Globalization and New Strategies of Ruling in Developing Countries

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DEBATES ABOUT GLOBALIZATION are a wake-up call for anthropologists to develop different approaches to the study of culture and society. Beyond the mantra about cultural flows and hybridity, magical states and enchanted economies, we need to grasp the strategic aspect of global interconnectedness, the dynamic production of social space, and the political implications of contemporary transformation of society and culture. Specifically, this paper will address the impact of economic globalization on the respatialization of state sovereignty, and the reterritorialization of capital, both processes that participate in the cultural valorization of culture and civilization in Southeast Asia.

Globalization studies encompass a range of approaches. Anthropologists have participated in the conversation by questioning the naturalized territorial space of the state, focusing on emerging transnational networks and collective consciousness in an era of intensified flows (Appadurai 1996; Ong 1999). Other social theorists, pointing to the growth of transnational corporations, financial regimes, and informational technologies, stress the transformation in organization of social relations and transactions, paying particular attention to the extensity of networks, the velocity of flows, and the intensity of enmeshment of nations and societies in global processes which are historically unprecedented (Castel 1992; Held *et al.* 1999). They thus use terms such as thick or thin globalization to describe the thickening or thinning of relationships or activity that unevenly mold the world into "a shared social space." (Held *et al. op. cit.:* 21-22) As a consequence of the behavior of economic globalization, John Ruggie points to "the unbundling" of state power and national territory, a shift that has wide implications for our understanding of global politics (Ruggie 1998, chap. 7).

But, as social geographers have argued, what has been underplayed in different approaches is the historical role of global capitalism in making space as a constitutive element of contemporary geographical reorganization (Brenner 1999; Lefebvre 1992). Indeed, the expansionary logic of capitalism has reached the final frontiers of our worlds. Global capital has rescaled social spaces, from the geographies of trading blocs to the national territory of state power, to the intimate crevices of human cells. What researchers have not done, however, is to link such multi-scalar reconfiguration of the spaces of power to changing forms of ruling and the cultural production of norms.

I believe that anthropologists have an analytical contribution to make that will enrich our grasp of the remaking of strategies of government, the production of cultural norms, and the practice of politics in the current "reconfigurations of superimposed social spaces that unfolds simultaneously upon multiple geographical

scales." (Brenner *op. cit.:* 42) We have a tradition of analyzing the transformation of social organization at different community, societal, national, and regional levels, and our strength is in the study of cultural change and norm-making within particular historical conjunctions of political, economic and social transformations. Some anthropological approaches to globalization have tended to stress the imaginary, the magical, and the symbolic dimensions of peoples' responses in developing countries (Comaroff and Comaroff 1998), but have little to say about the kinds of social relations and forms that have been produced in the encounters with global market forces. Culture-making is often reduced to a minimalist defensive reworking of a residual tradition, not part of the critical processes constructing state-society relations in the modern era of globalization. The state is treated as the abstract object of cultural resistances. Sometimes, "the postcolony" is invoked simply as a rhetorical gesture, a move that carelessly suggests that all "postcolonial" formations have fixed locations on a linear trajectory of development. The idea of postcoloniality does not take into account how particular states or networks are actually connected with global markets forces, nor do it draw attention to specific mechanisms of market-political interactions.

A popular view suggests that globalizing forces have engendered "deeply disjunctive relationships among human movement, technological flow, and financial transfers." (Appadurai *op. cit.:* 35) There are indeed severe contradictions in economic globalization, and the effects of global markets are highly uneven and polarizing, fracturing the world into different zones, and individual societies into extremes of rich and poor. But the disjunctures are not between the so-called ethnoscapes, financescapes and mediascapes, but between zones with extreme concentration of media, financial, and technological powers, and other areas where such powers are virtually-absent. How and why, in an era of globalization, the respatializing and rescaling of political and economic power have thickened or thinned particular kinds of social networks across different zones of wealth and poverty are questions we could be asking. Different countries respond in different ways to neoliberal challenges, and it would be useful to unpack the state as a unified entity. We need to identity and analyze how different strategies of ruling respond to globalizing forces, and how new forms of governance produce particular effects on subject-making and on political practices.

My approach is guided by the assumption that global capitalism has induced critical changes in the forms that sovereignty can take, as space becomes a constitutive element in the reorganization of state-market relations. Global capitalist processes now compel states to reorganize state power at different levels and scales within and beyond the space of the nation. The rescaling of the state and of transnational networks of production and trade has radically changed state power, bringing about a graduation of ruling practices, of national territory, and of what means to be a subject, and even human, in relation to state and capital. I will build my case by answering the following questions about globalization: a) What are fundamental changes in state practices? b) What is the impact of the market agenda on the rescaling of subnational and regional spaces? c) Does globalization or its crisis promote civil society?

What Are Fundamental Changes in State Practices?

We can now accept that claims about the demise of the state are a non-issue in globalization debates. The question is whether the state systems are "yielding in some instances to postmodern configuring of political space?" (Ruggie *op. cit.:* 174-175) What changes in our analysis of the state are necessary, and what kinds of vocabulary can be used?

My first move is to specify what kinds of states we are talking about when we deal with the encounter with globalization. The relative positions of nation-states in the global ranking of rich and poor countries influence the ways globalizing forces penetrate and rework their national spaces, and by extension, reorganize regional political spaces. For instance, in parts of Asia and Latin America, some industrializing countries have emerged as critical sites for global production, and as emerging markets for speculative capital.

The so-called Asian tiger states – S. Korea, Singapore, Hong Kong (SAR), Malaysia, and Thailand – have reached a stage when the technical-organizational aspects of economic development are handled by private enterprises. Their primary "postdevelopmental strategy" is to manage populations in relation to the demands of world markets. While South American countries may borrow aspects of a postdevelopmental strategy, what is distinctive to Asian post-developmentalism is its claims of cultural unity and stability combined with the selective adoption of neoliberal practices that have made Southeast Asia seem more "bankable" in the eyes of global corporations.

There are two aspects to postdevelopmental strategy. On the one hand, there is the strengthening of nationalist concepts or ideologies about civilization, be it neo-Confucianism or the New Islam. On the other hand, there is the proliferation of state policies and practices through which different segments of the population relate or do not relate to the global market economy.

Benedict Anderson (1991) has maintained that nations are imagined communities, providing meanings linked with the past, tradition, and sacrifice that people can identify. But globalization has induced a different representational strategy of national culture. In Southeast Asia, the discourses of New Islam and neo-Confucianism stress not merely continuity but also a resurgence of ancient traditions. After the interruption of colonialism, we are supposed to witness a transformation that goes beyond past achievements to meet new challenges of modernity. In Malaysia, a burgeoning sense of economic power and cosmopolitanism has inspired a narrative of the nation with an emphasis on Islamic resurgence. The deputy prime minister wrote a book called *Asian Renaissance* (1997) that harks back to the precolonial centuries when Islam was the force that brought commerce and splendor to Southeast Asian trading empires. This narrative claims that a new era of Asian cultural vitality and autonomy has dawned, due to religious revivalism, the end of socialism, and the vibrant economic transformation of the region. Malaysia and other nations have overcome their "capitulation to Atlantic powers" and are now "reflowering at the dawn of a new millennium." Spiritual traditions linked with Islam "possess the intellectual capacity to perceive the cultural unity of Asia,

its meta-culture." (Anwar 1997: 187) The revival of the term "civilization" by Samuel Huntington (1996) seems to validate such nationalist claims of "enduring" Asian civilizations that can engender a modern sense of regionalism.

Along with the discourse of New Islam, the secular Malaysian state moved to gain control of Islamic law from "chauvinist" and "narrow-minded ulamas." (Ong 2000) The New Islam narrative is now infused with messages of economic development and entrepreneurialism, wedding a religious re-flowering to a common destiny of new prosperity. Islam is reframed as a faith that "wants its followers to be self-sufficient, independent, and progressive." (Khoo 1995: 165) What politicians have in mind is not another Iran but rather a state in which a moderate and reasonable Islam helps to strengthen the state by working and meshing smoothly with global capitalism. But how does the new Islamic normativity inform new modes of ruling that treat different parts of the population according to their roles in capitalism?

In his discussion of "the art of government," Foucault notes that modern sovereignty is no longer simply a "supreme power" over the population (1977: 95, 1991). He notes that "there are several forms of government among which the prince's relation to his state is only one particular mode; while on the other hand, all these other kinds of government are internal to the state and society." (Foucault 1991: 91) Different modalities of state power coexist, and the distinctive modern forms are concerned with "governing" populations, individuals, and oneself. In short, "the art of government… is essentially concerned with answering the question of how to introduce economy – that is to say, the correct manner of managing individuals, goods and wealth within the family… into the management of the state." (*Ibid.:* 92) State management of the population thus requires different modalities of government, based on mechanisms of calculation, surveillance, control and regulation that set the terms and are constitutive of a domain of social existence. The different forms of regulation of course do not mean that states do not, now and again, here and there, resort to police and military action against their own people.

The new modalities of state power have come from the adoption of neoliberal norms by neo-authoritarian Southeast Asian states. Robert Castel observes the emergence, in neoliberal states, of "differential modes of treatment of populations, which aim to maximize the returns on doing what is profitable and to marginalize the unprofitable." (1991: 294) Asian tiger states, which combine authoritarian and economic liberal features, are not neoliberal formations, but their insertion into the global economy has required selective adoption of neoliberal norms for managing populations in relation to corporate requirements. Such differential modes of government overlap with the pre-existing state discourses that politically and socially differentiate the population by ethnicity, gender, class and nationality, thus producing ethnoracial entities. In countries like Malaysia, Indonesia, Thailand and to some extent Singapore, certain groups become the object of special treatment based on biopolitical calculations of their capacity to work with global capitalist enterprises. To remain globally competitive, the Asian tiger state makes different kinds of investments in different subject populations, privileging one

ethnicity over another, the male over the female, and the professional over the manual worker. Different sectors of the population are subjected to different technologies of regulation and risk, and in the process assigned different social fates.

Although the state has made major investments in the biopolitical improvements of the Malay majority, the pastoral benefits have been skewed in favor of the middle and upper middle classes. These so-called "preferred Malays" have been given extensive benefits in education, employment, and business activities, and groomed by the government to take their places in new investment centers, and high-tech industrial parks. They are groomed by the government to become Muslim entrepreneurs who can play the game of global capitalism, alongside ethnic Chinese and foreign businessmen. In addition, preferred Malays have special access to political power that enables them to enjoy special tax breaks and state bailouts for their risky ventures (Jomo 1998). The Malay elite thus enjoys both state pastoral care and corporate citizenship (or crony capitalism) in a time of astonishing economic growth.

Another modality of governing regulates migrant workers and factory workers in the free trade zones that are administered by semi-official corporate agencies catering to the conditions of global capital. The majority of these workers are young Malay women, subjected to labor discipline in the old sense, as well Foucaudian-type social regulations (including Islamic surveillance) that transform them into skilled and disciplined workers. Foreign workers like Filipino maids have limited rights and are subject to expulsion during economic downturns.

The third modality of governing is a mix of civilizing and disqualifying policies directed towards populations who are consider uncompetitive and who resist state efforts to make them more productive in the eyes of the state. Administrators and developers view aboriginal groups as backward and wasteful, frequently an obstacle to state projects (dam-building) and corporate development (golf courses, timber plantations). Officials seek to lure the aborigines away from their nomadic life in the jungles and persuade them to become settlers like the Malay peasants. Jungle dwellers who resist the civilizing missions of schools, sedentary agriculture, markets, and Islam are left to their own devices in the midst of destruction caused by the encroaching logging companies. Generally, aboriginal groups in practice enjoy very limited protection vis-à-vis their territory, their livelihood, or their cultural identity. In O'Donnell's terms, such aboriginal populations, unprotected by rights and often exposed to violence, dwell in the "brown" areas of newly democratized countries (1993: 1361). Irredentist and outlaw groups also dwell in the brown areas, and SE Asia is riddled with such internal colonies of poverty and neglect. Frequently, the state seeks to evict rebel populations and open-up their resource-rich areas to timber logging and dam construction.

Graduated sovereignty then, as I have discussed it, refers to the differential treatment of populations – through schemes of biopolitical disciplining and pastoral care – that differently insert them into the processes of global capitalism. These gradations of governing may be in a continuum, but they overlap with pre-formed racial, religious, and gender hierarchies, and

further fragment citizenship for people who are all nominally speaking citizens of the same country.

What are the implications of graduated sovereignty for Southeast Asia as a region? Some observers, seeing a bunch of islands, assume that the area is not well-integrated as a region. Indeed, the eight member-country Association of Southeast Asian Nations (ASEAN) has not succeeded as a free-trade area, mainly because the economies are not complementary, but rather compete with each other in their export-production (Mattli 1999: 169-171). ASEAN has been more important as a political entity to fend off external threats. For instance, ASEAN recently declared itself a nuclear-free zone. But even in the aftermath of the financial crisis, the countries have not been able to agree on a set of norms governing regional capital flows and currency trading.

Instead, graduated sovereignty is linked to two non-political forms of regional integration, undertaken mainly by global enterprises and ethnic Chinese economic networks. Global capital, led mainly by Japanese firms, has redrawn the economic space of the region. During the era of economic take-off in the 1980s and early 1990s, Japanese foreign direct investments have been the greatest in the region (almost $60 billion in 1990), followed by Taiwanese capital (*ibid.:* 175). Massive investments have stimulated new strategies of regional sourcing and intra-industry trade. Such corporate arrangements have produced growth triangles that integrate portions of two or more national economies. These transnational production networks are based on cost-benefit calculations for doing business in the region, using the time-space coordinates of flexible production techniques (Harvey 1989) to gain access to and control over diverse forms of labor and resources in adjacent national territories. There are four or more growth triangles that straddle nations in the archipelago, and plans for a new production zone that cuts across mainland Southeast Asia. The largest growth triangle is Sijori which draws cheap Indonesian female workers and raw resources, Malaysian technical staff, and Singaporean managers into a single production network. As part of the system of graduated sovereignty, GTs are administered by quasi-governmental agencies that take over the local functions of the state without challenging its formal sovereignty.

Perhaps an unintended effect of graduated sovereignty is to reinforce the ethnic Chinese networks that criss-cross the region. The perceived biases of state policies towards ethnic Chinese minorities in Malaysia, Indonesia and Thailand, the rise of huge family-owned businesses, and the lure of market reforms in China since the 1980s have all increased ethnic Chinese capital flows and extended their regional networks, now spanning sites in SE Asia and in China. After the Tiananmen crackdown, when US and Japanese capital fled China, overseas Chinese investments made up for the outflow. It is estimated that about 80 % of foreign investments in China have come from the Chinese diaspora. Some writers have gone so far as to claim that overseas Chinese, not the nation-state, are "the mother of China's [economic] revolution." The economic term for this regional integration is Greater China (Da Zhonghua), an economic space of banking and trade that includes coastal China, Taiwan, and

much of Southeast Asia, and whose combined foreign reserves exceed that of Japan, making the bloc Asia's first rank economic giant (Ong 1999: 60). China has rejected the Greater China category as an affront to its sovereignty, but its national space has nevertheless become deeply enmeshed with transnational trade networks flowing out of Southeast Asia. Globalization has induced an embedded regionalism, one that has been articulated in terms of a homogenizing set of Asian values.

Thus, the term deterritorialization, used to suggest the encroachment of global capital on sovereignty territory, is at best imprecise when used to describe cross-border flows of capital. Nor does it specify the actual mechanisms for adjusting modes of ruling, the meaning and forms of sovereign rule. We need to discover how particular states come to adopt neoliberal norms for the differential management of its population, and investigate how a particular kind of strategy does not characterize an entire national space (neocorporatism for the preferred elites, brown areas for aboriginal others, and transnationalism for ethnic others). Such graduation of sovereignty in relation to market forces have regional implications, indicating that the state is very strong in certain areas where its protections of special rights are very significant, while in other areas it is structurally irrelevant because of flexibility in dealing with corporations which leave the state unable to control the exit and influx of capital into transnational networks.

What Is the Impact of the Market Agenda on National and Regional Spaces?

The series of devaluations of Asian currencies in late 1997 plunged Southeast Asian states into a crisis of sovereignty. The very strategy of graduated sovereignty that embeds society in global production and financial markets can be their undoing, exposing them to disruptive economic forces. Asian states have responded in two interesting ways: Indonesia (like Thailand) submitted to the economic prescriptions of the IMF, while Malaysia resisted, instead reimposing its territorial state sovereignty.

The so-called Asian financial crisis was viewed by the international press as the outcome of reckless borrowing and lending, the building of megaprojects, and the lack of market controls in the tiger economies. Western observers tend to see the problem as one caused exclusively by crony capitalism or "lack of transparency" in economic practice. What is needed, they argue, is a heavy dose of neoliberal rules of global market efficiency imposed mainly through the International Monetary Fund on third world politicians. Asian observers point to the fact that global companies and bankers have been happy to work with these same problems for decades, and global institutions like The World Bank (1993: 9) have lauded the capitalist take-off in Asia. Politicians like Malaysia's Mahathir, who has been criticized for crony capitalism, preferred to blame international financiers as the "rogue speculators" bent on destroying weak countries in their crusade for open societies (*NST* 1999). Indeed, while Asian economies are guilty of economic irrationality in their practices, very little attention has been paid to irrational financial markets that have made integration into the global economy the source for both the strengthening and weakening of the state. Gradually, as the financial crisis unfolded

across a number of major countries, more observers admitted that the crisis was fueled by speculation in hot money and market panics that engendered massive outflows. Particularly troublesome were not only the effects of unstable markets on emerging states, but also the moral hazards that may require the IMF and advanced states to bail out bad loans by profligate investors. In any case it is difficult if not impossible to distinguish between explosive growth and speculative bubbles, and debate continues about the causes of the crash.

The Asian crisis had an immediate effect on state sovereignty, providing an opportunity for neoliberal global agenda to be installed in key institutions in the national space of developing countries. The IMF represents the strategic aspect of "disciplinary neoliberalism" (Gill 1997: 214) whereby emerging states are subjected to rules that intensify their subordination to global market forces. The battered Thai state had little choice but to adopt IMF prescriptions which transformed the financial crisis into a full-blown economic crisis. The collapse of credit forced the government to pass laws that open once-closed sectors of the economy to foreign companies. This move ignited a wave of strikes as laid-off state workers protested "Stop selling the country!" while US investors returned to buy state enterprises at bargain-basement prices. A local businessman complained that the Thai government had "slavishly" obeyed the IMF. He went on: "That the government does so without… a sense of protection of the future of our national interests is nothing short of despicable." (*SF Chronicle* 1999)

Another example of the loss of national financial control is an IMF-sponsored Indo-nesian "state agency" to seize the assets of companies in order to bail-out banks. The Indonesian Bank Restructuring Agency (IBRA) is formally charged with getting back loans worth $35 billion in order to revive banks and to develop accountability in the economy. Its larger claim is to uproot crony capitalism, a goal that is unlikely to succeed since IBRA itself is already entangled in doing state favors. Instead, IBRA's job pays money back to global banks which had poured loans into Indonesia. They are welcomed back to purchase huge corporations that used to be linked to the Suharto government. While the IMF prescriptions are necessary to improve banking practices and curtail corruption in high places, industrializing countries are now subjected to the same rules of benefiting capitalist interests, and their populations more vulnerable to global market forces.

Only a few countries have challenged the view that money should be allowed to move unimpeded around the world. Mahathir of Malaysia was denounced in global capitals as an economic retrograde when he imposed controls on capital flows in and out of his country. But Mahathir had merely followed the suggestion of Paul Krugman of MIT who argued that developing countries must restrict exposure to capital flows, and that a temporary regulation of money markets will allow the economy to recover faster than IMF-prescriptions. Other countries that reasserted their financial autonomy vis-à-vis global money markets are Hong Kong, where the government intervened to drive foreign speculators out of the real estate market, and Chile, which imposed an exit fee to regulate bank loans. China and India, which do not allow their currencies to be traded outside

the country, weathered the financial storm much better than Asian tigers because they are not vulnerable to a sudden withdrawal of capital.[1] Their actions recall Polyani's (1957) observation that modern society is propelled by the double dynamic of the expansion of market forces on the one hand, and the reactions of society to protect itself against capital's socially destructive and polarizing impact on the other. Contemporary neoliberal globalization has intensified this double movement between market and society, and intensified the global exposure to uncertainties and risks. It is more than a year later, and the economies that resisted unlimited market speculation are recovering, but still languishing are the countries that adopted the IMF regime of high interest rates and open markets. Jeffry Sachs of Harvard sums it all up: "The year has been a fiasco, and so has the [US] policy. Asia would have been better if the IMF had never set foot in these countries." (*NYT* 1998)

This is perhaps too hasty a judgement. There is still a healthy debate about the plusses and minuses of the "materialization" of the global market agenda in the space of the nation (Sassen 1998). The lesson of the crisis, I argue, is that globalization has made it impossible to think about transnational relations in simply market-versus-state terms.

The crisis has demonstrated in the most naked terms that many states are unable to control significant parts of their national functions, and would have fared worse in the long run with the adoption of some norms, rules and practices of a globalized economy system.

The larger point for the sovereignty of Asian countries is that neoliberal norms of regulation can mean a lot of different things. Here the issue of graduation can help show that for states at a particular point of historical development, control over certain areas can be very strong, as in the management of the population under postdevelopmentalism, but in certain other areas like national finance, regulation is near-absent because it is irrelevant, or supplanted, by political flexibility in doing international business (or crony capitalism). Thus, for example, Malaysia has demonstrated an interesting mix of graduated controls: it rejected global market norms in monetary and fiscal policies, and continues to depend on political patronage for making decisions about national wealth, spending, and taxation. On the one hand, it seems to be protecting society against roving flows of global capital, on the other hand it is preserving an exclusive corporate citizenship for the preferred few, against the interest of the majority.

At the regional level, the result of the crisis has been for states to adopt neoliberal technologies for monetary cooperation. The IMF has drafted a *Code of Good Practices on Transparency* (1999) to guide a new "architecture of the international monetary and financial system." The crisis has also spurred Anglo-American leaders to talk about "a new Bretton Woods," to reassert global norms of an "embedded liberalism"

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1. But in Washington, defenders of neoliberalism warned about the dangers of economic isolation, and hoped that the Malaysian economy, which is the darling of American electronic companies, would go down in flames. The president of a major fund investing in emerging markets admitted: "If the Malaysian experiment is successful, and other Asian countries are still struggling a year from now, it could lead to some disillusionment with naked capitalism and Anglo-Saxon markets." (*NYT* 1998)

(Ruggie *op. cit.,* chap. 7) that will not subordinate national economic objectives to global financial discipline.[2] However, short of concrete action for the protection of the global public good, SE Asian states have begun to consider the formation of regional currency clusters to reduce their exposure to market risks.[3] There are recommendations for setting two regional currency regimes – for the more and less developed ASEAN nations – with fixed exchange rates tied to the value of a group of currencies, and not subject to political influence. Significantly, the program entities entrusted with such a reconfiguration of ASEAN identity themselves as East Asian or Far Eastern (*NST* 1999). The creation of such an East Asian regional currency bloc means the acceleration of processes towards "dis-synchronization" in economic cycles in Asia, Europe, and North America (Beddoes 1999; Smadja 1998). In short, the impact of globalization and its crises on the reconstitution of the regional cannot simply be attributed to the "clash of civilizations," (Huntington 1996) but rather to the ways political economic strategies reframe normative values of identity and differentiation on a regional scale.

Of course, in other parts of the world, market forces have produced other forms of regionalization in which capital accumulation and neoliberal norms are thin or absent. N. Korea and parts of Africa have been disconnected from the global production of wealth (Ferguson 2000) and they suffer from a different set of market risks. So at the level of the globe as well, one can talk about the gradation of zones of extreme privilege associated with the ethos of embedded liberalism, of emerging areas developing norms of limited financial liberalization, and other

areas where market regulation is absent. A Citibank manager thinking about the tradeable assets of particular regions, divides the world into "bankable" and "unbankable" areas, and it is such converging forms of regionalization that increasingly fracture pre-existing differences, shaping and reproducing the ways regions and countries come to think of themselves as different kinds of civilization.

Does Globalization or Its Crisis Intensify Political Activism?

It should be clear by now that the economic liberalization of Asian countries has depended on the state to modernize the economy and society. Globalization has strengthened the so-called authoritarian states in Southeast Asia, but the strength of the Asian tiger state lies in the fact that no single strategy of government characterizes the entire national space. Asian postdevelopmentalism is based on different modes for governing different parts of the population that can be linked or unlinked from market investments. For years, NGO activists

2. The original 1944 Bretton Woods Agreement inaugurated our current post-1945 growth of global finance. Keynes, as Britain's chief negotiator at Bretton Woods, strongly maintained that national monetary autonomy was essential to the successful management of a macro-economy policy geared towards full employment. The United States negotiator agreed with the decision to resist Wall Street's opposition to capital controls. The IMF needs to return to its original commitment to the promotion and maintenance of high levels of employment and real income as the primary objectives of economic policy (Held *et al. op. cit.:* 199-200).

3. See M. Khor (1999), for a discussion of the merits of a move towards limited financial liberalization.

fighting for environmental rights, social and economic rights, and the rights of indigenous peoples have been tightly controlled and muzzled; "quarantined" in university forums and hotel rooms, they could only create "turbulence in a glass" (*NYT* 1999).[4] For years as well, insurgent groups in resource-rich regions have struggled against military repression by the state.

The impact of the financial crisis has been to expose the extreme contrast between the islands of neocorporatist privilege, the production zones of cheap labor, the brown spots of jungle-dwellers, and the internal colonies of extreme repression. Hundreds of NGOs had existed in Suharto's Indonesia, but with his downfall, the political climate has opened up. The *reformasi* movements have gone on to mobilize women, workers, peasants, ethnic minorities, bringing heretofore excluded citizens into the realm of political participation. The result is a broadened space for NGOs, political parties, and secessionist movements to flex their muscles, challenge state authority, and demand state accountability.

Beck uses the term "unbinding of politics" to describe the gradual loss of power experienced by the centralized political system, as sub-political entities, under the jurisdiction of business, media, or legal institutions, come to play a bigger role in the production of a new political culture (1992: 190). Beck is talking about the situations in modern Western societies, where the stabilization and establishment of basic rights, and the protection of such rights against the encroachments of state power, have led to "the broad political activization of citizens." (*Ibid.:* 190-191, 194-195) But in developing Asian countries, the birth of a broad new

political culture has not come about through the systematic implementation and protection of basic rights. Rather, it is economic crises which disrupt the sense of general well-being and political acquiescence found in privileged sectors of society. What is distinctive about SE Asian social movements is the diversity of different constituencies, engaged in different kinds of highly localized battles, rather than a coalescing of forces against the state.

In Indonesia, the *reformasi* movement is mainly led by members of the middle classes. Using the protest slogan KKN: *kolusion, koruption, and nepotism, reformasi* NGOs have been focused on fighting the staggering graft of the former Suharto regime, seeking to rid the state of crony capitalism and demanding open elections.[5] The other focus of NGOs activities is the protests of women's groups in the aftermath of the torture and gang rape of ethnic minority women throughout the archipelago.[6]

Feminist NGOs formed a National Commission on Violence against Women to fight for women's rights in the country. At the same time, a political ferment built up around the election of the next president. Hundreds of new political parties have been formed, among them the Indonesia Democracy Party (Partai Democrasi

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4. See F. Loh (1996), for an overview of NGOs in Southeast Asia before the financial crash.

5. For an account of the Suharto family's amassming of ill-gotten assets worth $15 billion, see *Time Magazine* (May 24, 1999).

6. For a UN fact-finding report on the May 1998 rapes of minority ethnic women in Java, Sumatra, and East Timor, see R. Coomaraswarmy (1999).

Indonesia), led by Megawati Sukarnoputri, and the Muslim Partai Amanat Nasional (PAN or National Mandate Party). For the first time, ethnic Chinese – some of whom were fed to the raging crowds by the military – formed a political party (Partai Bhinneka Tunggal Ika Indonesia: PBI) to demand protection of their basic rights as citizens (Coppel 1999).[7]

In Malaysia, state legitimacy was challenged mainly in the area of rule of law, following the arrest and trail of Anwar Ibrahim, the former deputy prime minister. Anwar was sacked by prime minister Mahathir for favoring the adoption of IMF prescriptions; he is in jail after being brought to trail for abusing his position and related sexual misdemeanors. His supporters, mainly educated and professional members of the Malay middle class, combining forces with the activist NGO Aliran, formed a National Justice Party (Parti-Keadilan Malaysia), with the slogan "justice, progress, and unity." For them, *reformasi* means exposing and struggling against state crony capitalism, demands for reforms of the judiciary system and the police, and protection from the arbitrary exercise of state power. In both countries, a revitalized political culture is demanding that government actions be explained and justified to sub-political units, and that such groups have the right to negotiate state policy. This is a major step forward for citizens accustomed to putting their faith in state developmentalism, and a crucial step in their becoming modern reflexive subjects.

But non-elite political activism is focused less on reforming the government than in seeking protection from the risks of global market forces. There is a gap of perception between middle class activists and the poor and dispossessed, their size newly increased by the millions of workers laid off from the jobs who have returned to poverty-stricken neighborhoods and villages. Historically, the rage against market uncertainties and crises had focused on local Chinese as the sacrificial scapegoats.[8] In May 1998 and the following weeks, attacked ethnic Chinese shops, and participated in military instigated rapes of an estimated 168 Chinese girls and women, twenty of whom subsequently died.[9] The fears engendered by market crashes, the anonymous speculative mania wrecking the country's economy was transfigured into images of local Chinese shopkeepers hoarding food, Chinese "traitors" fleeing the country with ill-gotten capital, and ninja murderers of Muslims. In some neighborhoods, local vigilante groups hunted for ninjas, or phantom sorcerers who were killed on sight (approximately 200 ninjas

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7. *Partai Bhinneka Tunggal Ika Indonesia* is the Indonesian national slogan meaning "various, but one; diverse but united." The Chinese thus seeks to be recognized as ethnically different and equal citizens of Indonesia.

8. Under the Suharto regime, a few Chinese tycoons enjoyed special political access which enabled them to amss huge fortunes and dominate sectors of the economy. The majority of ethnic Chinese, numbering some 4 million, suffer from the historical legacy of anti-Chinese sentiments and legal status as racialized citizens. The Suharto government, through inaction, had practically "legalized" attacks on Chinese property and persons (Coppel *op. cit.*).

9. A government-sponsored team admitted links between the rapes and an army unit headed by Suharto's son-in-law, then lieutenant general Prabowo Subianto. His elite special forces (Kopassus) were also involved in the disappearance of 24 activities earlier in the year. See reports in *The Jakarta Post,* July 14, 1998 and Dec. 21, 1998.

were killed in Java). The heads of ninjas were paraded on pikes, a way of keeping invisible uncertainties and risks at bay. Such grisly mutations of market-induced fears, and the demands by the masses for some kind of redistribution of "Chinese" wealth in favor of the "pribumi" indigenous population, have been considered in terms of a possible affirmative-style policy like the one that exists in Malaysia. But there has been little consideration of the extremely vulnerable position of the majority to volatile market conditions. NGOs like the Urban Poor Consortium and the Walhi, or the leading environmental groups, are the few that attend to the economic consequences of globalization, but none has yet begun to consider how different state strategies of development have affected different areas of the nation.

Then there are the on-going dirty wars in the pockets of resource-rich areas seeking autonomy from Jakarta. Middle class *reformasi* movements in Java are little connected with the struggles of ethnic minorities in the Outer Islands struggling against military repression. Since their invasion by Indonesia in 1976, the East Timorese have struggled to gain independence. A potentially more dangerous battle is brewing in Aceh – home to 4 million Muslims, and even richer in gas, oil, timber, and minerals – because of the failure of the interim Habibie government to prosecute past abuses, repressive military control, and extraction of locally-produced revenues. The Gerakan Aceh Merdeka (Free Aceh Movement) is fueling a Muslim grass-roots insurgency, with funds from other Muslim countries. The return of foreign-trained guerrillas and claims of wide international support have helped launch a fight for independence. Thus the impact of the financial crisis on political activities has been diverse, and it is unlikely that middle class movements fighting for a less corrupt and more accountable government in Jakarta will be comfortable with demands for greater provincial autonomy and the threat of national dismemberment. The diversity of political activism reveals that despite the centralized image of Suharto's New Order, or Malaysia's vision of industrial progress, these states have adopted different strategies of government for different parts of the national space. The effects have been to produce highly differentiated communities with different kinds of political subjectivity, each engaged in an embedded struggle for a different vision of shared fate, a fate conditioned by their particular treatment by the state and their links to or potential for market investments.

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I have argued that economic globalization has induced small, developing states to experiment with a set of strategies in governing segments of their population, and administering certain areas of the national territory, depending on whether they are linked to or delinked from global market networks. The graduation of sovereignty, I have argued, is constituted by a plethora of norm-making activities. At the level of the nation, the question becomes of what kind of civilization the state sees itself as belonging to; at the level of state-society relations, cultural norms define who constitutes a worthy citizen (and who does not); and at the level of regional integration, regional identity – the vague set of "Asian values" invoked by

Asian foreign ministers – is defined against the more disruptive forces of neoliberal capitalism associated with the American bloc.

I also maintain that the anthropological approach can make a special analytical contribution to the study of globalization. In this way anthropologists can demonstrate that we have something to say about what globalizing forces do to as well as what they may mean to people in their particular worlds. Anthropology has a long tradition of studying the evolution of social organization, concerned in particular with linking localities with the larger regional and global forces that shape their evolution.

• Our attention to transformations in social relationships, to cultural production within shifting power networks, and new interest in forms of governance are critical tools for studying the strategic aspects of globalization, and enable us to demonstrate what are distinctive about the links between market, state, and society in a particular part of the world.

• Our understanding of particular historical trajectories and contingencies, especially in the colonial and post-colonial remaking of new nations and alternative modernities, are important insights in an analysis of the contemporary global reconstitution of the local, the regional and the national.

• International relations theorists have talked about the "unbundling" of national territories by globalizing processes (Ruggie *op. cit.*), but it will be the task of anthropologists to make analytical specifications about how certain relationships between market, state, and society are reworked, and what mechanisms of

regulation and cultural logics accompany such reconfigurations.

• Our attention to cultural production and contestation within structures of power, and our interest in issues of authority make us especially sensitive to the allegories and cultural normalizing of forms of governance, and their varied impact on different types of subject formation.

In short, economic globalization requires us to rethink issues and strategies of governance within the space of the national, and the different technologies that shape ideas about political subjectivity and what it means to be human. What then, is the role of a cosmopolitan humanism today? We can deepen our own reflexive modernity. We can be vigilant about the neoliberal doctrine that infuses our liberal thinking, and that induces us to focus on multiculturalism while resolutely neglecting the structures of power in which it is imbricated. This trend seems reminiscent of an earlier anthropological practice of writing about cultural others, but ignoring the colonial structures that shaped their existence and transformation (Asad 1973). If we can take our eyes off the ruins that embody the beauty of that which has been lost, we can pay attention to the contemporary processes that have transformed natives into contemporary moderns like us. We might then understand how they have been uprooted from their social networks, and in what kinds of new social arrangements they are now re-embedded. In sum, we might ask what kinds of modern subjects they are becoming in the new spaces of globalization, still haunted as they are by fragments of their old cosmology.

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Abstract

Aihwa Ong, *Globalization and New Strategies of Ruling in Developing Countries*

Debates about globalization are a wake-up call for anthropologists to develop new approaches to the study of culture and society. There is a classical anthropological tradition concerned with the study of social function and organization on any scale, but we need new categories to analyze the strategic aspects of contemporary global interconnectedness. I will address the impact of economic globalization on the respatialization of state sovereignty, and the reterritorialization of capital, both processes that participate in the valorization of culture and civilization in SE Asia. In particular, I consider how the interactions between economic globalization, state, and society have produced new economic entanglements, social spaces, and political constellations. This paper will answer three commonly asked questions about globalization: a) What fundamental changes affect the state? b) What is the impact of the market agenda on national and social spaces? c) Does globalization or its crisis intensify political activism?

Résumé

Aihwa Ong, *Globalisation et nouvelles stratégies de gouvernement dans les pays en voie de développement*

Les débats autour de la globalisation sont une incitation pour les anthropologues à développer de nouvelles approches de la culture et de la société. Une tradition classique de cette discipline s'attache à l'étude de l'organisation et des fonctions sociales à tous les niveaux, mais nous avons besoin de nouvelles catégories pour analyser les aspects stratégiques des interconnexions contemporaines à l'échelle globale. Ce texte traite des effets de la globalisation économique sur les formes nouvelles d'expression spatiale de l'État souverain, et de la reterritorialisation du capital, deux processus qui participent de la valorisation de la culture et de la civilisation dans le Sud-Est asiatique. En particulier, l'auteur se demande comment les interactions entre globalisation économique, État et société ont produit de nouveaux enchevêtrements de relations sociales et de constellations politiques. Quels sont les changements fondamentaux survenus dans les États ? Quel est l'impact du marché et de ses priorités sur les espaces nationaux et sociaux ? Enfin, la globalisation ou ses crises conduisent-elles au développement de l'activisme politique ?