say that politicians are the last people they would trust. They might have a point in this: in the run up to the 2004 elections, stories about the systemic and systematic corruption of members of local parliaments abounded in the media and in everyday gossip.

12 In August 2003 in Yogyakarta, more than 200 citizen forums met for the first time during a Ford Foundation-funded ‘National Consolidation of Citizen Forums’.
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A common narrative of globalization, conceived as a multi-layered offensive by the forces of neo-liberal capitalism, is that it is unravelling the familiar political form of the post-war nation state, identified broadly as ‘embedded liberalism’ in the West and the ‘developmental state’ in the East. This occurrence is marked by bringing into being new disciplinary regimes of governance articulated around market rules. Further, some would codify this as instituting new modes of constitutionalism whereby authorities that transcend the nation state now compel extant states to adopt codes of conduct in conformity with the transcendent needs of the capital form (Gill 1998). Thus, although the last 20 years have seen dramatic shifts in state forms towards procedural democracy, these developments need to be framed in cognisance of the global structures that limit the sovereignty of the new democracies such that alternative national agendas are left begging (Gills et al. 1993). Democratization, then, to the extent that it has been elite-led, might best be seen as bringing into being new conditions of disempowerment, as William Robinson (1996) and Rita Abrahamsen (2000), separately, show.

Bringing this analysis down to a sub-regional perspective and looking at democratization in the Philippines, Thailand or Indonesia, we see a confluence of national crises, the advance of capitalism and domestic movements for political reform. Each of these countries has been subject to international democracy promotion projects and governance reform aimed at developing a liberal state, in line with the
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The ‘globalization project’ pursued by the International Monetary Fund and the World Bank, as well as transnational corporations and the US Wall Street-Treasury complex. This project entails market liberalization and deregulation, pursuit of comparative advantage, restructuring of the state (downsizing, decentralization, democratization) and the emergence of institutions of global governance (McMichael 1996: 148–175).

While a broad brush account of neo-liberal globalization serves as a useful template upon which to map national responses, it tells us little about the kind of discursive struggles that are happening on the ground in each of the countries involved. In recent times, a range of writers are noting that far from advancing neo-liberalism, the Asian economic crisis of 1997 onwards has led to a nationalist recomposition of state and class forces in affected countries (Hewison 2003; Robison, Rodan and Hewison 2002). In negotiating a singular path through the globalization maze, they are far from exemplar states, as far as neo-liberals are concerned. The broad globalization narrative also tells us little about how the ‘global’, ideally manifested as democracy and reformed governance, is mediated through encultured frames of meaning and embedded within material sites of contestation over, for example, natural resources, land and livelihood issues, and how these can come to shape the meaning and practices of development and democracy.

Of late, there has been a call to recognize that mainstream representations of globalization have a subtext of inevitability that marginalizes possible alternatives (see Gills 2000). This is where studies of localism offer a mitigating picture of globalization, exposing the compelling logic of ‘there is no alternative’ as sheer conceit, and showing that it is politics that determines the nature of globalization and its impact on state form. Rather than attempt any abstraction on the meaning of ‘localism’, a contextual understanding of its emergence, politics and structure are here viewed as the best way to advance our understanding. I deliberately steer clear of conceptualizing this study in terms of ‘glocalization’, for this is simply a handy way of noting the generalized phenomenon of local strategies exploiting the resources available in the global arena (opportunities, comparative advantage, discourses) to advance particularistic claims, all of which differ and whose political complexion defies a homogeneous classification.

This chapter explores a significant aspect of Thai actors’ response to globalizing pressures. It examines what might be considered an attempt at a social-political-economic ‘alternative’ by looking at the politics of
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I briefly look at the anarchist localism of Chatthip Nartsupha before focusing on the more moderate localism of Saneh Chamarik, Prawet Wasi and the Local Development Institute (LDI). Localism, it will be argued, principally seeks two outcomes: a communitarian dynamic in Thailand’s evolving democracy and the formation of a moral market society in place of the perceived amoralism of statist developmentalism and neo-liberal globalization. In a sense, moderate Thai localism might be seen as a synthesis of the discourses of alternative development and democracy, attempting to bridge issues of substantive concern with those of democratic procedure. The work of the LDI is worthy of exploration because it and its many associates have come to influence the nature of development projects in post-1997 Thailand. A study of the LDI illuminates emergent political formations around communitarian politics, and how domestic politics have shaped the structuring of global imperatives in specific state formations. Furthermore, localist ideas are widely circulated and generative, finding expression in state and non-state development circles; understanding responses to globalization in Thailand therefore requires that closer attention be paid to this current of activism and its role in re-articulating state-society relations around partnership and participation in ways that defy the homogenizing tendencies that some would read into globalization.

THAI LOCALISM IN CONTEXT

To understand the current significance of localism in Thailand it is necessary to first sketch out the socio-economic and political context from which it emerged, indeed, conditions created by Thailand’s economic maldevelopment are paramount in any explanation of Thai localism.

For most of the modern period since the overthrow of the absolute monarchy in 1932, Thailand has been characterized by statist regimes pursuing economic growth strategies. The predominantly Sino-Thai business class emerged as a major driver of economic growth both in the capital, Bangkok, and in the provinces. For most of the period since 1932, this class was excluded from political power by a powerful alliance of bureaucracy and military, but was able to ply its trade as long as the bureaucracy and military were able to extract their respective rents. From the 1970s as the capitalist class grew stronger, it developed a greater degree of independence and was able to exert its own influence.
directly on politics and economic policy. The relationship between business and the state essentially locked out the possibility of popular politics, leading to economic growth that was skewed and which created greater income disparities and environmental destruction. Even as Thailand democratized in the 1980s, it was business interests that predominated. The focus on growth led to increasing numbers of conflicts over resources, policy and community rights. Massive growth from the 1980s until the mid-1990s brought about a transformation of Thailand’s economic landscape, leading to what some would call maldevelopment (Suthy 1991). The uneven nature of growth in Thailand resulted in an unequal spread of its benefits (Parnwell and Arghiros 1996: 2–3).

Notably, the concentration of infrastructure and growth in Bangkok and provincial centers, at the expense of peri-urban and rural areas, is evident. The Bangkok Metropolitan Region for example accounted for 50 per cent of GDP but only 10 per cent of the population (Parnwell and Arghiros 1996: 13). Another cause of concern was income distribution, with greater wealth and greater poverty increasingly being concentrated at the top and bottom sectors of society respectively, despite the boom (Dixon 1999: 218). At a basic level, Thailand could be described as having a dual economy, sharply divided between the industrial and services sector on the one hand, and the agricultural sector on the other, although there are increasing pockets of agro-business. Put simply, there are underdeveloped linkages between the new export-oriented industries and the livelihoods of most rural people: while something like an industrial revolution has occurred in Thailand, it has impacted unevenly. Peter Bell (1996: 49) has argued that it may therefore be better to think of Thailand’s experience as one of ‘maldevelopment’: the country has undergone a systematic process of growth that has produced structural inequalities and cultural fragmentation. Localism within Thailand may be seen as a response to these maladies. Emergent first at local sites to deal with maldevelopment, it gradually took on national shape in some sections of the NGO movement as they moved towards articulating national reform agendas in the light of the economic crisis of 1997.

If maldevelopment provides one reason for the rise of localism, an increasingly open political system provides the second. From the 1980s, Thailand’s political and social landscape underwent rapid change (see Hewison 1993b). Democratization proceeded apace, with rapid gains made in the formal political arena. However, the main beneficiary of this was business, which used the new parliamentary arena for the
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purpose of generating further income sources and influence, leading to rampant corruption and a degeneration into ‘money politics’. Political parties became the playthings of rich business people, and clientelism subverted the institutional structures of democracy. In 1991, the military staged a coup d’etat and installed a seemingly technocratic government with representatives from big business (Connors 1997). Between 1991–92 the military and the conservative establishment, working through an appointed Committee to draft a new constitution, attempted to shore up their power in the post-coup environment, leading to massive pro-democracy protests and the restoration of democracy in May 1992.

Subsequent to these events an alliance between elite liberal reformers and progressive movement activists formed to push for political reform. This process reached its climax with the passing of the 1997 ‘people’s’ constitution. The new constitution aims at providing a degree of executive stability and policy continuity. More generally, it advances the cause of political liberalism by constructing a series of checks and balances on the use of political power (Connors 1999; McCargo 2002). Such checks are institutionally manifested in new bodies such as the Electoral Commission of Thailand, the Constitution Court, the National Counter Corruption Commission and the Human Rights Commission. These bodies remain sites of contestation as conservative, liberal and moneyed interest groups influence their composition and direction (Ji 2002). In short, the last two decades have seen an expansion of elite political space leading to a gradual and uneven transformation of the political system from authoritarianism, undergirded by networks characterized by clientalism, towards a more rule-based political regime characterized by the formal markers of liberal democracy. This also enabled greater freedom for activists to pursue independent agendas across an array of issues, and it is in this environment that localism has thrived.

THE LOCALIST AGENDA

Although much of the rhetoric of localism might be taken to be anti-capitalist, it is rather the case that localism is about nurturing a moral capitalist ethic in local settings. The central demand of localism, in practise, is for the role of agriculture and local business in the economy to be recognized and nurtured rather than letting market forces raze them to the ground. Localists propose that the stimulation
of local markets and businesses, and the strengthening of community organizations, as part of a broader process of democratization and decentralization, will reinvigorate and transform the Thai economy. A guiding theme of localists is the necessity of rooting development (in the sense of people’s well being) strategies in people’s own practises by a process of consciousness-raising. Development activists have noted – in the context of industrialization of Thailand and the emergence of resource problems, urban migration and disintegration of rural communities – the capacity of some communities to sustain their livelihoods and remain strong on the basis of self-reliance and alternative forms of economy. Such strength, and the attempt to replicate it elsewhere, has become the political project of localists.

Localism entails a participatory approach to development, taking existing cultures and communities as the reference point from which to articulate possible and empirically relevant development strategies that speak to the real needs of people; it eschews the abstract indices through which mainstream development is measured. Moreover, by approaching communities as potential inheritors of premodern cooperative cultures and possessing situated wisdom, community cultural development activists seek to revive a lost communal ethos. Finally, localism’s defining characteristic is its attempt to promote ideal communities (Kitahara 1996). While some find such ideas naïve at best, and retrogressive at worse, there is some sense in the position, given the unlikelihood of a rapid absorption of rural populations into an industrialized economy. It is essentially a reformist project that draws on existing resources and opportunities, seeking to impact on state policy and the terms by which people negotiate globalization. Beyond these generalities, the diverse range of localist thinkers and organizations are formidable and defy easy classification, from anarchists promoting a global confederation of peasant villages to moderates pursuing a new state–society dynamic though the promotion of ‘civil society’ (Jaturong 1995).

In Thailand, as elsewhere, localism is not a free-floating idea; it has organizational forms that vary from radical NGOs and community organizations to state-sponsored projects. While NGOs from the early 1980s were significant in their promotion of localist-type politics, it was not until the 1990s that localist ideas were taken up and utilised by the state in a substantial manner. This movement to the centre, by localism, had a great deal to do with the movement for political reform that linked progressive communitarian minded activists and political liberals. Through the process of political struggle around democracy
and political reform during the 1990s, a fusion of liberal democratic politics (free elections, rule of law, separation of powers) with localist and communitarian social ethics (embedded markets, the social nature of life, reciprocity etc.) occurred, creating a broad mainstream discursive opposition to the politics of statist and money-democracy. Interestingly, in the mid 1990s Kasian Tejapira (1996) usefully surveyed what he called post-1992 debates among Thai public intellectuals. He categorised two broad sides, ‘globalizers’ and ‘communitarians’ (what others have described as advocates of localism). He also noted that while there were efforts to synthesise the two positions, such as Thiruyut Bunmi’s ‘communitarian liberalism’, this was mere ‘verbal acrobatics since it still lacked the very material condition for its realization, namely the actual socio-economic compromise and political alliance between local rural communities and the urban middle class with their accompanying institutional/organizational embodiment’ (Kasian 1996: 63). As a historic bloc, this compromise is not yet in existence, but the new political space opened by democratization over the preceding decade allowed reform minded localists to steadily advance their influence, repositioning the rural sector in relation to state policy.

Another factor pushing localism into the mainstream was the need to find legitimating alternatives in the face of economic crisis after 1997. Pasuk Phongphaichit and Chris Baker, taking a sympathetic look at localism, situate its recent prominence as a political response to the crisis of Thai capitalism. They note the broad historical lineage of localism from the late 1970s and its attempt to present a viable economic alternative to the ‘industrialism’ that had captured the Thai economic technocracy. Most strikingly they detail how, following a speech by the King on the virtues of a self-sufficient economy, the Ministry of the Interior implemented various programmes based on the politics of localism (Pasuk and Baker 2000: 193–195). For McCargo (2001), the ascendancy of localism may partly be understood as a kind of psychological healing for people ‘in denial’ of their national failing. On the rise of localism and the corresponding attacks on globalization, he writes that ‘the responses must be seen as intellectual coping mechanism, a means for intellectuals, activists, and members of the elite to come to terms with the crisis’ (105–106). A less forgiving critique is offered by Kevin Hewison (2000), who sees localism’s present manifestation as populist, reactionary, ultra-nationalistic and hopelessly romantic in its varied calls for a return to traditional ways. Although Hewison (1993a) previously identified localism as a progressive current at the level of the village, after the 1997 crisis he suggests that it has
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become a vehicle for dubious nationalist agendas (287–288). Furthermore, its disavowal of class as a focal point of analysis and strategy is considered a great flaw (289). Certainly, localist rhetoric is vulnerable to abuse, as evidenced by the Thaksin government’s (2001 onwards) ready deployment of it, while simultaneously cracking down on the independent press and closing the door on more critical NGOs.

This chapter seeks to contribute to a critique of localism. It focuses on how localism relates to ‘democratization’ and development in a disciplinary way, which is to say that it seeks to shape and discipline people in ways that further elite agendas. It will be argued that moderate localism promotes the construction of rational, good citizens (conjured in the imagination of enlightened intellectuals), and advocates a people’s partnership with state and business. Localism has been used to move the terms of democratization in Thailand towards ‘participatory democracy’ framed within a liberal communitarian perspective. There is within localism an acceptance of liberal aspects of regime structure, but the reference point is ‘community’, not the abstract individual of liberalism. This contrasts greatly with the kind of democratic liberalism emergent in Bangkok among a number of academics, most notably Anek Laothamatas, in the early to mid-1990s (Connors 2000). The attempt by localism to determine the nature of citizen participation in the political process is part of what I call a project of ‘democrasubjection’, or the subjection of people to imaginary forms of self-rule (Connors 2003a: 15–26). In other words, moderate localism has worked to promote a particular political imaginary that stresses the unity of self and community and which seeks to elicit forms of behaviour in conformity with the generalized interests of that community, conceived locally and nationally. It has done this at the national level in its engagement with official ideology, but has also furthered the disciplinary aspect of democracy at lower levels as well in trying to shape the conduct of individuals. In an age of globalization where nations still matter, localism also succeeds in pluralizing conceptions of the ‘nation’. This manoeuvre powerfully reconstructs nationalism as a project, giving it greater concreteness and greater power to appeal to those it has previously caged in abstract ideologies of the singular national good. Localism takes the idea of nationalism out of the bureaucratic offices that propagate national identity, and reconstructs it as a project relevant to everyday life. Localism, in short, can do the work of reforming Thai nationalism around community (Connors 2003b).
THE GLOBAL LOCAL

The term ‘localism’ would seem to suggest a stream of endogenous ideas emergent within specific sites marked by territory, culture and identity. However, while localists draw on the Thai experience, they are not in any sense isolated from global development discourse. Indeed, despite occasional rhetorical flourishes by localists, which may suggest degrees of xenophobia, reactionary nationalism and populism, closer inspection shows how localism has partly become an expression of latest development fashions and jargon associated with a complex of global NGOs/GOs promoting, eclectically, liberal/communitarian agendas. The big ideas of this complex – social capital, democracy, governance, capacity building, civil society, community, decentralization, accountability, civic mindedness (partly appropriated and domesticated from, and then returned to, NGOs on the ground) – all figure in the Thai localist discourse just as much as the more familiar rallying cries of self-reliance, self-sufficiency, culture etc, by which localism has come to be defined. Thai moderate localism then must be seen as a dialectical outcome of the intermingling of local circumstance (context, ideology, institutions), ideational appropriation and negotiation (by national and international agencies) and the material practise of development.

Moderate Thai localism, or mainstreamed localism, is part of the broad global shift in development thought, although it has its own idiosyncratic history, giving it a ‘local flavour’ – Buddhism being an example of this (Patamawadee and Apichai Puntasen 2002). However, this does not necessarily entail mere mimicry of global discourses. Rather, the implication of localism and people-centred development is that culture matters and will shape developmental progress; politics thus becomes a concrete project rather than the advancement of any particular abstraction (‘democracy’ or ‘development’, for example). Thus does the global discourse of development sanction diversity – and this sanctioning is not merely ideological, but material, inasmuch as aid agencies have assisted the formation and effectiveness of localism within an overarching progressive developmental shell. The organizational complexes advancing these agendas are many, but commonly involve development institutions, world financial institutions and non-governmental organizations (NGOs), both domestic and international (Mohan and Stokke 2000). Many have advanced the significance of local cultures in development, seeking to advance development agendas by more effectively incorporating local knowledge and
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processes. Cultural localism, for instance, was given an official seal of approval through UNESCO’s World Decade for Cultural Development (1988–97), which led Thai agencies to more vigourously promote local cultures. Even the World Bank (1999) is getting on with the game, explaining that:

The self-awareness and pride that comes from cultural identity is an essential part of empowering communities to take charge of their own destinies. It is for these reasons that we at the World Bank believe that respect for the culture and identity of peoples is an important element in any viable approach to people-centered development.

Also, as part of its attempt to direct development thinking, the Bank recognizes the significance of local knowledge, noting that:

Indigenous Knowledge is local knowledge
IK is unique to every culture or society
IK is the basis for local-level decision making in:
- agriculture,
- health care,
- food preparation,
- education,
- natural-resource management, and
- a host of other activities in communities.
IK provides problem solving strategies for communities
IK is commonly held by communities rather than individuals
IK is tacit knowledge and therefore difficult to codify, it is embedded in community practices, institutions, relationships and rituals. (World Bank 2003)

The particular global/local nexus illustrated above suggests that rather than seeing localism as an example of reactionary, romantic or ultra-nationalist politics, it may be understood as an internationally engaged politics oriented to reforming the local-national-global linkages. The nexus is real. For example, in Thailand, proponents of localism were central to the formation and implementation of the Social Investment Fund (SIF), backed primarily by the World Bank, aimed at mitigating the impact of the 1997 crisis. The fund supported over 7000 projects, many related to local communities and businesses or projects encouraging ‘self-reliance’ and ‘empowerment’. Indeed, some would suggest that
leadership of the World Bank fund was taken up by localists who sat on committees and participated in project design and disbursements, resulting in SIF being an ‘NGO led village rehabilitation program’ (Naruemon 2001: 6). In the light of this nexus, a more critical interpretation of moderate localism in the years after the economic crisis would be that it has worked to cushion the impact of the crisis, channelling NGOs into providing safety nets and the co-ordination of micro-credit and community building projects. The result of this activity has been to channel anger and potentially more radical strategies into local development. The irony, of course, is that these projects were being funded by the very same institution pushing for deregulation and privatization of Thailand’s economy.

LOCALISTS AND IDEAS

Localism in Thailand is a varied intellectual tradition, ranging from the radical to the moderate to the state sponsored. The radical ‘community development perspective’, developed by Chatthip Nartsupha and others, links the idea of local wisdom and self reliance at the village level with a political strategy focused on winning the capitalist class to parliamentary democracy (the minimum program) and then using parliamentary structures to effect significant social change (Chatthip 1991 and 1999). While Chatthip’s position ultimately sought a transcendence of capitalism and bourgeois democracy, moderate localism’s engagement with markets and liberal political struggles signifies a desire for reformed nationalism within a more humane form of ‘encultured’ capitalism. Although sharing some of the basic tenets of the community culture school of thought, it would be wrong to see moderate localism as the same species. It is profoundly pro-statist in its orientation, profoundly disciplinary in its moral invocations and profoundly hostile to the politics of struggle and transformation. Its radical rhetoric disguises an imperative to reform the nation, and advance the common interest of all ‘Thais’, or a reformed Thai capitalism.

If Chatthip’s earlier position symbolizes the potential radicalism of localism, Saneh Chamarik is a figure who might be seen as bridging the gap between radical and moderate localism. In the 1970s, Saneh was a high profile human rights activist and academic, while in the early 1980s he advised the Prem regime on development policy. He then became a central figure in the predecessor of the Local Development
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Institute, and continues his association with it. On the whole, Saneh offers a radical critique of unbalanced economic growth and capitalism, and calls for the development of community based forms of capitalism that pay due respect to other dimensions of human life. Primarily, he presents a critique of capitalism without human values. For Saneh, the neo-classical approach to economic growth places the interests of a minority at the centre while depriving the majority ‘of their productive potentials, and, most significantly, right to development’ (Saneh 1993: 61). For Saneh (1991: 61), the market represents the great evolutionary scheme of history ‘when societies and the world at large come to be interdependent’. As he explains:

The market is a necessity, as is producing for the market, but farmers should not only focus on this dimension because we must accept that the agricultural basis of our farmers is as petty producers. (Saneh 1990: 16)

Saneh envisages that small farmers, with state assistance, will be able to respond to the world market. More recently, Saneh has connected the issue of local wisdom to the development of Small and Medium Enterprises, the development of which has become a principle strategy of the new government (Saneh 2001: 4). Given Saneh’s diagnosis, the challenge for NGOs was to enter the policy making bodies of the state so that their unbalanced development policies could be rectified. Further, he advocates the formation of community based economic networks with sufficient power to impact on policy. These would provide the organizational basis for grassroots democracy (Saneh 1997: 36). Apparently critical of capitalism, Saneh, in essence, proposes a reformed national capitalism that pays due respect to local economies and creates linkages that benefit both the local and national, in order for competition on the global stage to be more effective.

Dr Prawet Wasi and the makings of moderate localism

Prawet Wasi is a ubiquitous figure who commands significant media coverage. It is notable that the Thai media rarely describes Prawet as being affiliated to any particular organization, rather, it is his status as ‘respected senior citizen’ that is highlighted. This gives him an aura of neutrality and universality against a backdrop of partisan politics and cliques. And yet, Prawet has emerged as the most influential of the ‘localists’ precisely because he has been able to build up formal and informal networks of influence. As a central figure in the ‘Folk Doctors Foundation’, Prawet has longstanding connections with NGOs,
doctors and bureaucrats throughout the country, giving him access to significant numbers of activists: a disproportionate number of doctors are involved in social reform (See Bamber 1997). This work was recognized in the 1980s and Prawet was awarded the prestigious Magsaysay Award. A significant factor in Prawet’s prominence is his perceived closeness to the palace and the social elevation resulting from this (McCargo 2001: 97). In addition, his role in the Local Development Foundation (see below) places him centre stage in relation to international donor agencies. At the same time, his co-option into many government sponsored national committees gives him access to various levels of the bureaucracy and government. Prawet has prudently used the media to further his reforming agenda by keeping up a steady supply of well-targeted and well-conceived articles that nicely distil key issues and debates. Finally, one cannot discount the personal qualities of Prawet as a lay Buddhist, unsullied by partisan politics and a man who has seemingly committed his life to building a peaceful and righteous society (santiprachatham). These qualities are highlighted by the fact that he refused a seat in the Senate and a position in the Constitutional Drafting Assembly. Hence, Prawet’s elevated seniority, his many networks and his high public profile provide him with tremendous leverage to stimulate activity and influence the direction of public debate. In a country starved of quality public debate, and where class-based politics is suppressed, Prawet’s reforming nationalism, Buddhist reformism and social reform agenda attract significant attention.

Prawet subscribes to many of the ideas advocated by ‘localism’, being a key advocate of the value of local wisdom. Prawet’s localism is conversant with international trends that began to value the local in development from the mid-1980s onwards. He also shares the concern that localism has in fostering local wisdom and applying it in development strategies. Following the broad stream of localism, Prawet (1999) argues for the need to develop local capital in Thailand in a manner consonant with the local culture and wisdom of the people. Prawet conceives of communities as places of common locality and identity where citizens come together to solve problems and advance their well being. Communities are the basic component of democracy (1994: 14–16), places where individuals practise cooperation and solve problems. Supplementing this broad communitarianism is the more developmental concern with growing social capital in communities, and on this Prawet is clearly conversant with the ‘Putnam School’ (See Prawet and Chuchai 1997: 6). Communities are seen as democratic
building blocs because the extent to which they are able to be self-reliant in generating solutions to their problems is the extent to which civic responsibility can be nurtured, with the consequence that democracy can be consolidated at the national level.

As with other localists, Prawet’s communitarianism is integrated with Buddhist philosophy. Critical of Western development (‘a money chase’), Prawet (1998b) says:

Our path must transcend this. We must stay one step ahead of the world by remaining faithful to the right concept, or sammaditthi, of development. It is one which focuses on goodness while inter-locking the economy with mind, family, community, culture and the environment.

Since 1994, when he was drafted to lead the Democratic Development Committee, which mainstreamed the cause of political reform and led to the new constitution, Prawet has had to address his Buddhist ideology of thammathipatai, or the ‘Sovereignty of Dhamma’, an idea associated with the reforming Buddhist philosopher Buddhadasa (see Prawet 1986: 81–86; Jackson 2003), more directly to questions of democratic and liberal political structures. Subsequently, Prawet has been an active supporter and indeed part catalyst of the emergence of a rationalized liberal parliamentary regime in Thailand. He endorsed the idea, proposed by political development theorists, that Thailand needed a political development plan so it could advance towards institutional forms of liberal democracy that would decentralize political power and empower local communities. However, he has always made it clear that political reform is simply one aspect of a more comprehensive reform that Thailand needs (see below).

Underlying Prawet’s progressivism is a strong current of elitism. Consider his evaluation of compatriots and his assessment of factors behind the economic crisis: ‘People are selfish and tend to do things for themselves rather than for the entire society’ (Bangkok Post 10 March, 1998). In an open letter to the Prime Minister, he explained that Thais possess a small conscience and that ‘people still cannot think more of the public interest than themselves and their cronies’ (Prawet 2001). Prawet is a disciplinary thinker, one who recruits to a project concerned with the moral reform of a people deemed inadequate to the tasks of his Buddhist communitarianism. In this approach, the political economy of crisis and capitalism is buried under the weight of moral sloganizing against Western consumerism and pious calls for unity.

Significantly, Prawet’s elite communitarianism and democratic outlook converge. Ideally, for him, communities are sites of learning
that endeavour to move towards higher moral states embodied in the principle of self-reliance. In this, intellectuals are seen as having a responsibility to lead by first understanding the conditions and world view (local wisdom) of the villagers. This comes about not through abstract discussion or education but through engagement with issues that emerge in communities and which become points of organization, grievance and, hopefully, community deliberation. Essentially, Prawet supports engaged intellectual activism with communities, to generate solutions through processes of deliberation at various levels. This provides ‘communities’ with the opportunity to learn and participate.

Recognizing the inordinate growth of the state and business vis-à-vis society, Prawet, in the mid 1990s, proposed the strengthening of civil society/community by focusing on increasing people’s own power (Prawet and Chuchai 1997). However, this position was not against the state and business, but about facilitating state reform and the philanthropization of business: ‘Don’t let us think that they are enemies like communists, we must think in terms of allies’ (Siamrat 25 June 1996: 33–34). Prawet has popularized the idea of civic forums for deliberation on a range of issues (what he earlier called ‘penjapakkhi’ – a partnership of five sides that included state officials, NGOs, people’s organizations, academics and the private sector). This project of strengthening dialogue and creating forums for deliberation is perhaps where Prawet has contributed to the discourse of participatory democracy. At Prawet’s suggestion, the Eighth National Development Plan called for the establishment of prachakhom, described as civic ‘assemblies for the purpose of formulating development plans and guidelines for the province’ (NESDB 1997). Prawet seeks the institutionalization of state–society relations through such civic-assemblies in which each sector discusses development issues. Bereft of binding authority, prachakhom are supposed to provide popular input into programs.

Taken from a critical perspective, Prawet is clearly a thinker of disciplinary intent seeking the formation of mature citizens able to be self-governing, following the right way and possessing common regard for the community interest. The solutions proposed by Prawet are premised on consensus. His approach requires that the consequences of concrete power differentials among those engaged in ‘deliberation’ be glossed over.
The belief in an alliance of state, ‘people sector’ (understood as networks, communities and NGOs making up a vibrant civil society) and private business sector also underlines the basic rationale of the Local Development Institute (LDI). In the following section I examine the role of the LDI as one of the instruments through which Prawet and other localists have advanced their development, democratic and moral agendas. LDI is a major ‘non-governmental organization’ and has played a significant role in the formation of national NGO networks, in development policy and in promoting the politics of localism. Amongst its significant supporters are reformist minded bureaucrats as well as development activists. My purpose here is twofold: first, to show how moderate localism in Thailand has been sustained and spread by the international aid industry, in this case the Canadian International Development Agency; second, to show how the politics of localism, public mindedness and participation are advanced by the LDI and have now expanded towards embracing a politics of total social reform. The net effect of this localism has been to inject into the public discourse on democracy a strong non-state communitarian content.

LDI has a strong profile in development circles. Because of its experience in assisting in the formation of prachakhom, it has come to be recognized as a leader in innovative institutionalization of state–society dialogue. Recently it has secured a number of contracts from government bodies to assist in mobilizing popular input into various policy forums. A list of its recent activities shows how closely tied the LDI is to international development agendas and government agencies. In 1998, it was contracted by the National Economic and Social Development Board (NESDB), on which Prawet sits, to develop prachakhom at the district level; in 1999 it was contracted by the same body to promote local participation in the drafting of the Ninth National Development Plan; in 2000 the Ministry of Health contracted LDI to study decentralization of the Ministry’s functions; in 2000–2001 the Asia Foundation contracted it to organize public forums on social issues. The World Bank has also provided funding to LDI to study mechanisms and administration of funds given by the government for civil society development (Pimjai 2001: 24–26). These recent activities are in conformity with the LDI’s past.

The LDI emerged from an earlier development program funded by Canadian International Development Agency (CIDA) from 1984–89,
into which over $US4 million was poured to support over 55 grassroots programs (Pimjai 2001: 2). This program, known as the Local Development Assistance Program (LDAP), was rare in Thailand, in that aid did not go directly to the government but was screened through an advisory committee on which sat representatives from NGOs, the government and academics.

The Program emerged from discussions between CIDA, Thai government officials and NGOs. CIDA’s rationale for funding LDAP included a belief that working with local communities was the most effective way of channeling aid. High profile development activists such as Anek Nakabutr, now in charge of the Social Investment Fund funded by the World Bank, took a lead in the formation of the project:

"We convinced CIDA that NGOs and local leaders already had experience in managing funds. With more resources, they could enhance their capacity and expand their work. However, it was hard for them to get grants from the government and foreign donors. Thus, CIDA should develop an aid delivery mechanism to make its funds reachable at the local level… The main strategy is to link the development between the macro and micro levels while the government must increase cooperation with NGOs and grass-roots organizations. (Cited in Pimjai 2001: 7)"

This revealing statement captures the *modus operandi* of LDI and its functionaries. Linkages between various sectors and linkages between the micro and macro have come to characterize the Institute.

From 1984 onwards, the LDAP became a focal point for the formation of various groups. Interestingly, in one internal document (LDI, n.d.: 24) it is noted that:

"The existence of LDAP appears to have encouraged some people to organise groups to address issues which lay within LDAP’s mandate. It is not perverse that LDAP’s existence led to these results in some instances; after all, this is the way that ideas are translated into action."

Most significantly, LDAP was able to allocate funds to assist in the formation of the national co-ordinating body of development NGOs (NGO-CORD – later NGO-COD), and was significant in stimulating the growth of Thai development NGOs. The process for approval of grants went through the LDAP’s Project Review Committee on which sat a representative from the Department of Technical and Economic Cooperation, one from CIDA, three from academia, two from other
government agencies and three from NGOs, making the Review Committee an embryonic recognition of state-non-state partnership in development. Significantly, LDAP firmly positioned localism as a major current of development thought, for priority was to be given to funds that:

- Supported the development process at the community level …
- Advanced local participation among target groups in solving their own problems and in increasing self-reliance in the long run
- Drew on local wisdom and democracy-based learning processes
- Dovetailed with government development policies (Pinjai 2001: 8).

In 1988, figures associated with the LDAP, including Prawet and Saneh, moved to establish the Local Development Foundation under royal patronage, establishing also its operational arm, the LDI. By 1991 it had secured a major grant from CIDA (CIDA 1991: 2). CIDA’s financial support to the LDI/F was conditional on the organization become self-sustaining by the end of the 1990s. The LDI was to pursue five basic objectives: to provide project assistance funds (for community organizations, villages and enterprises); to provide technical support and networking aimed at enhancing the capacity of existing local NGOs; policy and research aimed at influencing national and regional policy; institutional linkages, principally linking Canadian NGOs and LDI; and project management (CIDA 1991: 3).

As President of the Foundation, which oversees the work of the LDI, Prawet has, since 1991, been central to its activities. In a review of the LDI activities up to 1997 he eloquently summed up the principal method of the Institute,

> Social bridging of social interweaving is the only way to solve social crisis. LDI is committed to its pledge to weave links among all social sectors in order to change their structural relationship from one based on power to one based on fraternity, resulting in the emergence of a civil society or santiprachatham. (LDI 1997: 19)

With this broad strategic approach overarching the Institute’s history, the LDI describes three strategic periods between 1991 and the present. The first period is described as ‘The Push for Policy Change and Community Empowerment’ (1991–94). In this period, LDI was influential in studying community forest management and contributed to the formation of the draft Community Forest Bill (still in dispute). Much public debate around this issue involved a centre staging of the
capacities of forest communities to manage their environmental surroundings in ways conducive to conservation and livelihood. Also, work with alternative agricultural networks was pursued in order to influence policy and to pave the way for ‘community businesses, community economics and alternative markets’ (LDI 1997: 11).

The second period is described as ‘From Community to Prachakhom, The expansion of civil society sector’ (1994–97). This period is described as one in which the earlier efforts on policy lobbying began to bear fruit as networks expanded and increased their influence. This is particularly seen as relating to the drafting of the Eighth National Development Plan and the proposal for the establishment of prachakhom. It is noted, perhaps somewhat too optimistically, that the idea of ‘civil society’ had become a significant current in Thai society, with shifts away from state dependence. While noting its shift from the local to the broader development of civil society, LDI remained firmly locally oriented: ‘our main focus remains unchanged: community empowerment is the most important thing’ (LDI 1997: 12).

The third period is described as ‘The period of social reform and macro mobilization’ (from 1997). LDI now sought to expand its influence nationally, by linking up with more networks. To advance this, a nine-point strategy was proposed, including the establishment of a social reform fund, the ‘development’ central coordinating committees to work with agencies under the principal ministries, helping to develop consumer networks, assisting in the development of media for social reform, assisting prachakhom to reform education and the value system, assisting prachakhom in the reform of law, macro economy and opening the state to more people’s participation in order to strengthen communities (LDI 1997: 14). This ‘self portrait’ demonstrates how LDI has come to see itself as an important catalyst at the centre of civil society movement, understood in terms of developing a partnership between social actors and the state.

TOWARDS SOCIAL REFORM, INTO THE MAINSTREAM

Partly mandated by the LDI strategic shift, Prawet over the last few years has pushed for social reform and ‘macro-mobilization’, and led the organization in that direction. In 1998 the LDI issued a manifesto calling for wholesale social reform that included the creation of new values, a self-sufficient economy and society, macro economic reform and bureaucratic, educational, media and legal reform:
To be able to move such a colossal task forward, we must have the following principles:

1. Research for true knowledge in each area.
2. Social movements with popular participation.
3. Continuity of wisdom…

What is needed is social energy for change. Research, accompanied by social movements, will provide such energy which will guide both individuals and organizations toward righteousness (Prawet 1998a).

The mobilization of ‘social energy’, occasionally packaged as ‘forces of the land’ (see Connors 2002), has come to form the key strategic plank in LDI’s activities. Since issuing this call, Prawet and LDI have campaigned on a number of issues relevant to social reform, and in doing so have attempted to tie in other networks and individuals as part of its ‘bridging’ work. Interestingly, just before the 2001 election, LDI coordinated a number of public intellectuals, including Prawet, to issue A Proposed Strategy to Solve the National Crisis (LDI 2000). The pamphlet was issued during the long period of electioneering in the lead up to the January 2001 general election and aimed to influence policy formation.

The signatories outline what they call the ‘Forces of the Land Strategy to Solve the National Crisis’. They explain:

Time has proven that that power of the state is not sufficient to solve the national crisis, it is necessary that the social or people sector consolidates its power and takes part in solving the crisis. There is no power that can solve such complicated problems besides the power of society (SOCIAL ENERGY). Social energy comes from the coming together to think and act – all over the Thai nation, in all places, all organizations, on all issues – as a force of the land (palang paendin) …This social energy should have three methods, act by oneself, work with the state, scrutinize the state.

Notably, this strategy of ‘force for the land’ becomes nothing other than the extension of institutionalized state–society partnership:

In the age of globalization neither the state nor society alone has sufficient power to preserve the country’s economic sovereignty. The state and the people need to integrate as a people-state (pracharat). (LDI 2000: 5–6)

In their discussion of the economic crisis confronting Thailand, the signatories note that well before the 1997 crash, economic develop-
ment had resulted in the 'expropriation of the small for the benefit of the big', leading to land, forests and water sources being skewed towards the rich. This had led to the destruction of communities. The dependence on industry required cheap labour and did little to develop human resources. Attacks are also made against foreign loans, the opening of financial markets and the IMF. Proposals for getting out of the crisis include renegotiating the terms of integration with the global economy, reviewing the laws that have facilitated the entry of foreign capital and increasing the independence of the Thai Central Bank and its ability to monitor and control the flows of capital. From these big questions the authors then move to the familiar themes of localism, calling for the promotion of laws on self-sufficient economy, protection of small businesses and promotion of linkages between the micro and the macro economy.

Of all the parties that have come close to addressing the issues raised by the localists, the Thai Rak Thai (TRT), which came to power in 2001, has been most responsive. Indeed the formation of the Thai Rak Thai party in 1998 excited considerable interest among NGO activists, for the party’s leader, the billionaire telecommunications entrepreneur Thaksin Shinawatra, appeared responsive to new social policy agendas and seemed especially keen to foster small and medium entrepreneurs, an issue easily connected to the localism of the LDI. According to Dr Poldej Pinprateep, Secretary General of LDI (1998-present), some members of the LDI executive committee were invited to take part in policy discussions with Thai Rak Thai, and Prawet himself occasionally spoke at TRT seminars as an impartial participant (interview with the author, 28 July 2001). These are significant developments, for while social partnership had generally been seen in terms of state-social sector partnership, the possibility of a responsive government posed the opportunity of extending localism’s influence in the political arena. Indeed, in recent times LDI members have been part of discussions with TRT on proposals for health reform; its past history in pioneering village loan funds led to LDI members advising TRT on the implementation of the Tambon Fund, and it influenced the direction of the government’s draft Community Enterprises Bill – all perceived as part of a better deal for the rural sector in a reformed Thai capitalism.

Although TRT’s openness might be seen as mere opportunism, it may also be the beginning of the kind of historic compromise and recomposition of the state and capital that Kasian suggested were missing in the mid-1990s (see earlier discussion). If it is, then this is clearly a tenuous beginning, given the vagaries of the Thai political
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party system and its social constituency (see Pasuk and Baker 2000: 152–158). Nevertheless, the legacy of the economic crisis in Thailand may have been to mainstream localism, not merely as an ideological cover for ultra-nationalist reaction, but as an integral component of a new economic compact. Thaksin, both in word and deed, hints in this direction: ‘Perhaps it’s half true that we are following a populist strategy….But we have ignored the bottom half of the economy for a long time. Now we are coming back…’ And speaking of foreign critics of his government’s policies, he notes, ‘They don’t know about the linkages. ... It’s like the Chinese proverb: “If one farmer dies, then 100 merchants will die”. Agriculture is the foundation of our country. Thailand is not just Bangkok alone’ (Bangkok Post, 30 January 2001).

While it would be tempting to see Thaksin’s apparent conversion as simply paying homage to the King’s ‘new theory’, policies and actions suggest otherwise. TRT had numerous pre-election meetings with NGOs and was able to develop significant and ongoing links with them on the basis of electoral promises and because of personal linkages with the NGO leaders. Although the party is an amalgam of different cliques of moneyed interests, there is also a core of progressives who have a radical past, and Thaksin shrewdly used these in his willing dance with localism and his earlier attempts to link up with NGOs. This strategy resulted in a degree of unrealistic expectation of the progressive nature of the Thaksin government. Ji Ungphakorn (2002: 202) notes how ex-communist sympathizers who are close to the TRT leadership, some sitting in cabinet, express a sense of influence thus: ‘we’ve seized state power without having to eat taro and sweet potatoes’. According to Ungphakorn, this is a reference to the diet of communist fighters in the jungle. Needless to say, the state has hardly been seized in the name of socialism, or localism for that matter. Lip service to localist concerns and economic policies designed to stimulate local economies do not mean a wholesale buying into localism by Thaksin. While the advocates of localism are sincere in their attempts to create moral markets and holistic development, Thaksin’s approach is primarily economistic, seeking to revive the capitalist economy by advancing the interests of local capital as well as sustaining his own economic fortunes (see Pasuk and Baker 2001).
CONCLUSION: MAINSTREAMING LOCALISM, LIVING WITH CONTRADICTION

In this chapter I have treated localism as a broad approach to development and democracy that seeks to elicit a communitarian ethos and to develop greater state–society dialogue and action as a progressive response to globalization. However, I have also noted the limits of this progressivism. Ultimately the moderate localists act as disciplinary agents attempting to channel people into the ‘right ways’. These right ways have disciplinary effects, for they preach consensus above confrontation, collaboration over autonomy and social learning over social struggle. Nice ideals these may be, but in the context of the political economy of exploitation that capitalism requires, localism is a politics that wittingly or unwittingly heals class divides with platitudes and high hopes for just development.

Localism is often thought of as an emergent global phenomenon that atavistically resists globalization. This chapter has suggested otherwise. At least in Thailand, the LDI’s localism has been a significant beneficiary of the international aid industry and localist politics have been significant in the design and delivery of World Bank programs put in place after the economic crisis. If this is atavism or anti-Western capitalism, it is smartly packaged. This seeming contradiction – between the rhetoric of localism and its interaction with the mainstream of international development – may be explained by reference to LDI’s reformist agenda in the global era. Indeed, reformist agendas are globally emergent and they do not necessarily entail working against the financial institutions of globalization, but working for their reform. Increasingly, there is a belief that globalization needs regulation, that just as national markets have developed on the basis of embeddedness, so too must the global market. Moderate localists are, in some sense, part of this historic movement towards renegotiating the terms of globalization, simultaneously seeking a re-embedding of market institutions within the social formation of Thailand and in the ‘global at large’. Part of this embedding lies in the legitimization of state–society partnerships. This is no co-option by the state, for moderate localists are willing courtiers, pursuing a strategy of reform within the state. This integration of state and society has occurred in the emergence of new forums of deliberation – the prachakhom to name one.

Clearly, given the review of localism in Thailand above, it has been mainstreamed, but that is not to say it has been effective. Critics note that the social partnership promoted by the prachakhom are skewed
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towards the powerful (Ratana 1999). What is more, the high ideals behind the formation of the prachakhom have so far failed to make them genuinely participatory, with many being dominated by state officials. As Naruemon Thabchumpon (2001: 15) points out, many members do not represent any organizations, and they have few resources, resulting in ‘the state [officials sitting in the prachakhom] … engaging in co-optation and setting the agenda for civil society’. Nevertheless, it can be expected that while state and moderate localists seek this form of dialogue, the cross-fertilization of ideas that has come to shape democratic discourses in Thailand in the last decade will continue. This is leading to the emergence of a new reformed state structure and ideology (Connors 2003b). Localism has assisted this shift, enabling the state apparatus, as it transforms, to maintain its control and indeed penetrate emergent autonomous formations in the name of partnership and democracy. Of course, the less than successful story of prachakhom thus far shows that many non-state forces are not present, preferring to work elsewhere, either pursuing interest-based politics or pursuing a more confrontational role with the state.

AUTHOR’S NOTE

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The last decade in Cambodia has been marked by continuous political change and dramatic economic liberalization, resulting in, *inter alia*, an accelerating degree of dependence on external economic and political dynamics. Although Cambodia is now into a decade of ‘democratization’, changes in the domestic political institutions have remained superficial, particularly at the local level in the rural areas where the majority of the population lives. However, a decentralization reform that targets the interface of ‘democratization’ and ‘development’ at the local level is now being implemented. In theory this reform cuts deep into the everyday life of most Cambodians and may possibly bring about the political and social change that was generally anticipated when national elections were first conducted in 1993. The focus of this chapter is to assess the prospect for this reform and the consequences it may carry for the furthering of democratic change.

CONTEXT AND BACKGROUND

Comprehensive democratic decentralization reform was formally launched in Cambodia in 2001. This reform was somewhat of a surprise to many observers; some questioned the genuineness with which the central state was driving this process (Meixner and Sovirak 1999), while others categorically rejected the possibility that bottom-up processes and democratic representation in Cambodia might work (Ledgerwood 1998; cf. Thion 1993). Historians, on their part, have
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stressed the conservative nature of Khmer culture (Martin 1994; cf. Mabbet and Chandler 1995), while the NGO-community is worried that the process does not take into account the perspectives of all stakeholders adequately (e.g. NGO Statement 2000). In the popular debate, the reform is typically viewed as part of a greater power play involving players who are intrinsically uninterested in local-level development and democracy.

There is some justification for all these critical and cynical views. The rift between the far-reaching ambition of the administrative reform, and the high expectations of the outcome, on the one hand, and the difficult circumstances under which the reform is being carried out on the other, is wide, and calls for critical analysis. Historically, power has neither been decentralized in any meaningful way, nor has it been democratically distributed. For instance, the Angkor political system, often idealized in the official political discourse, was extreme in its centralization and ruthless in its execution of power (Chandler 1983; Mabbet and Chandler 1995). Culturally, hierarchies and patron-based relations have been the dominant features guiding social organization (Ovesen et al. 1996; Ayres 2000), and the resilience of Khmer cosmology has sometimes been held up as the major impediment to ‘real’ democratization (e.g. Bit 1991; Mehmet 1997: 676). Politically, both historically and in contemporary Cambodia, the country has been plagued by ruthless and authoritarian politicians, often obsessed with power and in maintaining excessive control.\(^1\) Financially, the cost of such an extensive reform is exorbitant. Yet it is to be carried out in one of the poorest countries in the world, where approximately 40 per cent of the national budget is derived from external aid. Moreover, the national centre is supposed to give up considerable potential tax revenues as the local level administration is accorded a greater mandate in tax collection. Obviously there is a case for doubting the future success of this reform.

Still, in March 2001, key laws\(^2\) were signed by the king and the first local elections were then held in February 2002. Intense work in developing sub-decrees has been conducted, and funds (although not necessarily sufficient) have been budgeted and made available to launch the process (Bautista et al. 2002). Following the commune elections, the commune councils (the key institution in this reform, see below) have come into operation and must start to perform, irrespective of whether they are ‘ready’ or not. This triggers three obvious questions: Why is this democratic decentralization reform launched despite the odds stacked against it? How is it designed, given the scanty historical

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\(^1\) Refer to the original text for more details.
\(^2\) Refer to the original text for more details.
experience and the limited capacity? And, finally, what results can be expected from such a reform in terms of democratic governance?

The ‘why’ and the ‘how’ point to a complex dialectic between ‘globalization’ and ‘internal’ dynamics; in fact they presuppose each other. Similar processes of decentralization are also occurring in other Southeast Asian countries as well as elsewhere, suggesting that there are some general underlying reasons for this. It is, thus, a reasonable assumption that the answer to the ‘why’ to a large extent can be found in Cambodia’s attempt to integrate itself into the regional and global political economy, upon which it has become increasingly dependent during the last ten years. The working hypothesis on this point is that global/regional forces leave Cambodia with few options but to agree to emerging development trends and global political norms. More explicitly, the donor community to a large extent finances the initial phase of this reform, and transmits values and trends straight into the local level in rural Cambodia. However, for reasons of sustainability, ‘the local’ also has a significant role in these changes; without a process of ‘localization’, changes will not be sustainable.

The ‘how’ will be scrutinized by tracing the process towards the decision on decentralization by reviewing the (little known) historical experience, and by examining the actual content of the reform. Although many are skeptical about the intention of the reform, the working assumption here is that it constitutes a ‘sincere’ attempt by the authorities to change the political structure as well as to improve the quality of local governance – thus differing from many other current ‘reforms’ in Cambodia. This is explained, inter alia, by the combination of the untenability of the previous local administration set-up and the opportunity of introducing progressive democratic and development elements without necessarily threatening existing power structures, while attracting external resources for reducing poverty and re-legitimizing local authorities.

Lastly, ‘what results’ will be assessed by reviewing the debate on the reform and by discussing the views of the rural society on commune authority and the commune authorities’ self-perception, seen as a key to the quality and nature of the emerging local governance.

THE ‘WHY’: CAMBODIA GLOBALIZING?

Since the late 1980s, and especially after the ‘Paris Peace Agreement’ in October 1991 (UN 1991), Cambodia has been on a continuous,
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although bumpy, track towards harmonizing its political institutions with global norms and practices. In the Peace Agreement, which outlined the transition process, it was clearly stated that a democratic system of government with multi-party elections would be introduced into Cambodia. The UNTAC-era coincided with a period of drastic economic liberalization and a massive increase of aid, investments, ideas and trade. Political liberalization and administrative reforms have continued, although at times reluctantly carried out by the government. In fact, the current regime is to an overwhelming degree dependent on sources of funds ultimately linked to or derived from outside of Cambodia, such as customs taxes, foreign direct investments (basically in garments production and natural resource extraction), aid and tourism – all of these major revenue earners originate from outside, are controlled by outside forces and thus are sensitive to ‘wrong’ domestic politics. In addition, legal, semi-legal and illegal logging, as well as gambling and drug trafficking, are generating major incomes. In sum, this makes Cambodia intrinsically susceptible to external pressures and demands.

External reasons for decentralization

The current political system was introduced through an international organization (the UN) in a process, some argue, marked by cultural insensitivity and foreign domination (Lizee 2000; Roberts 2001). In the mid-1990s, two thirds of the state budget was paid for by the international donor community. Inevitably, independence was circumscribed. As such, it had, and still has to deal with spoken and unspoken external demands for reforms in a neo-liberal direction, particularly of the public sector (CCG 2001; RGC 2000a). One of these ‘demands’, first voiced in 1993, was for local elections. This demand was in line with a global push for decentralization.

Indeed, decentralization became one of the most widespread, yet comprehensive, political reforms of the 1990s. A World Bank report observes, for instance, that ‘out of 75 developing and transitional countries with populations greater than 5 million, all but 12 claim to have embarked on some form of transfer of political power to local units of government’ (taken from Crook and Manor 1998: 1). One explanation for this development is offered in another World Bank publication, where it is argued that globalization is exerting pressure for the ‘dispersion of power’ from the previous omnipotent central nation state (World Bank 1999). This constitutes a reflection of the evolving multilayered, multidimensional and pluralistic condition that is
emerging through globalization. Robison (1996) has offered a similar argument, emphasizing the complexities of modern capitalism in a globalizing era, in relation to democratization in Southeast Asia. Decentralization has thus become a part of the current development discourse, commonly surrounded by positive associations, with the basic argument that it brings political decision-making closer to the people, which in turn increases the power of ordinary people over their own fate (cf. Kothari 1996). The attraction of political decentralization might be that it holds promises for both the deepening of democracy and the addressing of various development problems. As such, it relates positively to international political pressures for democratization and the imperative of ‘satisfying’ the global development discourse in order to attract investment capital and budget support. It could be argued that the more dependent a state is on the dynamics of the international political economy, the higher the incentives are for launching reforms conducive to global trends and responding to issues of high relevance for the donor community. This hypothesis makes sense in the case of Cambodia, at least, given its high degree of external dependence and the pursuing of the surprisingly radical decentralization reform. Significantly, decentralization does not really contradict any particular political ideology, rendering it an ‘easy’ reform to suggest (but not necessarily as easy to implement). For instance, Manor (1999: 1) has stated:

It is being considered or attempted in an astonishing diversity of developing and transitional countries – by solvent and insolvent regimes, by democracies (both mature and emerging) and autocracies, by regimes making the transition to democracy and by others seeking to avoid that transition, by regimes with various colonial inheritances and by those with none. It is being attempted where civil society is strong, and where it is weak. It appeals to people of the left, the centre and the right, and to groups which disagree with each other on a number of other issues.

Irrespective of whether states are small or large, weak or strong, or rich or poor, they develop strategies (with emphasis on the plural) in relation to globalization (Palan and Abbot 1999). The organization of the Cambodian state administration is therefore likely to adapt to the demands exerted by ‘globalization’, particularly from the donor community (cf. RGC 2000a), but also in relation to other international forces. Currently, no Cambodian regime can afford not to take the international dynamic into consideration for almost every move it
makes. This makes ‘traditional nation state building’ – with attempts at sovereign territorial control, nationalistic mobilization, the cultivation of specific cultural traits, the demonizing of neighbors and the development of a sovereign (or even controlled) national political economy – unfeasible. In other words, in order to strengthen the state, strategies that are not in conflict with external demands and expectations have to be sought instead. Decentralization may be deemed as one such means.

Internal reasons for decentralization

It might, however, be somewhat simplistic to believe that states – especially the ones that are dominated by a former revolutionary party and have earned their formal independence through a drawn-out liberation struggle – act in such an instrumental way and in such a causal manner in response to external pressure. After all, the inclination to bow down to international pressure is surprisingly low in Cambodia, given the limited means the state has at its disposal. Therefore, we need to turn our attention to the domestic stage as well in order to understand change.

After three decades without a progressive development orientation, the Cambodian state now searches for enhanced regime legitimacy and a renewed nation state building process, including the re-building of the legal framework and political institutions. Ultimately, decentralization reform is justified, it is claimed, by the need to strengthen local governance and the prospect of reducing poverty (Setha, interview, Nov. 2000). The previous structure of the local state was built for managing the long-lasting civil war and for controlling the population politically. The most vicious ‘attacker’ now is poverty, against which the local authorities have had no ‘defense’. Therefore, the institution for local governance has to be re-invented and re-structured in order to make itself useful to a civil society that has had bad experiences of dealing with the state; most people have never met with a ‘developmental’ state and, as we shall see below, few conceptualize the state as a positive force. The alternative – not re-inventing the local state – would have implied a de facto non-existing local state for most Cambodians. In fact, for many rural Cambodians, this is the normal (even preferable) state of affairs (cf. Eastmond and Öjendal 1999).

However, this ‘rural anarchy’, ironically a result of an attempt at ‘ultimate control’, posed a critical problem for the central state. For instance, at a multilateral donor meeting in Paris in May 2000, Prime Minister Hun Sen complained that he personally had to deal with
resource conflicts emanating from local governance malfunctions. He agreed that his interventions could not constitute a 'long-term solution to this problem'. Clearly, other means of resolving this accelerating problem had to be found (Hun Sen 2000). The two problem areas – local conflicts and increasing poverty – are likely to grow rather than decrease if initiatives at the local level are not undertaken.

Moreover, this has been a growing problem for the Ministry of Interior (MoI) – tasked with the responsibility for local political issues – for quite some time. The sub-decree No. 324, issued in 1994 by MoI, outlines the responsibility of the communes and indicates a concern that the coherence and loyalty of the commune offices is declining, further reducing the opportunity for the local authorities to deal with the growing problems. It reads:

Since the Cambodia Government was formulated, it has generally been observed that the commune authorities within some provinces seem to be reluctant to perform their duties and tasks, and that their commitment towards the responsibilities of managing the administration and public security in local areas has [loosened]. The main reason for these [problems] is that they are waiting to see the outcome of the election of commune [authorities] as prescribed in the National Constitution of the Kingdom of Cambodia. (Ministry of Interior, Instruction No. 324, 10 May, 1994, unofficial translation)

It has subsequently been confirmed that the MoI was convinced that the grip of the local administration had been continuously degenerating (MoI, Interview, Nov. 2000). At the same time, another instruction was issued, expanding and partly reinterpreting the roles and responsibilities of the communes. While administrative and security tasks are upheld, new duties are added, which resonate with the development discourse introduced by the new post-war government. On the whole, the commune administration was vested with the following ‘key functions’:

1. Keep up the general security with the assistance of the police and the military;
2. Disseminate and implement Royal Government policies;
3. Encourage people to farm and fish for their living or get an employment;
4. Manage statistics;
5. Supervise village chiefs

(Ministry of Interior, Instruction No. 008, 10 May, 1994, unofficial translation)
A few things are noteworthy. First, there is an element of ‘development’ in these instructions. In fact it seems that the development mandate was starting to become upgraded in the communes at this stage. However, the responsibility for infrastructure construction and for the delivery of social services was still not identified in the mandate given to the communes. Second, variations of the above instruction were given to different people involved in commune administration (village, district and commune chiefs; civil servants at province level; development workers etc.), resulting in some confusion over particular roles and responsibilities. Third, in none of the communes that we visited did they acknowledge having written instructions, although the dissemination of the above instruction to the communes was explicitly demanded. Generally, the commune chiefs welcomed a reform of their work because they claimed to be working very hard with little compensation and little appreciation (commune chiefs, Interviews, Battambang and Pursat, October 1999). This 1994 partial reform did not, however, see any significant change in the role of the communes.

In contrast, the new decentralization law of 2001 contains radical features, addressing the problems reviewed above, making it highly controversial. Under the law, the commune will have the right to tax incomes. Moreover, in theory, the Cambodian People’s Party (CPP) will be required to give up its near monopoly on political power at the local level. The MoI, the main architect behind the reform, gives the following reasons for launching this radical decentralization reform:

- To strengthen the degree of local participation in local affairs;
- To increase local ownership of local development;
- To change the attitude between the local state and the people;
- To strengthen democracy.

(Setha, Interview, 30 November 2000)

We can conclude that the (CPP-dominated) MoI seemed to think that it was losing – or had already lost – political control of the rural areas. At the same time, development problems and instability at the local level were on the increase. If this analysis is correct, the move towards decentralization is a rational response to domestic political and economic demands, apart from satisfying external pressures as well.

**Implications of the ‘Why’**

What are the implications of the above analysis? Currently, the rural population neither contributes any substantial tax, nor are they the receivers of any major investments or government services. The elite
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and the broader segments of the population, largely corresponding to urban and rural people respectively, are thus disconnected – and the latter may not even be ‘needed’. That is, in contrast to the time of the Sihanouk regime when a similar gap existed, it is today financially viable for the ‘centre’ to disregard the majority of the people. However, and this is the point, there is much political risk involved in disregarding local level dynamics. For widespread instability could emerge as a result of accelerating poverty and/or an increase in local conflicts.

Given the current political economy, it has not been possible for the central authorities to resolve these problems occurring at the lower level. Hence the central political elite can either distance itself from them or address them forcefully. Paradoxically, the decentralization process could contribute to one or the other. If the elite tries to distance itself, decentralization becomes a tool for embedding the civil society in a seemingly legitimate political process, keeping local conflicts localized and relieving the central authorities of the responsibility for possible development failures. The dominating impact would then be to cement the gap between the centre and the periphery, allowing the elite to thrive on the revenues derived from processes emanating from outside the country, and to leave the peasantry in a state of underdevelopment (cf. Schurman 1996). This scenario could be labeled the ‘Exclusion scenario’, emphasizing the perils of decentralization.

A more benign view on decentralization is that the centre is genuinely interested to reconnect to the outlying areas and ‘develop them away’ from discontent, resistance and conflicts, and in the process to deepen democracy, hence producing legitimacy for local and central political structures. This could, in turn, result in more forceful local governance and a heightened development interest emanating from a more motivated, responsive, knowledgeable (about local affairs) and accountable local state. This is the idealized outcome of developmental decentralization (cf. Kothari 1996), and could be called the ‘Inclusion scenario’.

If the external incentives for decentralization were the sole underlying motive, the danger of achieving a mainly instrumental process increases – and also the plausibility of realizing the ‘Exclusion scenario’. If instead the internal reasons dominate, and if they are anything like what we sketched above, the probability of realizing the ‘Inclusion scenario’ increases sharply. Either way, the relation between the state and the civil society will undergo change, and ‘globalization’ could be seen as one root cause for this change. Although the ‘technical’ parameters are defined in the law, it is yet unclear what kind
of decentralization will actually crystallize, and it is even more uncertain whether this will lead to deepened democracy and reinforced development, or to the reverse. This is intimately linked to how the state re-images and re-designs itself – i.e. the ‘how’.

THE ‘HOW’: A STATE SEARCHING FOR ITS ROLE AND ITS FORM

The historical development of the Cambodian ‘state’ has essentially been along the principles of a strict hierarchy and highly authoritarian system with little state presence at the village level, except occasionally for the purpose of extracting taxes from the population (Mabbet and Chandler 1995; cf. Vickery 1986; Thion 1993; Martin 1994). Obviously, the current reform presents a different approach, which makes it more difficult to understand, and also in some circles fuels popular anxieties as to its ‘real’ intent. Let us trace the origins of the decentralization reform, first through the overall political change and then through the particular features of the reforms.

Tracing the political process towards decentralization

Cambodian political culture is usually described as hierarchical, top-down oriented and insensitive to human needs (and human rights) (cf. Chandler 1983), while at the same time being unable to exercise efficient governance. Charny (1999: 190) summarizes this well:

Cambodia has been characterized by weak state structures since the collapse of the Angkorian empire in the fourteenth century. Cambodian central authorities have had difficulty maintaining law and order, assuring the territorial integrity of the country, and providing basic services to the population. Nor have local governance structures been able to fill this vacuum. The well-known proverb about the power of the emperor stopping at the village gate does not apply to Cambodia. The central authorities have frequently been too weak to assert their power while communities have been too diffuse to construct actual and symbolic barriers to them.

And, as noted above, the changes in the last decade have not necessarily come about ‘spontaneously’ (cf. Lizee 2000; Roberts 2001). Democratization was initiated in 1992 through the largest ever civil UN operation, implementing a peace agreement that was negotiated for over two years and overseen by 19 foreign nations, including all
superpowers and all regional powers (UN 1991). Although the practice of democracy in Cambodia remains problematic and is far from consolidated, three consecutive national elections have been held that have been accepted by international observers (UN 1995; Linder 1998; cf. Öjendal and Jemt 2002; EUEOM 2003). At least as a political system, democracy must be seen as established.

However, this does not mean that the administration – the everyday version of the state – has wholeheartedly embraced the new system. Instead, there is an intense and seemingly sincere seeking for change and renewal, amidst disheartening historical experience, human capacity deficit and political alienation (cf. Roberts 2001). This duality also permeates the major compilation of the government’s administration reforms in the proceedings of the ‘Consultative Group Meeting’ in Paris in May 2000, as well as the government’s own ‘Administrative Reform and Good Governance’ program (RGC 2000a) and the ‘Governance Action Plan’. The latter, for instance, claims that in terms of public administration reform: ‘...Cambodia is still at the beginning of a long road. The journey toward good governance requires a roadmap to guide reform.’ (RGC 2000a: 1). It is also claimed that:

The Royal government singled out the strengthening of state institutions and Good Governance as critical elements of its [development] strategy. ... The Administration is to become an effective partner in the economic and effective development and an efficient provider of public services to citizens throughout the country. (RGC 2000a: 7)

This is a role that the local state has not assumed for a long time, if ever, in Cambodia. Although this kind of official statement might contain a fair amount of rhetoric, as it is presented as a way of strengthening the state and posturing itself positively vis-à-vis the donor community, it makes sense to most parties involved.

To arrive at local elections has certainly been a ‘long road’ to travel. They were generally expected to take place soon after the national ones in 1993, but were postponed for various reasons. The government’s plans to hold local elections prior to the national elections in 1998 were again postponed due to the political turmoil in relation to the July 1997 coup. Following the 1998 national elections, a compromise was reached among the major parties, after which local elections were again put on the agenda, although political controversies and administrative complexities made the process slow. The laws were finally approved by the parliament in February 2001 and signed by the king in March the
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same year. In the process, the original proposal of electing a commune chief had grown to include the election of an entire commune council charged with the responsibility of ushering in development and democracy at the local level.

The decentralization reform draft law, originally surfacing in 1999, was surprisingly radical and included communal taxation rights, financial support, right to construct laws, commune elections and commune independence vis-à-vis the district and province levels (answering directly to the MoI at the national level). After a thorough process of consultation and negotiation, these features on the whole remained in the final version, constituting a democratic and participatory ‘revolution’ in Cambodia on a par with the introduction of the national democratic system. Insofar as the commune councils are held accountable, formally speaking, to those below, there arises the possibility that a structural change in Cambodian political culture will occur. Accordingly, there might then develop changes in the relation between governors and governed, between the state and the civil society. Let us turn to discuss how the political content of this reform emerged, which also serves to highlight a weak aspect of the entire reform, namely its top-down approach.

Decentralization evolving in Cambodia

I do not know if the government realizes this, but we are creating a full second layer of government here. (Advisor to the MoI, 1999)

The modern form of decentralization in Cambodia, oddly enough, has its origin in the refugee repatriation in 1992–93. The hasty repatriation of 362,000 Cambodians to their choice of place (Eastmond and Öjendal 1998) necessitated massive development support to the areas that received most refugees. While hastily implemented and led by a UNDP project (CARERE), the process triggered, in some places, the sensitization of the local authorities to issues of local development, and the acquaintance of (parts of) the donor community to local level dynamics. More importantly, in the second phase of this project (CARERE2 1996–2001), provincial and commune authorities were given a wider mandate and were encouraged to be involved in a ‘bottom-up’ participatory development strategy under a strictly designed management formula. Locally elected Village Development Committees were established and democratic practices were introduced across a broad range of activities. CARERE2 worked closely with province authorities under the ‘Seila’-program. The rather
substantial financial resources of the program were also guided by similar participating principles. Consequently, the province authorities acquired more room to manoeuvre than before and, although project driven, a political and administrative system that was more functional resulted. The commune authorities were handed a lump sum (initially US$50,000 for three years per commune) for development activities, once they had performed an obligatory participatory process resulting in a Commune Development Plan. This meant an institutionalized flow of resources from the top towards the bottom; probably for the first time in Cambodian history. Moreover, the process of resource allocation at the local level was to a substantial degree democratic and participatory.

In its early stages, this approach was generally regarded as too progressive and radical to fit into Cambodian circumstances (cf. Ledgerwood 1998). However, its relative success – including inter alia a normalized and possibly improved relation between the civil society and local authorities (Evans et al. 2000; Charny 1999) – impressed the Cambodian government and attracted widespread interest. The idea of systematically using a decentralized development project as a means to reform the local governance structures and to facilitate the reconnection of the authorities and the rural population was incorporated into the CARERE/Seila program and seemed to work. It was subsequently picked up by the government as a means of reforming the state, which is evident in the First Socio-economic Development Plan of 1996 (RGC 1996: ix; cf. Charny 1999: 190f). Or, as the government writes in its 2000 ‘Socio-economic Development Requirements and Proposals’ Document:

As the only programme in the country working at commune level and as Cambodia’s only direct experience in applying de-concentration and decentralization, SEILA represents a foundation upon which new laws and policies pertaining to decentralization at the commune level and de-concentration at province level are being formulated. (RGC 2000b: 17)

Ironically, this program, considered to be radical within mainstream development circles, became a development model for the state authorities on how to introduce reforms into Cambodia.

To sum up: improved and more democratic local governance became the missing link in the reformation started in 1991–93. In spite of the national democratic reforms following massive popular mobilization for the idea of democracy in 1992–93, little change
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occurred for ordinary people. Particularly in the rural areas, where 85 per cent of the population lives, local governance practices remained the same, or fell into obscurity. As we saw above, the MoI – which is responsible for maintaining political order and stability – had at least since 1994 sought various ways and means to strengthen local government structures. After having held local administration (indeed local politics) in a tight grip throughout the 1980s, the MoI now sought to find new ways of reasserting itself.

Thus, what began as a development project covering a limited area developed into a blueprint for major reform on a national scale. Work commenced in the MoI to transform the experience from this project into a decentralization reform, including commune elections (MoI, Interview, Nov. 1999). This resulted in the draft of 1999 and subsequently in the current law. Yet the capacity and history of the communes in this role is virtually unresearched (and unclear for most Cambodians). One controversial aspect of the reform is exactly that it is the commune authority which is chosen as the key implementing administrative level. It is historically a weak administrative level, with very limited technical and administrative capacity, and with a bad reputation after the 1980s. Nevertheless, it was chosen as the agent of this central reform for establishing ‘good governance’ at the local level. Let us scrutinize the role of the commune authority through historical lenses.

The historical role of the communes and decentralized authority

The ‘commune’ was invented during the colonial period as a way of strengthening local administrative governance and establishing the state’s presence in rural and remote areas. It was further hoped that the administration would be brought closer to the people while simultaneously making it more efficient (Roome 1998: 17). In spite of being established by a Royal Decree as early as 1908, the commune authority made little difference in the short run. Already from the beginning, the Commune Chief (mee khum) was supposed to be selected by democratic means. The commune remained, however, secondary to the villages as a source of identity. When a new local Decree was issued in 1925, a ‘community council of councilors’ (kromchumnum) was outlined where the mee khum was the chairman who ‘decided the affairs of the khum’, assisted by his deputies (chumtup) (Homont, taken from Roome 1998:18). However, the combination of decrees, central control and numerous guidelines resulted in a rigid system of central control instead and the kromchumnum did not achieve much.
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The turbulent times of the 1940s and 1950s caused great uncertainty in terms of local administration, including first a de-democratization and later a French-inspired attempt at increasing local democracy through a circular in 1955. This was later followed by a ‘Kram 340 NS of 1 September 1959’, which outlined:

… out of concern to see…people granted true democracy [and] to promote the people to direct participation [in] the affairs of the state… This law gives the citizens a right of control over the management of local affairs. (Taken from Roome 1998: 20)

However, the gradually harsher political climate of the 1960s prohibited any implementation of the spirit of reform. It seems, though, that at different times, in different provinces, elections were occasionally held for commune chiefs. In spite of the shortcomings, the reform of 1959 seems to have been one of the major influences of the present reform work (Setha, interview, Nov. 2000).

During the Sangkum Reastr Niyum regime (the Sihanouk regime, 1953–70), the legitimacy and possibly the presence of the commune chiefs, commonly referred to as ‘uncles’, seems to have been fairly high. However, they were only moderately involved in promoting development, and the source for the relative legitimacy was their identity as the local arm of the king (or Sihanouk) rather than their promotion of local development. Tax and data collection seem to have been the primary activities they tended to. During the Lon Nol period (1970–75), the role and function of the communes declined and was de facto substituted during the Khmer Rouge years by other mechanisms of control.

During the post-Khmer Rouge era, the administrative system was strengthened with Vietnamese assistance and the communes, as the ‘lowest’ administrative level, were given an important role in the reconstruction and ‘grounding’ of the state. It is to be noted that commune elections were actually carried out in some places in the early 1980s (cf. Vickery 1986). However, the commune authority became largely an instrument for political control and for the mobilization of both forced labour and soldiers, operating with authoritarian and crude methods; this was especially important in the provinces that continued to come under Khmer Rouge attacks. Through the locally mobilized militia, the commune level was also a key component of local defense. This also led to a considerable number of Vietnamese advisers/military officers working closely together with the commune chiefs. In the eyes of the villagers, this generally served to further
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delegitimize the commune chiefs (Commune Chiefs, Interviews, Battambang and Pursat, October 1999). Commune chiefs readily admit that their close relation to the Vietnamese became a problem, but most reject the idea that they still are associated with the Vietnamese military, and therefore would suffer from any legitimacy deficit.

The renovation of the state in 1989 (‘State of Cambodia’) caused few or no changes in the legal framework or the practical work of the commune administration (except that it coincided with the withdrawal of the Vietnamese military). As noted above, the major overhaul of the Cambodian constitution and political life in 1992–93 also meant little for the commune administration, and virtually nothing for local democracy in the immediate term. The size of the commune administration was reduced, their role became increasingly elusive and the methods at their disposal progressively limited. However, with the current reform, a major change (and revitalization) is widely anticipated. Let us therefore turn our interest to what the reform actually entails.

THE ‘CAMBODIA COMMUNE COUNCIL LAW’ AND THE ‘LAW ON COMMUNE ELECTIONS’

The basic framework of the reform can be found in the recently adopted law, cited above, although the fine details are to be found in sub-decrees still under construction. The core of the reform is obviously the establishment of commune councils, which will be democratically elected. The councils consist of 5 to 11 members and are elected through a system of proportional representation based on party lists. The commune councils have a far-reaching independence and answer to the MoI at the centre. The independence is only limited by a list of issue areas and by the MoI’s right to intervene in cases of malfunctioning Councils (chapter 5, Art. 53–59).

The law also introduces democratic values, rarely practiced previously. For instance, ‘The meetings of the Commune/Sangkat Councils shall be held in a public and democratic manner’ (chapter 2, Art. 23), and ‘Commune/Sangkat Councilors are free to express opinions at the meeting…’ (Chapter 2, Art 3). Not only are the procedures permeated by ‘progressive’ values, the overall role of the new councils should also change: ‘Commune/Sangkat administration
shall have duties to promote and support good governance by managing and using the available resources in a sustainable manner to meet the basic needs of its Commune/Sangkat in order to serve the common interests of the residents’ (Chapter 5, Art. 41).

The current development mandate of the commune councils by far surpasses that of the previous commune chiefs. For instance, the law obliges the commune councils to ‘prepare, adopt and implement’ a development plan ‘determining the vision, program and development’ of their communes (Chapter 6, Art 60). In another article (63), the law states that development problems should be assessed and work be carried out on a needs-basis, and that this work should be monitored and subsequently evaluated. For achieving this, certain financial provisions have been made. The commune councils are legally guaranteed certain taxation rights, a share of the national budget, compensation for duties performed on behalf of the central state and access to a particular commune development fund (Chapter 7, Art. 73–83). On the one hand, it is clear that they will not be able to sustain themselves in the short run, but on the other, the reform probably will avoid the single most common ‘mistake’ in decentralization reforms, namely, to deprive the local authorities of financial means.\(^\text{15}\)

Finally, a special inter-ministerial unit, chaired by the MoI, has been established. This unit, the National Council to Support Communes (NCSC), operates through the Department of Local Affairs (DoLA) and will be the primary unit for assessing local affairs. This department and its province branch, PoLA, will monitor the decentralization process and determine what support the newly established commune councils will need and under which circumstances central interventions will become necessary.

WHAT MIGHT BE THE RESULTS?
DEBATES AND PERCEPTIONS

*The debate – ’No new laws are ever perfect’*\(^\text{16}\)

The introduction of these laws has triggered an intensive debate, and suspicions abound as to what the ‘real’ purpose of the current reform is (cf. *Cambodia Daily* issue 91, 6–7 November 1999). This reflects a commonly held position that the political elite does not care about the people, only about its own well-being. First, there are two major criticisms: it has been argued from inside the central administration
that the centre should be better organized before decentralization is pursued (UNDP, Civil Servant, personal communication, November 1999). This criticism is a recurring theme in relation to decentralization reforms (cf. Turner 2003), but not always convincing since, according to this line of arguing, the centre tends never to be ‘strong enough’ for decentralization. Another criticism points to the risk that a badly implemented reform, creating non-functional commune councils, might be counterproductive in terms of empowering local communities (NGO Forum 2000: 32). As could be expected, when implemented, other critical points also come to the fore.

The most crucial controversy, contrary to what was first believed (Roome, personal communication, Nov 1999), might be that only political parties (as opposed to individuals) can stand for elections. This implies that the current political parties to a large extent will ‘control’ local politics also in the future (cf. Rusten et al. 2004). The counter-argument is that individual candidates would not have had access to a political organization, and would have had few chances of achieving lasting changes, both locally and in relation to the rest of the state administration. Related to this is the fact that elections are taking place at the commune level, which means that the people who are elected do not necessarily represent all the different villages in the communes. A number of villages will end up without formal representation, with the risk of missing out on development interventions and commune services. As a consequence, the commune councils might be less legitimate than would have been the case with guaranteed village representation in the commune council.

Another line of concern, everybody agrees, is the technical and administrative capacity of the commune offices, normally staffed by people with only primary education. However, in the Seila ‘experiment’, the commune offices have proven capable of managing quite well, given a certain amount of training and supervision, making up in motivation what they lack in education. The decentralization reform will introduce yet another level of complexity – for instance constructing sophisticated development plans and overseeing their own budgets – and will in reality be a ‘learn as we go along’ process (MoI, interview, Nov. 2000). While imperfect, this is common in Cambodia – the needs are so great that there are seldom enough time or resources to have the luxury to be adequately prepared. In relation to this, in each of the 1,615 commune offices there is an ‘administrative clerk’, employed by MoI, and trained by MoI and NGOs. This could be taken as a guarantee that a minimal degree of technical capacity is available.
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Will there be enough financial resources available? The single most common reason for decentralization efforts to fail is probably the lack of money. In the short run, there is no possibility in Cambodia of making the new units financially self-sustaining. In most communes, the resources available (loyalty, material base, tax collection capacity) are inadequate to support the new councils and their development mandate (and the expectations on them). Instead, they will have to, at least partly, rely on external support, possibly curtailing their independence and acting capacity.

Finally, has the process been ‘fair’ and peaceful so far? Or will it be marked by violence and political harassment? Is it realistic to believe that a society that has experienced decades of devastating civil war and is marked by patronage politics will be able to arrange and carry through local elections that produce legitimate commune councils? Occasional violence appeared in the run-up to the commune election although on a far lower scale than in previous national elections, and there are indications that the commune councils actually function well in a reconciliatory role (Öjendal 2003; Rusten et al. 2004). Moreover, the criticism and skepticism of the CPP is massive in some quarters (Heder and Ledgerwood 1997; Ashley 1998) and many have been questioning whether the CPP would have been prepared to share, let alone give up, its political domination of the local arena should the voters have so voted. However, the voters rallied solidly behind the CPP in the first commune elections (February 2002), allowing for the transfer from the old to the new system without any major political conflicts. Indeed, the CPP consolidated its control not only in rural areas but over national politics at large, which became evident in the subsequent national elections in 2003. The question still remains as to whether hardened Commune chiefs will be able to transform themselves into ‘participatory developmentalists’. And how will the rural civil society react to the process of devolution of power?

Perceptions on the commune authority as an engine of development

It was somewhat surprising that the Commune level was chosen as the core for this reform. Benignly interpreted, it makes sense in that it is the ‘lowest’ level of government with at least some administrative and technical capacity, and the highest that could possibly be envisaged from the villagers’ point of view as concerned with local development. However, as we have seen above, for reasons of capacity and historical experience, the choice of the commune level could be questioned.
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from ‘above’; and seen from below, communes might not be credible as ‘engines of development’, as they are commonly viewed as distant and uninterested in local development (cf. Hasselskog 2000).

The dismantling of the previous socialist planned economy in the late 1980s and early 1990s sharply reduced the role of the local state. The commune administration was approximately halved in numbers in terms of personnel, and their funds (never large) were further reduced. When the civil war slowly lost pace in the mid to late 1990s, the role of the commune authorities was reduced to merely collecting statistics, mediating in local conflicts and (trying to) implement occasional central decrees without a budget of their own. Towards the end of the 1990s, the local administration was largely self-financed by petty fees/bribes for the issuing of birth and marriage certificates, and by occasionally charging for mediating/ruuling in local conflicts. This limited role should be understood in relation to the harsh fact that rural poverty is widespread and acute and that local development needs are many and urgent. The rural population in general, named the primary beneficiary of this reform, has during the last three decades (or more) developed a rather alienated view of the state (not only commune authorities) and expects little good from that direction, irrespective of the regime in power (Eastmond and Öjendal 1999; cf. Ovesen et al. 1996). For most people, the state – the local authorities – had abdicated from trying to play a progressive (or even repressive) role in society. In fact, when talking to villagers, one gets the impression that the best state they can conceive of is one that stays away and causes them no trouble – an image hardly conducive to the idea of ‘good governance’ that is responsible for, and responsive to, local problems.

When asking villagers, as in the survey of Eastmond and Öjendal (1999), ‘who has the primary responsibility for development activities’, the majority gave answers that were split between the ‘Village chief’ and the ‘Village Development Committee’, together attracting three-fourths of all the answers, while the commune authorities gathered only 3 per cent of the respondents. Only 4 per cent thought that the commune office would help individuals in an acute situation, although 13 per cent believed that the Commune office would (try to) help the entire village if there was a collective problem. Almost 90 per cent of the sample group had never come into contact with the commune authorities in terms of development activities, and almost two-thirds stated that a commune representative ‘seldom’ or ‘never’ comes to their village. The most common perception of the commune was as ‘higher authorities’ (‘Angkar Leu’, implying distance), and only 10 per
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percent associated them with ‘development’. As for their function, the most common perception (one-third of the answers) was that ‘administration’ is their primary task. Thus, the Commune authorities have an uphill battle: they did not have solid political legitimacy, they were not seen as development actors and the tasks they performed were perceived to be only vaguely related to what they are supposed to do under the new system.

However, some answers to the survey indicated a certain positive identification vis-à-vis the commune authorities. For instance, more than 60 per cent knew the name of the Commune chief or his deputy, and more than 90 per cent had at least some information of their whereabouts. Almost three-fourths of the respondents welcomed a more active role of the commune in development activities, and some 60 per cent of the respondents felt comfortable seeking out the commune chief for help, should there be a reason to do so. Somewhat surprisingly, and possibly indicating a shift from perceptions of ‘conflict’ to perceptions of ‘development’, more than 90 per cent thought that there should be more women involved in the running of the commune affairs, and 60 per cent also believed that this will be the case in the future.

In sum, the general perception on the commune authorities indicated that there was a wide gap between people in general and the commune authorities, and between the current tasks and a participatory development mandate, all of which put the visions of commune-led grassroots development and poverty alleviation into question – at least in the short run. Interestingly, however, the villagers are open to increased interaction with and involvement of the Commune in local affairs, especially in development-related matters. As also indicated in the in-depth interviews carried out at the same time, people do not really seem to be able to imagine a benign state that works in a progressive way for the development and general well-being of the local community. It will probably be a long time before such an image can take root. The performance of the commune councils in the first term (2002–2007) is likely to be crucial in shaping popular attitudes about the usefulness of the commune councils.

CONCLUSION

The Cambodian state seems to image itself differently now than it did in the past, irrespective of which period we choose. Or so it seems
when it re-designs itself with locally elected, downwardly accountable councils with independent budgets and legally protected room to maneuver. It does this with the stated aim of alleviating poverty and strengthening local development and local democracy.

However, on a more critical note, the fact that democratic decentralization as an administrative reform is an efficient way of reforming the state sector and getting it financed by aid resources seems to be important. In the process, the current political regime (if it works well) gains credit for change towards a more solid development orientation with the local state as well as respect from the donors, while it is still possible for it to de facto maintain control. Probably a certain, and possibly a sufficient number of central level actors are in favour of decentralization, and they are supportive for good reasons.

Through this reform Cambodians will have an unprecedented opportunity for choosing their own local leaders and holding them accountable. There are plenty of indications that the time is ripe: during the last five years, for instance, the peasantry has repeatedly protested loudly outside the gate of the royal palace in Phnom Penh to protest the failures of the local state in providing good governance. Human rights awareness is on the rise and more silent democratic practices have started to take root, for instance, the experiment of CARERE/Seila, showing that neither poverty nor the political culture of Cambodia is an absolute obstacle to a more participatory rural society. The experience of local elections is, so far, favourable. It is likely that there will be mounting popular pressure for more responsible and accountable local authorities over time, under this reform.

At the end of the day, the civil society has to emerge in an organized and/or visible form and it has to articulate itself, put pressure on local authorities and mobilize support for its activities. At this stage it is not even clear what actors/components/organizations would comprise a ‘civil society’, let alone whether they might be capable of applying pressure on local authorities. This may constitute the single largest threat to the reform – not crude and remaining state authoritarianism.

Given that this push towards decentralization is a reform initiated from above and financed from outside, the question emerges whether it can be sustained. Firstly, agreeing with the initial discussion in this chapter that decentralization is in line with, indeed provoked and financed by, ‘global forces’, whatever the short-term result, it will eventually be nurtured into some kind of ‘success’. This is especially so since it seems to coincide with the political agenda of the dominating party. Secondly, the more ‘traditional’ understanding is that this is a
typical reform imposed from above or outside, with no 'drivers', pursuing a process containing a value base inherently resting with 'Western' concepts, alien to Cambodian culture as well as to the local state, and therefore doomed to fail.\textsuperscript{18} I am inclined to support the former, although this could only be credibly argued given a number of crucial conditions.

Given the above understanding of the 'global forces' and their tendency to trigger reforms such as decentralization, the \textit{will} of the central state and the \textit{capacity} of the people in general to grasp the emerging opportunity are the two key considerations for any assessment of the decentralization process. In addition, decentralization will have to deliver two things: local development and increased state legitimacy. In the long term, say in ten years’ time, decentralization must be financed from within, and for this to happen the current tax base has to be widened, particularly at the local level/rural areas. Finally, it is required that there be no major political conflict on national level emerging over whether, and how, decentralization should be carried out.

Either way it is likely that the reform will be externally supported until it is established. Although this does not necessarily mean that it will succeed, it does mean that things are structurally changing. Nothing remains the same and this change has already started. Obviously, elections and election results matter in Cambodia. Previous crude authoritarian methods are not tenable anymore: the parameters of the possible have shifted and the determinants of the desirable are changing.

**AUTHOR’S NOTE**

I would like to thank Francis Loh for valuable comments.

**NOTES**

1 The Khmer Rouge regime is of course the most striking example, but earlier and subsequent regimes have also displayed similar features (cf. Kiernan 1985; Chandler 1991; Osborne 1996).

2 The two relevant laws in this context are ‘The Law on the Election of Councils’ and ‘The Law on the Administration and Management of Commune/Sangkat’, both passed during the spring of 2001.
This chapter is based on several visits to Cambodia to conduct fieldwork during the period of 1999–2003. Qualitative interviews with civil servants in ten different communes in three provinces were conducted. In addition, a series of interviews have been carried out with decision- and policy-makers involved in administration at the central level. In order to assess the attitudes of the rural population vis-à-vis the commune as a development authority, a minor survey was conducted in six communes in three different provinces in the autumns of 1999 and 2000. This was followed up with qualitative interviews with key persons on two separate occasions in 2003. The assistance of the Cambodian Development Resource Institute (CDRI) in carrying out these interviews is gratefully acknowledged.

UNTAC was the United Nations Transitional Authority in Cambodia – at the time a unique UN body as it took over the executing responsibility for the peace process and the subsequent national elections. It employed some 25,000 personnel and spent approximately US$2 billion between March 1992 and September 1993. Because of its size and its political and economic muscles, it dominated politics in Cambodia for a while.

These were typically calls for further democratization; public administration reform; demobilization; judicial reform, etc.

A more abstract argument for why globalization and decentralization are mutually dependent can be found in Hall (1991), who argues that in order to expand globally, the neo-liberal order has had to take local concerns into consideration. What we observe then is that globalization is incorporating its own contradiction, or as it has been put more elegantly by Robertson (1991): ‘the interpenetration of the universalization of particularism and the particularization of universalism’. (I am thankful to David Ayres, who pointed out this connection.)

There is an ongoing terminological debate on the content of the term ‘decentralization’. The purpose of this chapter is to assess the kind of decentralization that is emerging in Cambodia, and what consequences it might provoke for the civil society. In order to avoid circular reasoning, we should abstain from a predetermined definition of the term. However, what we assess here is basically the change where political power to some extent emanates from the local level, and as such it would correspond to what is normally termed ‘devolution’, or ‘political decentralization’ (e.g. Agrawal and Ribot 2000). It should be understood in contrast to ‘deconcentration’, which is the delegation of tasks and defined mandates from the central level to lower levels.

While this is not the place to review the plight of the Cambodian people, it must be remembered that the pro-US Lon Nol regime in the early
1970s encouraged massive US bombing of the southeastern part of the country, resulting in perhaps as many as 700,000 casualties (Curtis 1990); the Khmer Rouge regime was responsible for the deaths of between one to two million Cambodians; the SOC regime in the 1980s relied on highly authoritarian methods and supported the military presence of the arch-rival Vietnam. Not until the early 1990s did the Cambodian state take on a less authoritarian role with a certain degree of development orientation. However, this change was shallow, and in reality the new role of the state has so far materially improved the lives of only a limited number of people.

9 The obvious differences between the two periods are that now the vast majority of the rural population do not pay any taxes – neither income tax nor land tax – and the flow of ‘international’ resources is much higher.

10 Seila is a government program that was an ‘experiment in decentralized planning’ during 1996–2001, working with participatory development and decentralized structures. Now Seila is a project for enhanced local governance. It turned out to be a pilot project, and role model, for the full decentralized reform. Seila and CARERE worked closely together, the former represents the government side, and the latter the UNDP/donor side.

11 The author of this chapter has been involved in a series of monitoring and evaluation efforts of this project, resulting in seven reports over five years, listed as ‘SPM 1–7’; cf. Rudengren and Öjendal 2002, and Baustita et al. 2002.

12 This section draws heavily from Roome (1998) and his interpretation of Homont (1961). This topic has previously been treated at some length in Eastmond and Öjendal (1999).

13 Curiously, there is a crude similarity between the situation at the turn of the century and at the present time: there is limited success in nation state building; a political elite that is more dependent on outside forces than internal dynamics; the communes are weak as administrative units; and the central state has only an elusive presence in the rural areas.

14 These are: forestry, post and telecommunications, national defense, national security, monetary issues, foreign policy and fiscal policy (Chapter 4, Art. 45).

15 Although local taxation rights are clear in the legal framework, it has become a problematic issue in the nexus of rights and techniques, and the ultimate control over those rights remains questioned.

16 Kassie Neou, vise-chairman of the National Election Committee at the time, argued that although not perfect, the present law is good enough for proceeding. He pleaded that everybody should play along and
assured there would be amendments in due time (Phnom Penh Post January 2002).

17 This assessment is based on a combination of the findings of a quantitative survey covering altogether 269 respondents in six communes and of a series of qualitative interviews mixing semi-structured interviews with key persons and a smaller number of in-depth interviews in ten different communes. The topic is treated in greater depth in Eastmond and Öjendal 1999.

18 This point is crucial – and not only for the decentralization process – because the entire societal reconstruction and re-building of the political systems since 1991 have been carried out with these hallmarks. Suffice here to observe that few democratization processes have succeeded when initiated from outside and without a middle class pursuing and defending the emerging systems and values. Either way, both democratization and decentralization have to be localized sooner or later.

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CHAPTER 11

Democracy among the Grassroots
Local Responses to Democratic Reforms in Vietnam

Bent D. Jørgensen

INTRODUCTION

‘What’s clear is that Hanoi can no longer rule by remote control.’
(Far Eastern Economic Review, 7 December 2000)

After one and a half decades of economic reform, the Vietnamese government has recently paved the way for political experiments with decentralization and local democracy. Such reforms are found worldwide and they are generally spurred by worldwide trends of globalization, which can be seen as open-ended renegotiations of power between the state, the market and the civil society. Connectivity has increased together with the flow of resources, information and people (Tomlinson 1999: 2). These flows and the networks sustaining them, or controlling them, are challenging the ‘old’ nation states to an extent where they are forced to find new ways and means to stay in control of at least key aspects of the national political arenas. Vietnam, as a one-party state and a planned economy, has had relatively high control of these flows, but due to the economic crises after the American war (ending 1975), Vietnam was forced to loosen its grip on these flows. From the mid-1980s, the government introduced liberalization and market economy, not least in the rural areas, and Vietnam managed to increase production considerably. As in many other parts of the world, a negative side effect was a widening social gap between the rich and the poor. Other phenomena flourished too in the wake of transformation, like red tape and corruption, which
both undermined the legitimacy of the regime and posed problems for the new market sector.

Frequent social unrest at the grassroots level since the mid-1980s and pressure from major donors towards the end of the 1990s forced Vietnam to also consider political reforms. Although it has been an intermittent process with cautious steps on behalf of the leadership in Hanoi, there is now little doubt about the direction towards inclusion of local communities into the political process. The so-called Decree 29/1998 on local democracy (Govt. of Vietnam 1998) became a milestone after which the Communist Party of Vietnam (CPV), the media and eventually the public began to talk publicly about ‘grassroots democracy’ (dan chu o co so). Considering the recent riots in some upland rural areas of Vietnam, it is increasingly urgent to study the responses from local institutions, the local political participation and the emerging dynamics between different institutions and levels in the centralist political structure. Reforms and responses are of course neither formulated nor received in a vacuum. The state and the CPV are the dominant agents, but formulation, implementation and feedback all build on dominant political discourses and popular ways of ‘thinking politics’ which we can call the political culture. Transfer of demands and rights and the way in which and the extent to which, citizens are brought into the political discussion are deeply embedded in the political culture and can be expected to be decisive factors for the outcome of the democratic reforms.

After a brief assessment of almost two decades of mainly economic transformation, this chapter aims to analyze the local responses to democratic reforms executed in a strongly centralized political structure and discourse. From there, the aim is to return to reflections on the consequences for systemic/political transformation emanating from these changes. Empirically, the material derives from a three-year study in eight villages in three upland districts in Northern Vietnam. The entry point of the study has been through the Commune and Village Development Budget (CVDB) scheme. In short, the program was an attempt to seize the opportunities in the decentralization reform and serve as a concrete and observable catalyst for political change at the local level. Therefore, it also quickly uncovered the responses from the local political institutions and the populace and also illustrated colliding ‘new’ and ‘old’ – dominant and marginal – political discourses. It was also possible to observe the management of the scheme from the side of the higher political levels and thereby the actual preparedness to launch a program that would give villagers more
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power to manage their own affairs. Theoretically, the analysis of democratic transformation is built on the key concepts of accountability, transparency and participation. In short, are local institutions mainly accountable to the citizens or to higher governmental levels? To what extent are citizens informed about local politics? And do people have a chance to participate in political decisions directly or indirectly?

DOI MOI: THE ECONOMIC TRANSFORMATION

The effects of globalization have been rather dramatic in Vietnam. It has not only been a matter of more connectivity and ‘more of the same’. The fall of the Soviet Union and COMECON worsened the situation when foreign currency was running low and production was characterized by bottlenecks, inefficiency and misuse of resources (Harvie and Tran 1997: 54 ff; and Fforde and de Vylder 1996: 294–295). However, these international factors only worsened the already severe economic crisis in Vietnam. Reforms were a necessity and already in 1986, Doi Moi (lit. renovation) was launched. The idea was to create a ‘comprehensive economic renovation that aims to eliminate the subsidy-based, bureaucratic, centrally-planned mechanism, develop a socialist-oriented multi-sector market economy under the State control’ (CPV 2001).

After two to three years of restructuring, Vietnam was set on a path of an economically solvent state and growth figures reached, and exceeded, 8 per cent during the mid-1990s. Foreign investments, mainly from other Asian countries, increased rapidly and so did export of agricultural and industrial goods. The economic reforms had a tremendous effect on social development and an urban middle class emerged with a lifestyle closer to the global urban middle class than to their fellow citizens in the countryside. However, the rural areas changed rapidly as well. From a situation marked by hunger and food imports in the 1980s, Vietnam became the second largest exporter of rice and coffee to the world market towards the end of the 1990s.

Privatization in the countryside became a successful means to increase agricultural production. For the rural population, land is the most important asset, which by and large determines their livelihood in a broad sense. During their lifetime, old people have seen land expropriated, redistributed, collectivized and again allocated, from the 1930s to the 1990s. Land allocation and the ensuing increased rural production have for most Vietnamese people been the most remark-
able changes in recent years. Although peasants do not fully own their land yet, but only lease it on long-term contracts, most peasants without doubt applaud privatization. From the central authorities, it was seen as a necessary step to, defensively, regain government control of a stagnating and deteriorating national economy and, offensively, to promote growth and modernization by utilizing the power of individual materialism.

The change for most rural peasants, not least in the uplands, is more than quantitative. To produce a household surplus for investment or consumption implies a completely different situation compared with a previous life of deficit and mere survival. In the mindset of a large number of people it means that they can see beyond questions of ‘how to survive until the next harvest?’ to questions such as ‘how to invest the surplus?’ and ‘how to achieve security for their families in the long perspective?’. However, Doi Moi has also meant a growing social gap and social stratification. Landholdings differ in both size and quality and some households lack the capacity to ‘get on board’ the new modernization process (Liljeström et al. 1998: Chapter 8; and Jørgensen 1999).

In a village that had made considerable overall progress, the Village Chief admitted: ‘About one fourth of the villagers have not improved at all [since the introduction of new agricultural techniques].’ ‘Not improved’ means lacking food to feed the family, not having pencils and paper for the school children and standing by watching the neighbors changing their life into something that resembles a rural middle class. The difference in everyday concerns is remarkable.

The logic of the market penetrates the economy, but also the minds of people. Things that were collectively owned become de facto private property, which can be bought, mortgaged and sold. It is evident from the study in the eight villages that we have an emerging concentration of land and a new group of landless labourers. Poor people easily get into a vicious circle of deficit, usury and low paid jobs. In some areas in the north, particularly forestland becomes a commodity so valuable that often better-off households resort to semi-legal means to acquire more land. It is unavoidable that local level institutions get affected and even involved in such transactions. Needless to say, the local elite easily takes the opportunity to take advantage of their positions, either when it comes to land acquisitions or the tapping of public development funds.

It is against this background that the rationale for decentralization and grassroots democracy in Vietnam should be seen. Although the linkage between the economic transformations and political problems,
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like corruption, authoritarianism and red tape, is only implicitly recognized from the central leadership, it is clear that decentralization and grassroots democracy are seen as the most important remedies for these evils (Phan 2002). However, the question is how a process of decentralization and grassroots democracy will be received in a society that is explicitly centralist and with a dominant top-down political discourse. Before getting into a discussion of democratic decentralization it is needed to describe the political context and discourse in which these reforms are launched.

DEMOCRATIC CENTRALISM: A CHALLENGED POLITICAL DISCOURSE

During interviews, people often made an analogy between state–civil society relations and the Vietnamese family when they explained certain political roles, events or actions. Normally, people would resemble the children and the state or the Party would resemble the father or the parents. Neil Jamieson has attempted to trace the origin of this children–parent analogy to traditional Vietnamese culture and family patterns. Jamieson (1993: 218) summarizes the text from an early handbook made for cadres: ‘Behave toward the Party as if it were your family.’ Parents should not be seen only as individuals and the Party should not only be seen as a party of certain interests, but as those who uphold the order of the family and society and give guidance and protection to their children or the masses. The latter should pay respect to these guardians of the social order. The aim of such argumentation is of course to explain – and defend – the top-down and hierarchical nature of the Vietnamese political system, labeled ‘democratic centralism’ (Jamieson 1993: 30).

Ho Chi Minh described the political role of the masses and the state in the following terms while at the same time legitimizing centralism:

Our state ensures the fullest development of democracy, because it is a people’s state. Only through the fullest development of democracy can all forces of the people be mobilized to take the revolution forward. At the same time the highest centralism must be ensured to lead the people in building socialism.

Centralism, and implicitly the leadership of the Party, is supposed to prevent society from derailing into what is considered as opposed to socialism or simply opposed to the integrity and sovereignty of
Vietnam. In fact, one of the main arguments against the introduction of a multi-party political system in Vietnam is that history has shown that opposition parties tend to constitute entry points for foreign infiltration in Vietnam’s internal affairs.\textsuperscript{9} Therefore, we should at least consider if democratic centralism is more than empty rhetoric of a political system. It is rather an integral part of Vietnamese political discourse and identity. Confucianism and Communism in a deeper sense should in such perspective be conceived as vital parts of the Vietnamese society, which may be challenged and weakened, but not simply as ancient relics from the past on which something new is now being built. It is against this background that the decree on local democracy, and in fact decentralization, should be understood. And it is also against this background that these phenomena emerge as both important and intriguing.

The role of the CPV is crucial, but it also opens up ambiguity in the state–civil society relationship; the Party acts as a fourth, partly hidden, agent in the state–market–civil society constellation. The ambiguity, at least to most outsiders, appears in the slogan ‘The Party as leader, the people as master, and the state as administrator’ (Constitution of 1992: 12).\textsuperscript{10} Whereas the role as administrator is theoretically clear, there is some uncertainty as to the difference between the role of the leader on the one hand and the master, or masters, on the other. If the Party is leading both state and society, what is the scope for the people to be the master? Article 3 in the Constitution states: ‘The State guarantees and unceasingly promotes the people’s mastery in all fields’. The role of the Party in relation to state institutions and the citizens should be understood with the family analogy in mind. Article 4 reads, ‘The Communist Party of Vietnam… is the force leading the State and society’ (Constitution of Vietnam… is the force leading the State and society’ (Constitution of 1992).\textsuperscript{11} In other words, the Party together with the administration defines the ‘people’s mastery’ for the best of the entire society. In a society launching democratic reforms, this democratic centralism is certainly an important point of departure.

Vietnam is a one-party state, but it is not a totalitarian dictatorship. The voice of the people has always been important as a necessary measure for the success of individual institutions as well as the state and the Party as a whole (Dang and Beresford 1998: 12). The Party has claimed the right to serve the interests of the people, but with sensitivity as to what these interests are. A durable uneasiness about social development puts the Party on constant alert to find out what will keep stability in state-civil society relations. It should be added that the role of the CPV is by no means static and homogeneous. For instance, in
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recent years, the CPV has been portrayed as a mediator when common people protest against injustice, corruption and red tape. An important motive on behalf of the CPV for decentralization and democratization on the local level is the utilization of lower levels to challenge or correct middle political levels between the central government/CPV and the people. The case of Thai Binh farmers rising up against the cadres in 1997–98 is a strong illustration, but it was just the most severe in a long list of rural uprisings since Doi Moi, all over Vietnam but especially in the north-central parts of the country. Hence, there is, and was, an urge to build and sustain a system in which the knowledge, demands and criticism of the masses should inform the leaders in order to accomplish efficient, downward accountable and transparent governance. This appears to be a key rationale for the ongoing decentralization process in Vietnam.

DEMOCRATIC DECENTRALIZATION IN VIETNAM: THE POLITICAL TRANSFORMATION

Today, every school child in Vietnam knows the slogan; 'People know, people discuss, people do, and people check.' It has become even more relevant and utilized today after the introduction of grassroots democracy, which should be seen as a larger reform process addressing the judiciary, executive and legislative powers. Decentralization and grassroots democratization are, therefore, the latest step in a long process that originates in the economic crises following the reunification of the country and the fall of the Soviet bloc. It has been a long consolidation of state power, making the state more efficient, responsible and accountable. Some spectacular cases of corruption have been highlighted to show the determination of the administration to keep law and order.

Dang and Beresford have described the political transformation towards the consolidation and openness of state institutions as 'statisation':

On the one hand, there is the increasing strength of society. People are materially better off, better educated, and, due to relative stability of social institutions, better organized. On the other hand, the national leadership can no longer rely on the prestige and legitimacy gained from its early revolutionary success. Moreover, the regularization of the political process is an important step in institutionalizing government processes, in replacing secret internal
Party relations with public and formal ones, thus opening them to
greater public scrutiny and, potentially, to further democratization.
(Dang and Beresford, 1998: 104)

The political reform process had backlashes in the beginning of the
1990s when the political consequences of the fall of the Soviet empire
became evident, and the Tiananmen Square uprising had taken place.
Not until 1998 following Decree 29/1998/ND-CP Promulgating the
Regulation on Exercise of Democracy in Communes did the decentralization
process develop democratic content and became, although embryonic,
a political force. The Decree stresses the need for involvement of the
citizens in decision-making at the local level, i.e. villages, wards and
communes. It specifies the duties of different institutions and levels to
accomplish this task. Among other things the people are supposed to
discuss and decide about ‘raising of funds and their revenues and
expenditures… elaboration of village conventions… [and] internal
affairs of the village or hamlet communities’. On the other hand,
article 8 in the Decree on ‘Modes of doing work directly decided by
the people’ states, ‘The Party committees shall assume the leading role
and the commune People’s Communes shall elaborate options,
programs and plans.’ It is, in other words, difficult to ascertain the
location of power or different forms of power in legal terms. It is clear,
however, that the role of the people is mainly to exercise direct
democracy at the local level, although the Decree also mentions local
representative democratic procedures (article 2).17

Decree 29 is far-reaching with regards to informing the people
about their rights and shifting decision making on local public affairs
downwards. Yet, there are limitations. For instance, the Village Chief
should call meetings in which, among other things, people should:

Discuss the methods to materialize the commune People’s Councils’
resolutions and the communes People’s Committees decisions, to
fulfil citizens’ obligations and the task assigned by the higher levels.
(Chapter VI, article 14)

This implies that there still exists a top-down structure where orders
come from above and where the local village meeting can only decide
methods of implementation. In other words, the mandate of
the people in relation to the state and the Party is both limited and
unclear.

Whereas the ambiguities in Decree 29 leave room for manoeuvre for
the Party, the state institutions and donors, it also diminishes the
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decree’s legal status. However, the significance of the document goes far beyond specific legal expectations. First, it is clear that there is a call for people to participate more in public local affairs and to be involved in decision-making at the local level, and that it is the duty of higher levels to inform the people about the details of this change. This is a huge task considering the Vietnamese constitution and political discourse. Decree 29 balances on the edge between the corrective role of the people, the controlling and legislative role of the party and the executive role of the state institutions. To inform people about rights rather than instruct them about duties is a major change in the dominant political discourse in Vietnam.

Second, the decree has been accompanied by a number of directives, sub-decrees and not least concrete measures to reform the bureaucracy. The General Secretary of the CPV, Nong Duc Manh, and the new central leadership have attempted to strengthen control over the party and state apparatus in order to fight corruption and mismanagement. Since June 2001, he has pushed for the implementation of Politburo Directive 03 CT/TW that:

... requires all party officials to disclose their assets including property. Party members will be held individually responsible for corruption, wasteful spending, and bureaucratism in agencies under their authority. Official fact finding teams will be dispatched to visit the grassroots to collect information and solicit opinions from local party members and citizens in order to ensure compliance. (Thayer, 2002: 85)

The directive has been followed by a number of actions in order to tackle mismanagement within the administration and to increase transparency and accountability. There will, in other words, be stronger control from the central level and, at the same time, the central level will strike an alliance with the lower administrative levels and the public in order to check the middle and central level bureaucracy that, as Manh clearly indicates, has departed from the course of a reformed Vietnam.

Third, the decree emphasizes the need for experiments with more mastery to the people and the need for local (state) institutions to pay attention to the voice and will of the people. Donors play an important role in exploiting this scope for manoeuvre in Decree 29. One program that has attempted to do this is via the Commune and Village Development Budget (CVDB) within the Mountain Rural Development Program (MRDP), to which we now will turn.
THE UPLANDS: THE CONTEXT OF THE CVDB

The field study that forms the empirical foundation of the chapter was carried out in eight villages in Ha Giang and Phu Tho provinces in Northern Vietnam. In terms of ethnicity, three villages were Dao, three were Hmong and two were Muong. The northern uplands have had a special role in the formation of the Vietnamese political system and sentiments. During the war with France (1945–54), the Communist leadership took refuge in the uplands and found shelter among the ethnic minorities. Partly as a consequence of this history of early relations and the economic potential of the region which is rich in minerals and forest produce, it has been vital to include the mountain provinces into the political economic plans of the country. However, living close to the border with China and Laos, these ‘border people’ have also been the target of suspicion and sometimes repression. Sedentarization programs and the forced migration of lowland Kinh (the majority group in Vietnam) into the uplands was not only accompanied by economic development measures, but also the introduction of political control of border areas in order to curb potential and – during the American war – actual political opposition. Therefore, the Kinh are still vastly over represented in all government institutions at province, district and sometimes even at commune levels in the uplands. The current grassroots democracy reform will show to what extent the administration is prepared to include the ethnic minorities in the political and economic transformation of Vietnam.

In addition to the general development problems faced by Vietnam, the people of the northern provinces struggle with specific problems that can largely be related to competition over, and high population pressure on, scarce natural resources; deforestation, environmental degradation, shortage of water and shortage of land for cultivation are the order of the day. Furthermore, the population in the uplands is mainly ethnic minorities, who possibly face economic, political and cultural marginalization. Poverty, low levels of education, poor health conditions and high infant mortality rates paint a rather gloomy picture of the living conditions in the upland area (Jamieson, Le and Rambo 1998; Jørgensen 1999). The economic reforms have had a certain impact on this situation. Communities isolated in high altitude uplands still rely on subsistence production, whereas villages closer to infrastructure, and particularly roads, have been able to identify various market opportunities that some households within each community
have been able to exploit. In the eight villages in the study, it is evident that there is both economic growth and the formation of what could be called a ‘new rural middle class’ that is, nowadays, intertwined with the old class of cadres in the collective farm period. As a consequence, and parallel with development in the rest of Vietnam, there is also a widening social gap between the rich and the poor within the communities and between communities in the uplands.

For an understanding of democratic decentralization, the mountainous areas are interesting because they constitute a crucial test for the political system: can and will these marginalized areas, and the marginalized groups within them, be included in the economic and political transformation? Here the focus will be on the latter.¹⁹

THE COMMUNE AND VILLAGE DEVELOPMENT BUDGET (CVDB)²⁰

The core of the analysis is derived from a study of the CVDB within the MRDP²¹ at the Ministry of Agricultural and Rural Development (MARD). It can be seen as a program that attempts to manoeuvre through the space made available as a result of Decree 29. In 2000, the MRDP introduced a new decentralized planning and reporting system. The CVDB Planning Guidelines 2000 explained:

Whilst participatory analysis has a strong role to play in facilitating village people to articulate their demands for support within the development process, they are still unable to decide directly to implement local projects as they have no access to direct funding.

The document further stated that despite the strong prevailing focus on participatory methods, ‘there are occasions when access to direct funding would facilitate local communities to make their own decisions and make the best of any opportunities that are available’. In short, the central level should provide funding, guidelines and legislation, the local levels should carry out the program in a transparent and participatory manner and the stakeholders should have knowledge and capacity to make lower levels perform according to the guidelines. The desired result is sustainable natural resource management, poverty alleviation and, implicitly, promotion of democratic development in the mountains of Northern Vietnam.

Besides the obvious developmental objectives of CVDB, the intention of the scheme was to break through a pattern wherein plans
are transferred from above and implemented below without much local involvement or intervention. Nowadays the local leaders and the villagers should be informed about the new scheme, which would also allocate a sum of money to them. On their part they are required to collectively prepare a budget and a plan. After acquiring approval from higher levels (there were some limitations on the use of funds), the local institutions would implement the plan in a transparent way and the villagers would even participate in the evaluation of the implementation.

A number of questions emerged relating to the overall question of the depth of this democratic reform.

- Would the local institutions be able to represent the villagers instead of being just localized government institutions?
- Would the people be informed about their new rights to decide about their own development funds?
- Would villagers be allowed to make decisions freely without interference from higher levels?
- What are the wider implications of these cases for democratization in Vietnam?

It soon became clear that information about rights was not readily passed down from the central level to the villagers. The CVDB guidelines and intentions were apparently well received and understood at the province level, whereas they were generally met with more skeptical attitudes and adverse practices at the district level. The commune level had more difficulties understanding or accepting both the practical dimensions and the deeper intentions contained in the CVDB guidelines. The reasons are not only low capacity and conflicting interests, but also a resistance to loosening control of changes at the local level. The family analogy mentioned above was often used to defend upper level interference. Therefore, little information about the democratic visions of the scheme was actually passed on to and understood by the Village Chiefs, Village Management Groups and villagers. The political discourse in which this new information was received and digested constituted an obstacle in itself and it certainly penetrated all institutions at all levels. The task became to chart and comprehend the roles of the actors and institutions responsible for the distribution of information about the CVDB and democratization. In this regard, the Village Chiefs and the village meetings played important roles.
Many actors and institutions influence the process of decentralization. Institutions like the Veterans’, Women’s, Farmers’ and Youth unions have a different impact depending on the context and local traditions. The most important person is, however, the Village Chief. The Village Chief is the main executive, and to some extent the judicial authority as well, through whom information is passed on between the higher levels and the villagers. According to most villagers, a ‘good’ leader is one who is able to handle upward and downward accountability and perform executive and judicial functions too. It is, however, easy to understand that this role is difficult partly because ‘democratic centralism’ during past decades had caused the Village Chief to be more accountable to those above than those below him. There was also little transparency and participation largely meant organizing labour rather than popular involvement in local decision making.

Decree 29 sustains this model, but opens for increased downward accountability.

Village or hamlet chiefs shall represent the population communities and the commune People’s Committees, and place themselves under the management and direction of the People’s Committees. Village or Hamlet chiefs are elected by the people and recognized by the presidents of the Commune People’s Committees. (Govt. of Vietnam 1998)

This implies accountability to both fellow villagers and the Commune People’s Committee. It is not stated to what extent and how the ‘population communities’ should exercise power over their Village Chief except via the actual election of Village Chief. However, even this power is limited. Candidates are appointed by the Commune People’s Committee and sometimes the General Secretary of the CPV. In fact, the villagers often have only two candidates, the old Village Chief and a challenger.22 This is not to say that the Village Chief will not be a ‘good’ and legitimate representative of the villagers. One of the main concerns of the Commune People’s Committee is that the villagers respect and follow their Village Chief and, more particularly, listen to information and comply with regulations that are passed on to him by higher authorities. Most often, the Village Chief will be a member of the CPV, which creates strong identification, social bonds and accountability to higher political levels. Quite a few villagers see
this strong upward orientation as an advantage, as it tends to bring more benefit – or cause less discomfort – to their particular village.

The Village Chief would often be able to exercise major influence and responsibility vis-à-vis the CVDB, as he would usually be the Chairman of the Village Management Group (VMG), nowadays the executive body responsible for the use of village funds. There is no formal link to the CPV, but as in all other affairs of the government, the Party plays a role in the background especially through the Village Chief and the Chairman of the People’s Committee.

Other VMG members are often chosen because of their professional skills in terms of farming and accounting. Although villagers elect them, commune and/or project staff from district or province levels always appoint them. At least one member should be a woman and one should preferably have accounting skills. In theory, the VMG follows the principle of horizontal and vertical accountabilities common in the Vietnamese administrative structure: horizontally to the Village Chief and vertically to the agricultural institutions and departments at higher levels. This principle creates a strong network that stabilizes the Vietnamese administrative structure. However, such a network also creates bonds that do not necessarily promote transparency, downward accountability and popular participation.

When enquiring about these institutions at higher levels there is one common reply: complaints about the limited capacity of local institutions. Also, local staff are well aware that their inferior educational level does not meet the requirements of administration. In the uplands, this perception is reinforced by a generally negative image – and self-image – of the ethnic minorities. However, such complaints always focus only on the limited administrative capacity and not the lack of political-democratic capacity. In other words, although political legitimacy and democratic skills are crucial for the smooth running of the entire political system, these considerations are not assessed. This is a common feature of the concerns of low-level institutions: efficiency is far more important than democracy.

THE VILLAGE MEETING: AN ARENA FOR FLOWS OF INFORMATION

The village meeting is the main official forum for ‘local opinions’ to be expressed. In the guidelines to the CVDB, it was stated that a village meeting should be held to introduce the purpose and conditions of
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the CVDB to everyone in the village and to discuss the different activities that they would like to include in their village plans. Furthermore, it was stressed that all households should participate and it was recommended that several meetings should be held to ensure full participation and public screening implementation process. Special emphasis was put on the participation of women and a separate meeting with this group was recommended.

It soon became clear that obstacles in the flow of information from outside, as well as within the meeting itself, caused severe problems for the CVDB as intended. To begin with, we could observe that the degree of participation was low and absenteeism was high. There are several reasons for this. First, there are traditionally many village meetings. People have to take care of households and children and as this is mainly the duty of the women, it sometimes has a negative effect on the gender balance in village meetings. Second, village meetings usually inform people about things that they are no longer allowed to do, or fees they have to pay or contribute. This was the most common feature during the cooperative era from 1959 to 1990. There was therefore little to gain and no opportunity to express oneself in such village meetings previously.

Third, when outsiders participate, the meetings are held in Kinh (Vietnamese). Particularly for women, this represents a severe difficulty as they generally have lower proficiency in the majority language. A close male relative of the Village Chief in one of the small villages said:

I have not heard about the [CVDB], I know that some money is coming. My wife went to the meeting ... but she does not understand Kinh (Vietnamese) so she could not tell me about the plan.

All these factors are firmly embedded in and sometimes a result of the political discourse in which they are expressed. Quite a lot of information seems to be perceived as secret because it could either harm the villagers themselves or could be used against the authorities. Some cadres suggested that the people’s ignorance or lack of education prevents them from finding out what they actually need to know, or that they might have too high and unrealistic expectations and demands on the local authorities. Quite a few villagers have adopted this self-image of inferiority, which suggests that we are facing a sort of discursive power that translates into a denial of people’s right to know what they are supposed to receive in terms of rights and resources.
The procedures followed at the meeting itself further reinforces this top-down approach: for the agenda is unclear to most people and when issues come up for discussion the scope for reaching a decision is not made evident. This is unfortunate, since much of the information that should be given is about people’s rights and how the people should decide on the contents of their plan. Especially in the larger villages, people tent to regard the CVDB meetings as similar to those held during the collective farm period. Thus, the villagers do not know what they are to discuss and decide about and how they are going to carry out decisions made at the village meeting. The discussions and the ensuing decision-making suffer greatly from the people’s lack of knowledge about the agenda, the scope for discussion and decision-making process. This young man’s account of the village meetings in his village highlights several crucial issues:

We go to the meetings – if we hear the loudspeaker. The loudspeaker is a bit weak here, and the Village Chief does not come to call us for meetings. Sometimes I go; sometimes my wife goes to meetings. We are considered as ‘children’ still, so we are not supposed to say much. We discuss with each other after the meetings, but not much with parents or villagers. Even if powerful or older people do things wrong, many young people do not say anything, e.g. unfair distribution of irrigation water or high fees for water to the fields. Complaints have been brought up in meetings, but nothing happens – powerful people have already discussed among themselves. The ‘leading team’ like the Village Chief or Party leader etc. decides about everything and there is nothing to do about that… It feels like things are already decided. 29

People are not called properly to meetings, decisions are made beforehand and villagers who are more powerful suppress the voices of poorer households. One consequence is that powerful or older people’s misdeeds can pass unopposed.

In one village, only 25 per cent of the households (with the highest wealth ranking) were called to the meeting to discuss the CVDB village plan, which had already been prepared by the commune authorities. The Village Chief described the process of implementation.

Higher levels have already decided what should be in the plan and it is compulsory that the leading group should have a meeting before a village meeting … the Chairman [of the People’s Committee] will take the key position and decide about the content… We usually make plans according to direction from the commune and the district. Leaders meet and make plans and inform villagers.
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Villagers here are strong so they will express ideas very strongly... If they are dissatisfied with the plans, the Village Management Group will try to convince them that they will have to follow higher levels directions.30

When asked if he instead would make an attempt to convince the higher levels that they have to follow the villagers' opinion, he replied 'No!'

The CVDB scheme could not be expected to change the attitudes of Village Chiefs, Chairpersons of the Commune People's Committees, and higher-level project staff in just two years. These attitudes are deeply embedded in a dominant political discourse. There are, however, important exceptions and quite a few cadres have begun to see the advantages of grassroots democracy.

Now we really have democracy and we (the villagers) make the plan. This year we have learned to inform villagers more, especially through the unions, and we inform people more about other programs and issues too ... with the CVDB, the plan fits the local conditions better and villagers are more eager to participate.31

In other words, this Village Chief experienced increased participation, transparency and downward accountability. The Chairman of the People’s Committee in another commune seemed to agree.

The advantage with CVDB is that villagers can discuss more freely. They are more concerned when it is their own plan... In the past we could make plans, but we didn’t know how much we could actually get, so we just made it big. It was not clear to people what we actually got. With CVDB it is easier and clear to people. We have applied the CVDB-method to some construction projects where villagers are involved.32

There are also signs of changing attitudes, although embryonic and unevenly dispersed among communities and classes of people.

When the program changed [to CVDB] people did not believe it... It has been a way of thinking to wait until something comes from the top. It is difficult to think in a different way.33

Most people in the villages are to some extent aware that something new has happened in their village, especially in villages with relatively large village funds per household. A process has, seemingly, been put in motion wherein people slowly become aware that it can be worth-
while raising their voices and expressing their needs, demands and complaints. The change appears in observations as well as from interviews. People express their points of view more loudly in meetings and dare to go against even high-ranking provincial officials. People demand to know what their representatives are doing with their resources. The channels of information are still narrow, though, and the opportunities to express opinions are infrequent. Furthermore, there is a realization that more influence also means more responsibility. This has made the local institutions uneasy about the benefits of grassroots democracy and they have on a few occasions been the scapegoat of both the villagers and the upper levels for not assuming the responsibility assigned to them.

Lastly, it should be emphasized that participation in local decision-making is not even. For a sufficiently large middle class, the CVDB and democratic rights provide an opportunity to express newly achieved desires and to make society conducive for accumulation of their individual wealth. Unfortunately, a growing social gap excludes the poor from this emerging political process. Numerous interviews reflect the view that poor people are generally supposed to be quiet in meetings as they are considered to have little to contribute. The reason given is their apparent failure to lift themselves out of poverty. Particularly in the larger villages, the poor are not called to meetings where important decisions are made and where crucial information is distributed. Hence their ability to lift themselves out of poverty is constrained.

**CONCLUSION**

What can be learned from the CVDB about the current direction of democratization in Vietnam? First we should consider the context in which the transformation is taking place. The economic reforms, privatization, marketization and intensified modernization have implied a shift away from a collectively managed deficit economy to economic surplus for a majority of Vietnamese households on the one hand, and widening social gaps on the other. The state apparatus has not been able to deal with these economic changes without changing the political setup. Among other things, there has been a call for ‘the rule of law’ and greater responsiveness to social changes and tensions at the local level. In that sense, democratization should be seen as a one-party state’s concession to pressures from new and mightier actors.
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and interest groups. It should also be noted that democratization is explicitly confined to the grassroots level. Hence the reforms, it can, with some justification, be seen as an attempt to guard the monopoly of the CPV at the national level rather than a first step towards multi-party democracy.

However, grassroots democratization is by no means an uncomplicated process, as it might appear from a global or national perspective. And more importantly, in so far as it is successful it is by no means insignificant for the local communities. Yet, the upland rural situation, and in particular the rural political institutions, are still, to a large extent, functioning according to the principles of democratic centralism. Therefore, the transformation is slow and uneven. The study of the CVDB has hinted at four main obstacles to this transformation. First, the prevailing dominant political discourse tends to halt the flow of information about the political rights to lower levels and within institutions. Either such information is not transferred, or the local institutions lack the capacity to receive, comprehend or handle it. Second, information about people’s demands and wishes are not easily transferred up through the system. Local institutions might come to know of it, but there is a tendency for local institutions to silence or ignore these demands rather than to bring them up to the higher levels. Third, the political, administrative, and judicial system is far from transparent. People do not know what kind of power different authorities have. Executive and judicial power is mixed in the same institution – or even the same person – so the one who implements decisions is also the one who receives complaints. Furthermore, the higher levels provide funds and goods, which makes the proverb ‘Do not bite the hand that feeds you’ very real to the local institutions. Fourth, according to the prevailing development discourse in Vietnam, the quality of local institutions is first of all assessed in terms of efficiency and not the extent to which they are characterized by transparency, participation and downward accountability.

Despite these obstacles, new trends in attitudes have emerged which might further promote democratization, at least at the grassroots level. First, through interviews and observation during three years of study, we can see that villagers express greater self-confidence in village meetings. They participate more actively and they experience that their opinions matter. It is at the local level that demands for change are now formulated more clearly and loudly (though not necessarily heard beyond the commune borders). Villagers are simply more active than previously. Second, they also demand information because it is
gradually becoming important in their life, not least for their production activities and access to markets. Third, there are also signs that commune and other authorities see the advantage of informing people more and letting them make decisions about local affairs.

The pressure from below and the enthusiasm of a considerable number of cadres in villages and communes might turn the political system and culture towards grassroots democratization in more than a formal and mechanical sense. What could hamper the pressure and curb the enthusiasm are the negative consequences of neo-liberal globalization, which to the majority of Vietnamese peasants means not only unprecedented growth, but also a widening social gap. It should not be ruled out that the Vietnamese countryside could witness a decentralization process that will be accompanied by raw exploitation of a new landless class of peasants. The local political institutions would not stand untouched, and we have already seen how local elites in larger villages have failed to include the entire communities in the political process, not to mention in sharing economic development. What we might be observing is the formation of a rural middle class that has little interest in democracy, although they do desire autonomy from directives from higher levels. In that case, a social force that antagonizes, not only the current political reforms but possibly also poverty alleviation policies, which attempt to narrow the emerging social gap in Vietnamese society, might be unleashed.

A related issue may be whether the state will be able to handle such a situation in a democratic and socially responsible manner. The local institutions are deeply penetrated and controlled by the local elite or the emerging middle class, who can be expected to serve their own interests. An independent civil society hardly exists in Vietnam, let alone in the rural areas, to express the demands and wishes of the broader rural population. So, where is the political force that can have not only a policy formulation capacity (and send more directives to the local institutions), but also a strong ideological impact on the functioning and concerns of the local institutions? The obvious answer is the CPV, the only force presently possessing that capacity. The CPV has a better organization, greater legitimacy and more human resources to take care of these issues than the state administration or any other force in Vietnamese society. The CPV reaches to the remotest villages and is the parallel structure that has the capacity to interpret the decrees sent from above. The strong social commitment on the part of the CPV and its adherence to principles of good governance (more in the sense of efficiency and trustworthiness rather than in terms of
downward accountability and transparency) can be, and to some extent already is, a good remedy against the worst exploitation. Therefore, the centralist political system might, paradoxically, prove to be an advantage in a process of grassroots democratization if good governance practices are highlighted. The main challenge is to alter the party culture, particularly its current top-down way of thinking. The CPV has to be concerned not only about promoting an ideology of social justice. It has also to develop the capacity to listen to and learn from the lower administrative levels, and eventually from the people in the remotest villages as well, in other words to democratize too.

The current grassroots democracy reform should be seen in the context of overall economic liberalization and indeed neo-liberal globalization that so far have been kind to most (but not all) Vietnamese farmers. However, rapid economic changes might lead to unrest and instability. The present renegotiation of power between the state, the market and the civil society is therefore open-ended, and it can be expected that stability rather than democratization will remain on top of the political agenda for the ruling party in Hanoi. Paradoxically, these processes may converge, and 'democracy' used as a tool by the CPV. Recent upland unrest has shown that the acceptance level of the regime, especially in the uplands, is low. This does not mean that the regime will stop grassroots democratization. With the present leadership in Hanoi, there are some prospects that democracy might be equated with stability. In other words, grassroots democratization might well be strengthened if the central authorities more forcibly make the local institutions more participatory, transparent and downward accountable.

AUTHOR’S NOTE
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NOTES
1 It is generally accepted that communist states, and Vietnam is no exception, kept strict control of these flows. Resources, goods and information have been produced and distributed mainly by the state
and people’s movements have been highly restricted and screened. For migration, see e.g. GSO/UNDP (2001).

2 The decree was characterized as ‘perhaps one of the most interesting developments in decentralization over the last decade’; in Human Development Report 2002: 75.

3 Vietnam was a member of COMECON from 1978 to 1989. Vietnam did not, however, experience such a huge shock as many other countries in the Communist block. First, it had taken measures to overcome the transition already in the mid-1980s and, second, it benefited from its location in one of the world’s most dynamic economic regions.

4 Some might reject the existence of a rural middle class in the uplands mainly due to the low living standard, far from the emerging urban middle class in Vietnam. Here it is used in a broad sense, simply to mean a class of people that has acquired a modern lifestyle in which subsistence is no longer the main concern and they can make long term planning and investments.

5 Officially and formally, land cannot be sold. It can only be ‘transferred’ (chuyen nhuong), which implies a temporary arrangement between farmers.

6 I use the concept of dominant discourse simply to signify the common and relatively shared perceptions of the ‘right’ politics. There are of course an endless number of ways to ‘think politics’ in a society, but there are ways of thinking and perception that are more broadly accepted than others.

7 It should be noticed that the children-parent relationship is defined in similar terms in the Vietnamese constitution (Article 64).

8 Ho Chi Minh (1959) (my emphasis). It is also stated in article 6 in the constitution that ‘Democratic centralism is the principle governing the organization and activity of the National Assembly, the People’s Councils, and all other state organs’.

9 See e.g. ‘Speech by the General Secretary of the CPV at the Conference for Party Cadres summoned by the Party Secretariat in Hanoi on 3 March 1994’. Most of the speech argues against a multi-party system, which the outsiders, or ‘the enemy’, attempt to impose on Vietnam, earlier by war and recently by peaceful means or so-called ‘peaceful evolution’. ‘They say that we are undemocratic? They are right because we are not democratic with those who invaded our country and now plan to harm us, but we are democratic with our own people.’ In http://www.ndhd.net/Files/Nguyen%20SI%20Binh1.htm (visited 2003).

10 This wording also appears frequently in CRV resolutions and public speeches.
Furthermore, article 4 is the only reference to the CPV in the Constitution although it is well known that the Party has strong influence on every state institution. This also implies that the Party mainly acts from a position beyond the Constitution and public scrutiny.

At an early stage, political leaders, and not least Ho Chi Minh, saw the role of the people as a corrective and of course as a source of legitimacy: ‘We are not afraid of possible mistakes, but of failure to correct them resolutely. To redress them, we must listen to criticism by the masses and practise sincere self-criticism. Otherwise we shall lag behind and regress, which will lead to our being cast aside by the masses. This is the inevitable consequence of individualism… But at present, individualism is haunting a number of our comrades. Claiming to be clever in everything they stray from the masses, refuse to learn from them and want only to be their teachers’ (Ho Chi Minh 1959). (There is scope for a purely instrumental interpretation of the quote, i.e. ‘if we do not listen to the masses they will “cast us aside”’, but such interpretation is not sustained by the surrounding text.) In fact, Ho Chi Minh’s concern about political ‘mistakes’ and people as a way to ‘correct’ them comply very well with the concern of the CPV today. See e.g. Secretariat of the Party Central Committee, Directive 10-CT/TW, 28 March 2002.

See e.g. BBC News, 10 November 1997.

The incidents were referred to by a number of international news agencies and some NGOs brought more detailed accounts of the uprisings. See e.g. Human Rights Watch Report, 1997.

Kinh (Vietnamese): Dan biet, dan ban, dan lam, dan kiem tra!

See for example the notorious Nam Cam case reported in BBC-Asia, 16 July 2002.

Article 2: ‘Bringing into full play the people’s mastery must be closely linked with the mechanism of the Party leadership, the State management and the people’s mastery, the representative democracy regime must be well promoted, the working quality and efficacy of the People’s Councils and the People’s Committees must be raised, the direct democracy regime must be well implemented in localities so that the people can directly discuss and decide important and practical issues which are closely associated with their interests.’ My emphasis.

This decree is widely referred to as the legal starting point and foundation of grassroots democracy in Vietnam. The significance is underlined by the fact that a search on ‘decree 29’ and ‘Vietnam’ or ‘Viet’ on Google gave 110 results (September 2003).

As in all countries along the mountain range of the southern part of the Asian continent, the relation between the lowland and mountainous
societies has occasionally been one of exploitation, pillage and even violence. Mainly due to the long period of war, the Vietnamese government has applied a double-edged policy towards the minorities. On the one hand, they have been a potential security risk and dealt with accordingly. On the other hand, it has been important for the Vietnamese government to incorporate the minorities into the Vietnamese nation. In the latter, they have been remarkably successful in the northern part of the country. In the Central highlands the situation is more explosive and the degree of political-cultural incorporation is without doubt less successful.

20 The information under this heading about the guidelines of CVDB, unless otherwise stated, is derived from *Commune and Village Development Budgets. Planning Guidelines 2000*.

21 The MRDP was a forestry and agricultural development scheme aimed at improving the environmental and social conditions in five provinces in Northern Vietnam. The program was terminated in mid-2002.

22 Another writer argues that where independent candidates do venture to stand, they usually fail to get elected. This is one of the key features of Vietnamese political culture, see Dang and Beresford (1998: 94).

23 Previously, the VMG was responsible for conducting MRDP activities at the village level.

24 The Chairman of the People’s Committee is the head executive at any given level, and he is also most likely the Vice General Secretary of the CPV at that level.

25 That appeared to be a problem in the remotest villages in the study. In one village, the Commune Management Group even appointed a skilful member of a VMG in a neighboring village. She was, however, elected by the villagers.

26 For a more general discussion of this dual accountability, see Dang and Beresford (1998: 52–54).

27 On the other hand, it is also stated that ‘The village development budgets should come out of the first, second and third cycle PRAs’, which is the old plan-making model within the MRDP. This statement of course creates some confusion about what the villagers are to decide about. In fact, the district and province staff tended to follow this rule by simply translating the previous PRA or plans into the present CVDB without consulting the villagers.

28 Interview with a middle aged man in one of the villages. Furthermore, he and many other villagers had not understood a main point, i.e. the CVDB was a public resource and not money to be distributed to each household.
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29 Interview with a 24-year-old man in Chau village. It is apparent that some people either always hear the loudspeaker or are called directly by the Village Chief. Others, like this young man, are not called.

30 Interview, leader of VMG.
31 Interview, VMG-member.
32 Interview, Chairman of People’s Committee.
33 Interview, Commune Management Group.

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Interviews
Interview, a 24-year-old man in Chau village.
Interview, the leader of VMG.
Interview, a VMG member
Interview, the Chairman of People's Committee.
Interview, the Commune Management Group.
Interview, a middle-aged man in one of the villages
Conclusion
CHAPTER 12

Democratization amidst Globalization in Southeast Asia
Empirical Findings and Theoretical Reflections

Joakim Öjendal

This is a volume on changes in governance systems and practices pertaining to the idea of 'democratization' in Southeast Asia, intentionally positioned in a 'thick' historical context of globalization. The assumption is twofold: firstly, 'globalization' – in all its varieties – affects societies, triggers responses and causes alterations in established national governance systems and practices. Secondly, 'change' invariably occurs, but we do not know the direction of change globalization causes in particular Southeast Asian settings, and the possible ramifications of this process.

Also, we do not have a ready-made theory to outline the direction of change. Typically, the changes we observe are not in line with the suggestions contained in the dominant strands of the 'globalization literature' (such as Beck 2000; Ohmae 1995), nor those contained in the democratic 'transition literature' (such as Diamond 1999; Diamond and Plattner 1998; cf. Lipset 1959). Although of uncontested merit in their own right, we have sought to move beyond, or perhaps beneath these broad suggestions of increasing liberalization on the one hand, democratization at the national level on the other. We are thus not particularly interested in discussing whether the Southeast Asian countries are becoming 'more' or 'less' democratic. Rather, we wish to discuss the specific changes in governance practices, and only then how these changes might or might not contribute towards a process of 'democratization'. In consequence we have sought as vividly as possible
to reflect the diverse, innovative, reactionary, but also progressive responses to various forms of globalization pressure. Diversity, paradoxes and culturally flavoured processes have marked these changes, posing a real challenge to any uniform analysis. Rather than corroborate existing theories, we shall attempt to theorize our findings. Rather than to apply deductive logic, our task here is to historicize the links between globalization, cultural themes and political development (cf. Alagappa 1995: 45).

This volume began with a historical narrative by Loh, wherein changes and continuities in Southeast Asia were described in their own terms, and only then put into the context of ‘globalization’. Globalization is therefore not depicted as something that afflicts Southeast Asia, but rather that Southeast Asia and globalization dialectically constitute each other (cf. Pieterse 2000: 191f). Subsequently, a wide range of country-specific case studies, with emphasis on empirical base and historical context, were presented, each illuminating as fully as possible the trends of current changes. Based on the findings of these empirical studies, this concluding chapter will attempt an overview of the kinds of initiatives that are emerging in response to globalization pressures in Southeast Asia, and offer some general reflections on the relation between democracy and globalization. Ours will not be a comprehensive and definitive answer, but rather, in line with the exploratory approach, one that may open the field for more concerted research. In order to theorize our findings, we also need to relate them to the theoretical debate in the field.

Though not embarking on any grand hypothesis-testing venture, our approach is – as any other – laden with theoretical positions, assumptions and ambitions. This is not only a way of drawing abstract knowledge out of our case studies and solidifying them through comparing them to other findings, but also an implicit ‘continuation’ of Loh’s historical narrative opening this volume, although by other means. That is, we are here taking the theoretical implications of his narrative as a point of departure. Firstly, we take issue with much of the ‘standard’ globalization literature (cf. Introduction, this volume) emerging from, and being primarily shaped by, the US-European experience that commonly exaggerates the depth, scope and determinism of globalization in Southeast Asia (and other places). Alternatively, when globalization is put into a Third World context, it is often the most devastating Central African experiences that are reviewed (cf. Duffield 2001; Cerny 1999). This is not to say that globalization does not matter in Southeast Asia; quite the contrary (cf.
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e.g. Dittmer 2002). However, the history of globalization in Southeast Asia is different, and it has taken and will continue to take turns not particularly observed or highlighted in much of this literature.

Secondly, in the aftermath of the ‘Asian financial crisis’, a debate has emerged in which the nature and degree of ‘capitalist convergence’ in East and Southeast Asia is being discussed (see for instance Pang 2000: 570 and Rhodes and Higgott 2000 for two contrasting positions). The thrust of this debate concerns regulation of trade and financial issues, and the possible reformation of the institutions responsible for these fields. We implicitly engage in this debate but with a focus on issues pertaining to governance and democratization. In this regard, we also relate our discussion to another body of literature debating the issue of ‘transition’, democratic or otherwise. We refer in particular to the studies by Diamond, Linz and Plattner, among others, which to a large extent draw upon the experience in Latin America in the 1980s. In its extreme form, some in this line of thinking tend to see liberal democratization as an inevitable and integrated part of modernity, and one for which there might be no alternative (Huntington 1991; Fukuyama 1993; 1998; Lipset 1959), and even one which allows no substantial variations. All these ‘convergence’ and one-dimensional ‘transition-hypotheses’ are, at least in their pure forms, rejected in this work. Moreover, in contradistinction to some others (e.g., Ng 1998), we argue that the choice is not between (full) liberal democracy or (wholesale) acceptance of a system based on ‘Asian values’.2 Instead, there are many shades and dimensions in between these opposites. It is the realm of the ‘in-between’ which we try to illuminate in this volume.

Thirdly, in accordance with the title of our volume (and obvious from the reading of the case studies), we aim to enlighten a ‘deeper’ sense of democracy. In this regard, we adopt a structuralist approach where ‘procedural’ aspects of democracy are of little interest and the all too common overemphasis on elections is avoided.3 Instead, we have sought to study issue-oriented ‘governance’ practices with the belief that it is in the shaping (and re-shaping) of societal institutions and their practices where democracy matters the most, and where it needs to be internalized in order to consolidate democratic change. In fact, a ‘transitionalist’ like Diamond (1999) acknowledges that the core of any democratic consolidation is ultimately hidden in the change of its
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'political culture', the evidence of which is to be found in how governance is, *de facto*, carried out (and perceived).

Finally, we also do not believe that it is useful to resort to prescriptive metaphors – like ‘waves’, ‘great leaps’ or ‘Asian values’ – in order to understand the social and political changes occurring. Instead, as is obvious from Chapter 1 by Loh, we have tried to understand and explain democratic change by investigating the extent to which democratic values, behaviour and institutions have become embedded in the particular society (cf. Polanyi 1957). Admittedly, there is a movement of sorts towards democracy in Southeast Asia, but it is also obvious that this movement is being contested. Democratization, for instance in Indonesia and Cambodia, cannot be sustained if it is not backed up by more embedding of democratic values, institutions and processes in the societies (cf. Robison 2002: 193; cf. Törnqvist 2002). Even as these movements pick up steam, as in Thailand in the 1990s, they may still run aground through being co-opted by elite interests, thwarting the route towards liberal democracy. Others may be formally democratic (Malaysia and Singapore) but in fact ‘illiberal’ in practise (cf. Bell et al. 1995; Zakaria 1997). The key insight from Loh’s review may be that the societies in Southeast Asia have their own trajectories. Hence, although globalization does impact upon Southeast Asia, it does not immediately erode away previous traits, institutions and culturally flavoured values (McCloud 1995; cf. Anderson 1972; Pye 1974: 21; 1985; Chandler 1983). Or, to quote Shamsul (2002: 193):

> The arrival of the modernization-development project and, subsequently, globalization changed the form of democracy and the internal configuration of its various components, rituals and practices, but not really its essence... Therefore, the task of examining 'globalization and democratic developments in Asia' before us is an exercise which is both historical and contemporary in nature, as well as abstract and empirical.

This final chapter attempts to draw the threads together from the geographically and thematically different case studies, and to assess the theoretical value of the findings. Following this introduction, the chapter will i) sum up the findings and analyses from the individual chapters; ii) assess these findings in light of some of the dominant globalization and democratization literature; and, finally, iii) offer some concluding thoughts on changes in governance systems in Southeast Asia.
DEMOCRACY AMIDST GLOBALIZATION IN SOUTHEAST ASIA: EMPIRICAL FINDINGS

Chua’s contribution, addressing the ‘enigma’ of Singapore, starkly refutes the two mainstream hypotheses stating that societies are turning increasingly democratic with growing economic well-being, and that globalization causes ‘convergence’ to liberal policies. The chapter makes clear that the space for political manoeuvring is still curbed in spite of (or due to) partial convergence to global norms on trade and finance. It also uncovers how the Singapore authorities constantly rationalize their need for such curbs, even of the arts. In fact, we are shown, plurality and artistic experimentation are contained, comfortably, within the rather restricted polity that Singapore constitutes. Although Singapore might appear ‘funky’, in fact controls persist. Yet the scope of artistic expression has also been opened up and has contributed towards opening up more political space as well.

Drawing upon Chua’s study of Singapore, it may be argued that a semi-authoritarian approach may be the most efficient system of governance for drawing maximum benefits from globalization; i.e. in order to exploit globalization, sometimes very unpopular decisions need to be taken. A semi-authoritarian regime, especially if it enjoys a high degree of legitimacy, might be inclined to do just that. From this perspective, globalization does not contribute towards the weakening of the state, democratic or otherwise. Rather, globalization may lead towards a strengthening of the state, and cause a ‘de-democratizing’ of societies. Whether we like this or not, it appears that the Singapore state has been rather successful in engaging with globalization. Rapid economic growth has resulted and its citizens nowadays enjoy a high standard of living. In the process, the PAP government has gained legitimacy for itself, making democracy ‘redundant’ (in contrast to the situation in Indonesia, for example). Moreover, as Chua displays, loyalty from the citizens vis-à-vis the state is higher than that for many (if not most) Western liberal democracies. One way of understanding this is that engagement in societal development, as well as artistic representation of it, is allowed, indeed encouraged, as long as the hard core of politics is not included. In this sense, Singapore still represents an enigma wherein the separation of economics and politics is, as it seems, successfully maintained; culture is divorced from discursive hegemony, information separated from power and the fields are prevented from ‘contaminating’ each other, defying views on society as organic and holistic.
Thus, in spite of engaging in – and indeed thriving from – neo-liberal globalization, the Singaporean state is nowhere near ‘disappearing’. Rather, the Singapore case to a certain extent confirms Linda Weiss’ (2000) thesis that globalization does not tear (or wear) down state authority (or make it irrelevant), and that more ‘globalization’ actually requires, and sometimes triggers, the emergence of a stronger state. In this regard, the criticism launched by Robert Cox, David Held and others that it is not the relative strength of the state that is critical is valid. The more important consideration is whether states have replaced politics with ‘management’ that prepares the ground for the technical requirements of the global forces, void of distributive ambitions and protection of local values (Cox 1997: 63; cf. Antlöv in this volume). From this perspective, the Singapore state appears to be assuming a more technocratic role rather than a political one. Is this sustainable in the long run? So far, there are few signs that governance in Singapore draws broad-based resentment. Quite to the contrary, Chua shows that the Singapore state engages people in processes based on loyalty and identification with the well-being of society in mind.

In Khoo’s interpretation, Malaysia is both similar and different from Singapore. In a technical sense, governance is less fine-tuned than in Singapore, but in terms of sheltering the core of politics from substantive democratic influence, it may be equally efficient. However, it is operating with less popular legitimacy and Khoo’s concern is above all one for a ‘moral’ government earning its legitimacy, instead of one wherein cooperation between the state and local capital, under the auspices of ‘Malaysia Inc.’, is the dominant rationality and ‘crony politics’ the order of the day. Governance in Malaysia may equally be conceived of as harbouring contradictions: in the 1970s and early 1980s, through adopting export oriented industrialization and welcoming foreign direct investments, Malaysia achieved considerable economic growth. Yet some of its political and intellectual leaders cultivated political exclusivity. The intrinsic nature of ‘Asian values’ was argued and an Asian version of democracy rather than liberal democracy was defended (Mahathir and Ishihara 1995; cf. Khoo 1995; 2003). At the same time as economic liberalism was successful in promoting economic growth and opening up Malaysia for a wide range of economic interests, autocracy was maintained in the realm of politics (although within a formally democratic structure). As in Singapore, we see a case where ‘liberal’ economics and outward orientation (‘pro-globalist strategies) did not result in ‘convergence’ and liberal political democratization. Instead, they led to pluralization and fragmentation,
which signalled the arrival of a ‘new politics’, but not necessarily one of a more participatory and democratic nature (Loh 2002).

Khoo’s account also shows that cronyism exploded with trade liberalization and subsequent financial liberalization in the 1980s and early 1990s (not the other way around, cf. Jomo 1998). Furthermore, when the Asian financial crisis occurred, bailing out cronies was prioritised over other needs. Not surprisingly, the gap between the ruling elites and the ordinary people widened. That said, a large proportion of the population, especially the middle classes, already imbued with ‘developmentalism’ and ‘consumerism’, appeared to be more concerned with rallying behind the political leaders, who were the only ones deemed capable of resuscitating the economy, rather than with seizing the opportunity to egg on democratization (Loh 2002; cf. Bauman 1998).

Predictably, the regime also resorted to force – as in the case of dealing with Anwar Ibrahim and his Reformasi supporters – to retain power. Consequently, the Reformasi movement was stymied by the extremely efficient political apparatus, leaving a rather thin progressive middle class circumscribed by more harsh political and economic interests on the one hand, and general political indifference on the other.

The contrast to recent developments in Indonesia and Thailand is stark. Paradoxically, Singapore and Malaysia are likely the two countries in Southeast Asia that have been most exposed to economic globalization (together with Thailand), and enjoy the highest living standards and education levels. Yet these two countries experienced the least democratization following the 1997 financial crisis. This combination of undemocratic rule and high levels of engagement with globalization surely deserves more analytical attention.

The other case study on Malaysia, by Saliha and López, zeroes in on the more specific question of human rights. Malaysia, being simultaneously a developed society yet subjected to harsh laws that curb human rights, provides us with an interesting example for investigating state–civil society relations, and whether these are developing in accordance with ‘convergence’ theories. The field of human rights provides, after all, the most explicit attempt to universalize governance principles. In spite of, or perhaps due to this, we are shown in Saliha and López’s study how the concept of human rights is redefined in Malaysia in accordance with the notion of ‘Asian values’. This redefinition, it is argued by the Malaysian political elite, is consistent with the embedded values of respect for leaders and preserving
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harmony and concern for the community rather than promoting the individual's interests. As a consequence, the national policy of becoming a fully developed nation by 2020 is also prioritized over adherence to the universal standards of human rights.

However, the attempt to legitimize Asian values and a different notion of human rights has been challenged, as Saliha and López show, by Malaysian NGOs who have emerged as the fiercest critics of the state's human rights deficit. As human rights are a part of the globalization package, with a perceived Western dominance, a more restrictive notion of rights can be 'sold' quite successfully to Malaysians as an attempt to defend the nation against undue Western domination. Thus, instead of homogenizing values and regimes, globalization creates its own counterforce (cf. Connors in this volume), with the net effect of strengthening the power position of the state. In positioning the discourse this way, the state can de-legitimize the Malaysian human rights NGOs by associating them with Western interests. Although there develops a contestation over the framing of the discourse, in fact, the official discourse remains dominant and is difficult to destabilize.

Another paradoxical situation is presented in the case study from Vietnam by Jørgensen. While initially buying into a mainstream analysis – economic liberalization, leads to more openness, freedom and eventually grassroots democratization, and it has certainly enhanced overall production – when change in marginal areas is studied in some detail, another image emerges. The same process that apparently leads to increased political liberalization in fact undermines that very process. Initially, the highland populations, especially the poorer segments, enjoyed a certain degree of stability during the era of planned economy and state socialism. Economic liberalization has introduced economic exchange mechanisms that make production more efficient, and in the political space that opened, development-induced local participatory practices have followed. From this perspective, a huge change in governance practices has occurred in Vietnam.

However, economic liberalization has also caused social stratification, even pauperization and the disempowering of the very people being invited to participate in local governance. In combination with habituation to authoritarian politics, and under a dominant political discourse, recent development has undermined the relative security of the poor and reduced their political influence. For these poor and disempowered people, liberalization has not yet led to democratization. Instead, a rural middle class, which has gained some measure of
autonomy, has emerged. Hence democratization has been uneven. Jørgensen suspects that the previous vertical chain of command from capital to village will not survive; but a participatory local democracy will not emerge. Rather, a relatively autonomous rural middle class will seize the opportunity to assert their political weight and further their particular economic interests. The result may be a certain measure of political pluralism and openness, but not necessarily increasing democratic space or broad rural poverty alleviation.

Vietnam has neither been fully exposed to global capitalism, nor experienced it for a long time, and its route to the current situation is admittedly different when compared to other Southeast Asian states. Nevertheless, the observations above show a pattern resembling that in Singapore and Malaysia, that is, globalization sets off economic liberalization that, although efficient in its own right, will not necessarily result in more democratization.

The Philippines, the country in Southeast Asia with the most prolonged exposure to (US-dominated) globalization, is the focus of Hedman’s study, who therefore and most suitably applies a *longue durée* approach to social and political change. What emerges from her analysis is that globalization (specifically global capitalism) is not a blind force that affects all societies equally. Quite the contrary, the key variable may be the particular social structure (‘class formation’ in Hedman’s analysis) in each society (cf. Amoore et al. 2000: 24). Thus, the leverage of globalization is entirely different depending on whether we view the Philippines in the 1950s or in the 1980s; in the 1950s only a small elite was capable of capturing the goods emerging from global (here predominantly US-dominated) forces, while three decades later, the global forces affecting the Philippines reached much broader segments and succeeded in having a fundamental impact.

Hedman’s contribution further reveals an interesting aspect of globalization itself. External pressure in the 1950s could be seen as essentially US pressure, and thus also limiting direct impact to social forces having a relation to US interests. It was also resisted in a way where leftist opposition conveniently could unite under an anti-US banner. In contrast, in the 1980s, actors and audiences were more multifaceted, rendering it possible to rid the country of Marcos in spite of initial American support. The idea that ‘the whole world is watching’ further restrained key actors from excessive violence, and facilitated peaceful change also in the late 1990s.

No doubt, governance has changed in the Philippines during the last four decades in relation to globalization, but this change is also
partly due to the fact that the social structure in the Philippines itself has changed. Again, we distance ourselves from any grand theory that suggests that globalization results in convergences, democratization or the automatically increasing insignificance of state structures. Rather, we argue that a dialectic between globalization and social and political structures in each separate country may afford a more comprehensive understanding of how globalization interfaces with democratisation. Take note, though, that we are not arguing that globalization has little impact; only that the ‘direction’ and ‘leverage’ of the impact is dependent on domestic structures. Another way of viewing this is that the civil society is not only affected by globalization through macro-political and economic change, but also via the emergence of a global civil society, linking up effectively with local and national NGOs, organizations and movements; this was also evident in, for example, the re-emergence of the student movement in Indonesia in the late 1990s (cf. Uhlin 1997).

Our two case studies on Indonesia discuss the transition from authoritarian to democratic rule. Anwar discusses national level developments while Antlöv focuses on micro-level ones. Anwar’s contribution emphasizes how the Indonesian political elite failed to foresee the dynamics, indeed the hazards of global forces. Specifically it failed to understand the significance and fragility of global financial flows and underestimated the power of the Bretton Woods institutions in their role as ‘guardians of change’.

So did many other observers of Indonesian affairs. In early 1997, the Asian Development Bank was still hailing Indonesia as a development success story, and experts like Liddle (1998) deemed Suharto to be more solidly in power than ever before. Then the financial crisis developed in mid-1997 rather unexpectedly, and the Suharto regime was confronted with a challenge against which it had not consolidated its power and was thus extremely vulnerable. In hindsight it can be argued that there was an extreme imbalance between domestic power consolidation and the lack of a defence vis-à-vis external (financial) challenges. However, it was not the crisis per se that proved the ultimate challenge to the Suharto regime. Rather, it was in the ensuing process – putting the Bretton Woods institutions in the limelight – when the IMF conditioned its support to withdrawal of national subsidies as well as to drastic changes in governance practices, that regime legitimacy, or whatever was left of it, quickly eroded. What followed was not just a change of government. In fact, the absolute power massed in the hands of Suharto, the lack of any preparation for a successor and the rapid
and violent eruption of public resistance, allowed for no other option other than one where the elite had to abandon autocracy and resort to more ‘soft’, democratic, power instead. This opened up a ‘new politics’ in Indonesia. In fact, how this politics will be played out is still unclear.

However, Antlöv’s account of local politics and his elaboration of the possible emergence of a new political culture gives us some hints. On an optimistic note, he describes how a citizens’ group has become increasingly engaged in local politics, and in the process rebuilt trust in government, the state and the policy-making process, all of which people previously had no faith in. In his conceptualization, this is how a globally faltering democracy could and should be saved, as well as how real democracy in Indonesia could and should be built. This is also an example of the processes Diamond (1999) is referring to when he argues that change in ‘political culture’ is the real challenge for democratic consolidation. If this re-emergence of participatory politics at the local level, as described by Antlöv, is replicated and extended to other parts of rural Indonesia, democracy would indeed be making headway.

However, from a more critical perspective, it is obvious that even in an exceptionally positive case (which Antlöv’s is), the distance to cover in moving from authoritarian patrimonialism to participatory democracy is huge (and it is even greater if we take into account the need to address major development problems). Moreover, as we have shown, the idea of participatory local democracy requires trust, citizen’s engagement, technical skills and willingness on the part of local authorities to open up the necessary political space and even to trust actors who question the existing order. This does not automatically follow from a national level multiparty system, and it is extraordinarily difficult to achieve in post-conflict and post-authoritarian societies. Nevertheless it may be only when these processes become widespread that we can talk about substantive democratization occurring in Indonesia.

Judging from both Anwar’s and Antlöv’s accounts, democracy was not ‘won’ by any particular social force or social group in Indonesia. Instead, it was autocracy that collapsed due to its failure to deal adequately with global financial flows and the diffusion of democratic ideals and increasing demands for political participation. Or put another way, globalization did not lead to democratization in Indonesia. It only contributed towards the breakdown of a regime that neglected to take the global dynamic into consideration. This observation had already been made by Robison in 1996, when he
argued that autocratic countries can neither comprehend the complexity globalization displays, nor operate with the flexibility it requires, and will sooner or later falter (Robison 1996). Globalization, therefore, is not necessarily conducive to democratization (cf. Robison 2002; Törnqvist 2002). Paradoxically, Suharto’s Indonesia proved to be the mirror opposite of Singapore although both had previously been authoritarian. Instead of gaining a high degree of legitimacy through successful management of globalization, as in Singapore, we saw diminishing legitimacy for Suharto’s regime as it failed to deal successfully with globalization, causing political turmoil and eventually regime change.

In Cambodia we are introduced to a process with a number of surprising features. The decentralization process, initiated in 2002 and built on autonomous and locally elected commune councils, holds promise to deepen democratization. In a way, democratic decentralization follows naturally from a process of national democratization and could be seen as a predictable outcome of the last decade’s political evolution. However, the process contains a certain twist.

The reform has been pursued by the previously authoritarian party (CPP), which is frequently accused of manipulating the political process and to many represents anything but democratic values (e.g. Heder and Ledgerwood 1998). Predictably (since they appointed all previous commune chiefs), the dominant party won with a huge majority in the first commune elections, meaning that the actor with the weakest relation to democracy has both pursued and gained from the establishment of local democratization. Moreover, decentralization, a current fashion with the donor community, attracts major aid resources for rural development. This implies that the commune councils, still to a large extent manned by the ‘old guard’, will be commanding major development resources from which loyalty in the local context can be secured through the workings of the thoroughly ingrained patronage system, further reinforcing the strong position of the dominant party. Thus, democratic decentralization – a progressive global trend with potential development dividend – has not only strengthened the position of the dominant party, but also facilitated (thanks also to the funds made available by the foreign donors) the re-legitimation of the CPP. Yet the window for political change has been opened since decentralization policies require structural changes to governance practices and encourages more democratic participation. Whether this results in a reformation of the dominant party in a democratic direction, or incorporation of decentralization procedures
into the party’s system of patronage politics, remains to be seen. The encouraging aspect of recent developments is that they have occurred with little violence or even foul play: local elections were conducted smoothly; the new laws were accepted in good faith by all groups; and dialogue with the donor and NGO communities have been open and transparent. So, globalization – here in the appearance of global ideational trends invented outside Cambodia (‘decentralization’) and global capital (aid and multilateral loans) – is likely to enhance regime legitimacy and strengthen the role of the state in Cambodia. Nonetheless, positive change seems to be occurring too. Democratic elements are now evident in the governance of the rural areas, and may possibly contribute to reduce poverty. As in Indonesia, as described by Antlöv, local level civil servants are actually helping to create opportunities for political participation and incorporating entirely different methods of governance. Again, as in Indonesia, it is obvious that this is only the beginning of a process that will take a long time and which can be derailed easily. As in Indonesia, the key factors for developing democracy are not to be found in the legal framework, but in possible changes to Cambodian political culture.

For some observers, Thailand appears to be evolving towards democracy rather smoothly, even in accordance to mainstream theories of democratization. However, Connors shows another side of this political change. It is often argued that the outward oriented market-based development strategy brought about rapid economic growth and increasing democratization in the 1980s and 1990s. In fact, this model of development and the multi-party electoral political system introduced have been contested and resisted. Thus, when the IMF demanded a broad revision of governance practices in the aftermath of the 1997 crisis, it sparked off a critical response, which Connors positions within a broader process of ‘nationalist recomposition of state and class forces’ taking place in Southeast Asia after the crisis. One such response is ‘Localism’, the focus of Connor’s contribution. In essence, localism in Thailand is an attempt to reconnect the development process to national and traditional values, where concern for the community and the rehabilitation of a moral economy are cornerstones. Apparently, this alternative development strategy has been taken up by the present Thaksin nationalist/populist government.

Is localism a viable alternative to neo-liberal globalization? In its radical version, localism demands operating outside the state; but this also results in limiting localism’s ability to change governance practices. Its moderate form, on the other hand, has received very favourable
response and involves influential persons and groups. It also coincides nicely with increasingly widespread criticism of globalization, often seen as a harbinger of unchecked neo-liberalism. As such, localism has become a social force with considerable potential for impacting change. In Thailand, globalization can thus be understood as constructing its own counter-reaction – a ‘double movement’ to use a Polanyian term (Polanyi 1957) – and the great game may be to see how the dialectics between these opposite movements are played out.

However, in approaching the state and its institutions, localism risks being co-opted and losing its autonomy. In addition, it contains its own ‘disciplining’ features, being prone to adopt top-down procedures and to serve elite interests. Connors suspects that moderate localism will, in the end, prove to be a process for furthering elite agendas and thus provide only an illusive alternative to globalization and a limited form of democratization. As in Vietnam, thus, localism becomes not a real challenge to neo-liberal globalization and elite democracy, but a revisionary force, in fact strengthening the entity it confronts.6 Its twin, radical localism, remains the ever present ‘counterpoint’ to the dominant approach (cf. Hettne 1995).

Aeria takes us through Sarawak’s political history showing how, as a result of weak political institutions, the political and commercial elite have accumulated immense wealth at the expense of the majority, including groups now marginalised economically and culturally. In this regard, Sarawak is an archetype of the problems associated with globalization. Thus, Sarawak emerges as the case in this volume that resonates most directly with the literature which argues that globalization is, in essence, a neo-liberal construction, ultimately exploiting the weak and the vulnerable (Khor 2002; Petras and Veltmayer 2001; Bello 2001; McCully 1996).

However, Aeria also sees an opening for a more equitable form of capitalism, given a number of crucial changes. A change in the legal framework for property rights as well as a more progressive political will could bring the available resources to better (and more equitable) use, serving less exploitative interests. Thus, Sarawak shows a certain similarity to the case study from the Philippines in that the social structure is evidently determining the impact of globalization. However, the result is the opposite since the institutions in place and the social forces at play are entirely different in Sarawak, as compared to the Philippines. The combination of a weak middle class with a commercialized elite, under the prevailing ethnic division, provides the worst conditions for attempting to wrestle any progressive processes out
of globalization. The civil society is not (yet) capable, and the government not willing, it seems, to deal with globalization in any markedly different way than is currently being done. For Sarawak, given the current social composition, political change is not in the offing as long as marketable resources are abundant. Moreover, unlike Thailand, for instance, given the divided character of Sarawak, there are few chances of mobilizing people along nationalistic (or similar) grounds. Neither will international aid (as in Cambodia) nor international environmental movements be allowed to forcefully impact upon the situation, leaving resistance fragmented and unable to effect change.

THEORIZING GLOBALIZATION AND DEMOCRATIZATION IN SOUTHEAST ASIA

The theory of international politics is written in terms of the great powers of an era. It would be...ridiculous to construct a theory of international politics based on Malaysia and Costa Rica...A general theory of international politics is necessarily based on the great powers. (Waltz 1979: 73)

For more than a decade, globalization has been subjected to much hype as well as analysis by scholars and politicians, among others. These scholars have typically been categorized into three major schools of thinking: ‘skeptics’ (Hirst and Thompson 1996), ‘hyper-globalists’ (Ohmae 1995) and ‘transformationists’ (Cox 1997; Held 1995). For reasons outlined above, as well as in the Introduction, we have chosen not to frame our study alongside this extant literature, nor with any particular school of globalists. For instance, while we agree with Hirst and Thompson that globalization is not ‘new’, but a drawn-out process with long historical roots embedded in both ideological and institutional forms, we differ from them in believing that globalization today and over the past decade at least, is qualitatively different from that of the past century, a point which clearly emerges in our cases studies (cf. also Loh 2003; Yao 2001; Wee 2002). In fact, our case studies show that there is no simple pattern in these changes: there is neither an overall ‘convergence’ in a neo-liberal direction nor a comprehensive ‘third wave’ of liberal democratization rolling over Southeast Asia. But, importantly, authoritarianism, political indifference or (simple) traditionalism are no longer the dominant patterns either; we do not observe an ‘end of
history' situation occurring, nor widespread resignation in the face of neo-liberal hegemony.

By focusing our attention on structural 'change', it might appear that we are approaching a 'hyper-globalist' position. In fact, we are critical of this line of thinking. We find wanting its positions about the 'disappearance' (or collapse) of the state; the insignificance of borders; the downplaying of material conditions in favour of post-modern identity formation processes; the emergence of a transnational information-based network society; the hegemony of the free market; etc. (Beck 1992; 2000; Castells 1997; Ohmae 1995; Strange 1996), and not directly applicable to the current Southeast Asian context. Rather, globalization is generally pro-actively (not recalcitrantly, as Emmerson described Southeast Asia in 1995) sought in order to be utilized as a process that may enhance state capacity (Cambodia/Singapore), strengthen consciousness of national identity (Thailand/Malaysia), solidify/rearrange new national elites (Sarawak/Indonesia/Philippines) or cause regimes to strive to invent new ways of reaping benefits of, while at the same time avoiding the pressure from, globalization (Malaysia/Vietnam).

In fact, the dominant pattern of change we observe is triggered by the attempt to make the state more efficient under conditions of globalization. Though several of our cases are under pressure either to adapt to some variation of the 'Washington consensus', or under pressure from other forces acting according to its rationality, that order is neither self-evident nor unchallenged. However, changes occur and methods have shifted. The cases from Malaysia, Singapore and Vietnam, for instance, all show that, yes, changes in governance practices are taking place, but no, they are not occurring in the manner suggested in much of the extant literature, and not necessarily in a democratic direction. In Cambodia, Indonesia and Thailand, to a certain extent, democratization occurs, but old power-holders seem to be reconstituting their hold on power (cf. Robison 2002; cf. Öjendal in this volume), or constructing variations of liberal democracy (cf. Connors in this volume). In this regard, we are closer to Linda Weiss's point that an active and clever pro-globalization policy strengthens the state apparatus (2000: 30ff).

Another take on hyper-globalization is argued by authors like Duffield and Cerny who, drawing upon certain African experiences, elaborate on the collapse and/or the irrelevance of the state (cf. Zartman 1995). They called for increased attention to the 'real political economy' outside and beyond the reach of the state, often with roots in
ruthless resource exploitation and with fragmented polities under violent local leaders (Duffield 2001; Cerny 1999). Although Sarawak (and Cambodia, although not elaborated on in this volume) may have some similar characteristics. Duffield’s and Cerny’s arguments do not quite apply to Southeast Asia, for the idea of ‘the state’ and the existence of a central authority is culturally much more rooted in East and Southeast Asia, and not easily eliminated.

Of the mentioned positions, the ‘transformationists’ are the least speculative and the ones we might identify most easily with, given our case studies. However, inherent in this approach is the idea of discontinuity and that globalization implies that a different rationality has (already) emerged. The key transition in this school is not one from authoritarianism to democracy, but one from a ‘Westphalian order’ to a ‘post-Westphalian order’; that is, from a system based on the nation state and its territorially bounded sovereignty to one where globalism and cosmopolitanism are the key conditions for governance (McGrew 1997: 19; cf. Held 1995; Falk 1993). From this perspective – and in contradistinction to the liberal transition school – the neo-liberal order spreading through globalization is seen as a de-democratizing force. Or perhaps more accurately, as a force that creates more, but more hollow, democracies with less ability for the public to influence, and with less room to manoeuvre. McGrew (1997: 21) asks:

Just as liberal democracy appears to have acquired the status of a political standard for global civilization, the forces of globalization appear to be rendering it obsolete. But is this so? Is globalization bringing about the ‘end of liberal democracy’ as we have come to understand it?

And he answers that globalization at large must be put under more democratic control before substantive democracy can be promoted. Thus, if domestic democratization is rendered obsolete due to globalization, the explanatory value of the transition school is limited and cannot in itself describe the significance of sub-national political changes in Southeast Asia. In an era of, inter alia, regionalization, courts with global reach, national currencies being replaced with transnational ones and unchecked acceleration of flows of money and information, there may be a case for a discussion of a ‘post-Westphalian’ order. However, in Southeast Asia, notions of nations, state-building, sovereignty and bordered territories have not been abandoned. Although the transformationist approach carries a great deal of explanatory substance, it does not adequately describe the
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situation in Southeast Asia, suggesting that ‘globalization is not global’, in line with Waltz’s statement cited earlier.

If globalization has been studied intensively for a decade, democratization has been intensively studied for (at least) five decades. In Lipset’s (1959) classic study, it is argued that with rising well-being and the emergence of an educated middle class, democratization is bound to follow. In the 1980s, transition became a buzz word, emerging from the changes from authoritarianism to democracy taking place in Latin America and later in Eastern Europe as well. At some point, this turn towards democracy came to be taken for granted (with a little help from Huntington) and the focus turned on how this change was taking place (e.g. Hsiao and Koo 1997) and how democratization could be consolidated (Diamond et al. 1997; Diamond 1999). These concerns became dominant when authoritarian regimes, especially in Eastern Europe, suddenly fell from grace in the post-Cold War era. However, save the rather crude contributions from Huntington and Fukuyama, few authors made the connection between globalization and democracy. Or, put differently, transition theorists have been preoccupied with finding domestic sources for change (only), in the tradition of Lipset and Weber (cf. Alagappa 1995: 48). In order to understand political change, and specifically democratic change in Southeast Asia during the last decade, ‘globalization’ is, we think, a crucial dimension. The 1997 Asian financial crisis, which seemingly appeared out of the blue, further contradicted prevailing neo-liberal economic theory and caused governance practices to change. However, due to the omission of the globalization-factor in transition theory, the causes for this change are under- or mis-theorized, and due to the scarce attention given area specialists, the nature of this change may be equally mis-represented.

As is obvious from the above, our interpretation of the case studies in this volume is that there is no simple casual connection between globalization and democracy (either pro- or against), nor is there any self-evident process(es) of institutional convergence going on. Instead, more diverse and innovative (though possibly reactionary) reconstruction of state authority is taking place. We remain critical of the literature describing democratic transition as a one-way street, as well as the literature arguing the hegemony of globalization. What then, is our perspective?

In essence, we agree with Kathleen Schwartzman (1998: 179), who argues that
[complexity] leave[s] case-study researchers little option but to seek conversation with comparativists. Inversely, the macro accounts give us invaluable insights into deep structures but withhold from us understanding of individual actors and questions of agency. The cross-national variation...leave[s] macro-researchers little choice but to seek conversation with area-study researchers.

While this is not the place to outline grand theories, the quote explicitly illustrates our criticism: globalization theories have not converged with democratization transition theories. These theories have not resonated well with the area and culture specific evolution of Southeast Asia either. Hence we are reluctant to apply mainstream theories to our understanding of current changes in governance structures in the region. We will return to the implications of this at the end of this chapter.

CONCLUDING THOUGHTS ON CHANGES IN GOVERNANCE IN SOUTHEAST ASIA

The triangular relations involving globalization, democratization and Southeast Asian political culture are still not well understood and we ourselves do not yet have definite leads and answers either. Instead, we have attempted to interrupt the dominant discourse that, at times, unduely simplifies causal relations and underplays the significance of embedded values and culture(s). The following statements summarize our findings at this stage:

• The social structure in each society is imperative in understanding why and what is the effect of globalization. It is not possible to universally state how globalization affects states’ democratic change and the evolution of governance practices. Class structure, level of GDP, institutional maturity and political history may be key factors in determining how globalization affects individual societies.

• Southeast Asians are not ‘recalcitrant’ in the sense of not being willing to change their governance structures and practices. In our case studies we have seen numerous examples of substantive changes to governance structures. Recalcitrance only applies insofar as there is much insistence that restructuring undertaken in accordance to a set of values embedded in the local culture, which, at any rate, is also often contested. Many polities in the region seem to continue on their historical trajectory under globalization (cf. Loh in this volume), albeit at an accelerated pace.
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- Convergence, understood literally, seems to be one of these ideologically imbued, attention-grabbing metaphors attracting major attention. It may be relevant for a shred of financial activities (not the focus of attention of this volume), but hardly for describing the general development of governance in the region. Rather, the opposite is true; in spite of tremendous incentives for convergence, culturally flavoured views on governance – for good and bad – continue to impact outcome.

- However, in spite of our reluctance to put political change in Southeast Asia in any square, theoretical box, globalization does impact Southeast Asia, and there is a movement towards democracy of sorts, though not necessarily one fulfilling the ideals of liberal democracy. The combination of pro-globalist/pseudo-democracy may create stable political situations and formal democratic systems that are in fact ‘illiberal’ in practice.

- While ‘Asian values’ as an elite-constructed political program justifiably earned itself a bad reputation in the 1990s, the political culture we are dealing with is a different creature (cf. Chan 1998). While the ‘Asian values’ debate was mainly aimed at an external audience (and political rather than cultural, cf. Öjendal and Antlöv 1998), the ‘real’, empirically based governance practices may evolve into their own brand of increasingly participatory and accountable forms (as some of our cases suggest), but they may just as well acquire other features of their own heritage and current globalization (which also could be supported through the case studies) and turn into non-democratic, exploitative, polities.

- Finally, the ‘deeper’ shades of democracy we went looking for were both found and not found; i.e. going beyond the study of the techniques of democracy was rewarding in the sense that it gave us input to address the tricky issue of ‘Asian exceptionalism’, and that we have remained critical of dominating theories in the field allowed us to discover a deeper shade of political change in Southeast Asia. Thus, at times, our views differ quite substantially from the general assessment of formal democracy (and thus democratization) in the region.

Admittedly, there are aspects of the current political evolution in Southeast Asia that a transitionalist would argue constitute parts of the usual modernization process: the expanding middle class has restrained the military’s scope of manoeuvring in Thailand; the emergence of a ‘new politics’ in Malaysia is putting pressure on UMNO through the ballot box; rising educational levels in Cambodia lead to demands for a more accountable form of governance; empowerment of
ordinary citizens in Indonesia has led to their increasing challenge of
the political elite’s monopoly of power; the growing middle class in the
Philippines is increasingly influential; and the ‘rural middle class’ in
Vietnam progressively increases its autonomy and creates political
space for itself. Without a doubt, these observations could be taken as
signs of widening liberal democratization.

However, these are only a few of the myriad political processes at
work in Southeast Asia today. For alongside the foregoing, the
communist party in Vietnam still has a ‘monopoly on power’; the
democratic momentum in Thailand is still subjected to many structural
constraints; there has not occurred a change of government in Malaysia
in spite of the new politics; and old patronage-based power structures
may reemerge in Cambodia, as well as in Indonesia. Moreover, in
Sarawak the elites are consolidating themselves through old-fashioned
and crude forms of exploitation of natural resources and harsh
treatment of critics, while Singapore, characterized by Chua’s enigma,
defies transition theories. Thus, the transition paradigm cannot predict
change since it is not clear where one is transiting from, and towards.
Indeed, the notion of ‘democratization’ – typically depicted as a
journey from traditional authoritarianism to modern liberal democracy
– is not a useful image for describing processes of political change in
Southeast Asia either. The situation is complex and the overall patterns
are difficult to extricate. However, let us offer two tentative views on
how processes of political change in Southeast Asia could be
understood.

Firstly, the core of the transition paradigm may be that under certain
socio-economic and politico-cultural circumstances, the social contract
between the state and its citizens is transformed from a hierarchical and
patrimonial one into one of a more egalitarian and participatory nature
(‘democracy’). The weak link in this assumption may be that with the
insertion of ‘globalization’, the relation between citizens and
governments is not as unambiguous as it used to be. Previously, people
were the subjects of rulers, and the rulers sought the moral right to rule
from their people, and neither of them could escape this relation. With
globalization, escape from this dialectical relation is partly possible.
That is, legitimacy and resources are to an increasing degree emanating
from the global arena, where flows of various sorts can be tapped into,
and power can be consolidated (or resources lost and power flail). For
instance, the legitimacy of the Suharto regime rested to a certain extent
upon his ability to negotiate with and attract global capital to his
country. Similarly, the CPP’s ability to rule in Cambodia hinges on its
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capacity to attract foreign aid, investments and external political support. The PAP is unlikely to enjoy legitimacy to rule should it fail to gain benefits from globalization for Singapore and Singaporeans. In a similar fashion, the educated and entrepreneurial middle classes can enjoy the global as its arena, and so escape from being caged up in a particular political system. The ‘global’ has thus emerged as an alternative arena for rulers as well as for some classes (though not necessarily the poor and uneducated), where opportunities and space can be sought respectively.

Secondly, while ‘democracy’ and ‘globalization’ are generally considered as ‘modern’ and ‘Western’, this is reasonably an ethnocentric/ideological construction. It seems to us that (adaptation of) historical forms of governance, democratization and globalization are three processes that are internally contradicting and/or overlapping in a complex pattern. For instance, hierarchies and subordination are part of historical governance practices in Southeast Asia, but globalization also tends to stratify societies and marginalize the poor. Globalization also contains, however, democratizing forces such as the flow of liberal ideational goods, and its promotion of a modern, urban, educated and internationally oriented middle class, but it also produces its own counterforce in that it ‘needs’ and creates national elites who seek support through the globalization process. That is, stratification of societies is a part of the process of globalization, countering (at least) the egalitarian aspects of democratization. The lower strata of the population tends to be left behind in this process (cf. the ‘transformationist’ approach above, and Schurman 1997). Thus, globalization tends to promote a non-committing procedural democracy, but may render it increasingly difficult for a more grounded, substantive and egalitarian democracy to emerge. In this, globalization and historical forms of governance tend to reinforce each other.

Other contradicting or reinforcing processes could easily be found. However, the key point here is that neither is democracy causally connected to globalization in a simple sense, nor are historical forms of governance in Southeast Asia necessarily incompatible with globalization. Further research is needed to understand which features of globalization further what kind of democracy, and what the role of existing forms of governance play in this dialectic. These processes may be more complex and should be open for unexpected outcomes – and it may take a concerted research effort to uncover these. To paraphrase Schwartzman, it is only when domestically bounded theories of transition take in globalization theorizing that the process of political
change can be understood, and it is only when area-study dynamics are added that the nature of political change can be reasoned.

Perhaps it is inevitable, in the long run, that globalization promotes weak and instrumental democracy, since deregulation and liberalism do not foster radical politics. It is an interesting irony that Malaysia under Mahathir (critical of Western hegemony) is considered the ‘perfect IMF country’, and that Vietnam under the Communist Party is today the single largest recipient of World Bank loans. But it may be more than a coincidence; governments in Southeast Asia have selectively utilized globalization as a tool to further their often conservative politics, and for tapping global resource flows. The ultimate game, in Southeast Asia and elsewhere, may be to draw maximum benefit from globalization, while at the same time protecting its citizens from that very same phenomenon; and to do this in a way that makes sense to people living in the process.

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NOTES
1 Remember that even Ohmae, the hyper-globalist par excellence, argues that it is only at a GDP/capita of US$5,000/year that globalization starts to structurally alter societies (Ohmae 1995). This is a level that very few Southeast Asian societies have actually achieved.
2 This debate takes a bizarre twist: it is the liberal democracy advocates who end up seemingly in support of absolutism (‘there is only one way to do it’, Ng 1998; Fukuyama 1998), whereas it is the ‘pro-Asian values’ debaters who end up hailing pluralism (e.g. Bilahari Kausikan 1998).
4 This argument resembles the ‘old’ debate as to whether dictatorship or democracy contributes towards development (cf. Sørensen 1991).
5 The argument that globalization acts as a de-democratizing force is not new (cf. Martin and Schumann 1997), but may not be so common in the Southeast Asian context (see Bello 2001).
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6 Note the similarities with our case from Cambodia: a progressive movement/reform containing ideational goods from the discourse of liberal globalization, providing some political space and developmental potential, but which is integrated into the existing power structure and subsequently utilized as a de facto shield by the ruling elite against the process of domination ingrained in the globalization process itself. While manipulative, we should not rule out the possibility that both developmental and local democratic gains can be made. However, structural change will not follow.

7 For instance, in one of the most influential books on democracy in East and Southeast Asia, ‘globalization’ is not listed in the index (Diamond and Plattner 1998). In the most impressive account of globalization yet, ‘Democracy’ is devoted half a sub-chapter (the last) out of 187 (Held, et al. 1999).

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