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# **New Trends in the ASEAN Countries**

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### Abstract

*Political and economic trends in post-Cambodia ASEAN converge in a new regionalism that seeks, not only to expand membership to include all the Southeast Asian countries (bar East Timor), but to redefine the intra-ASEAN tariff regime in tandem with the economic dynamism of the region. As highlighted by Vietnam's accession to ASEAN membership in 1995, the grouping also seeks to establish a new security regime, albeit with active US participation. Such widening and deepening of ASEAN has not been without attendant problems, however, ranging from national-territorial issues to universalist claims from within and without the region for greater rights than those conferred by mere economic development.*

It is a commonplace today that the economic centre of gravity, as it were, is shifting to the Asia Pacific, or, at least the politicians and pundits keep telling us that this is the case. This shift is also accompanied by the seeming proliferation of new organisations and acronyms to wit. One of the more recent arrivals is APEC or the Asia Pacific Economic Cooperation which, most recently, held its summit in Osaka on 19 November 1995. Another is ASEAN or the Association of Southeast Asian Nations. This organization has been around much longer, in fact, since its inception in Bangkok in 1967.

This paper concerns the ASEAN group of nations, including the past and present *raison d'être* of this organization, and its future relevance to Southeast Asia and the rest of Asia, including Japan.

Obviously, there are many ways to look at this question, as economist, as political scientist, or, from an international relations perspective. There

is also the increasingly fashionable view promoted by the ASEAN bureaucracy, associated think tanks, and official scholars, that there is a we and you perspective on ASEAN.

This view finds its pure form in the so-called Singapore school of "Asian values", which would seek to water down universally ascribed values such as human rights, dignity of man, etc. in favour of a culturally relativist view of democracy, governance, and even economic development. There is also an official Malaysian variant of this school, although Malaysian Prime Minister Mahathir Mohammad probably does not have Singapore-style Confucianism in mind when he reflects upon Asian values in his own Islamic constituencies.<sup>1</sup>

Some of this rhetoric on "Asian values", it appears, is directed at Japan. That some of this rhetoric is seductive can be seen in the media attention which the Malaysian Prime Minister has gained in Japan, not to mention certain political allies.

Besides, Singapore and Malaysia other foundation members of this organization were Indonesia, the Philippines, and Thailand. Brunei Darussalam, the small oil rich Borneo state, became the sixth member upon gaining full independence from Great Britain in 1984.

Although the ASEAN Declaration, also known as the Bangkok Declaration, which formally ushered ASEAN into existence in 1967, spelled out the organization's concerns with "regional security" and "regional cooperation", there is no question that ASEAN was a child of the Cold War and that its *raison d'être* was built around anti-communism, at home, and abroad, notably vis-a-vis the perceived threat of communism in Indochina.

One thing is sure, about the Vietnam war, however, and that is that it bought time for the ASEAN countries to economically develop. While the

war brought utter devastation to Vietnam, Laos and Cambodia, reducing their economies to basket-cases, "front-line" states like Thailand, but also Singapore, Malaysia, and Indonesia, reaped the whirlwind, especially as the foreign investment resources boom in those countries took off, matched only by aggressive pro-foreign (Japanese and Western investment policies in these countries).

In this Darwinian struggle, the Philippines lost rank, and Burma slipped to the bottom, riven by insurgency, but, at least, with its natural resources intact.

In any case, the capitalist revolution experienced by Indonesia, Thailand, Malaysia and Singapore, in the 1970s and 1980s, in particular, did not easily translate into economic regionalism. Each traded more with the rest of the world than they did with each other. As, essentially, producers of raw materials, like rubber, tin and oil, their economies were complimentary.

We can say, then, that regionalism was more of a political than an economic construct for the ASEAN countries for its first twenty or more years of its existence. In any case, the economies of most of these post-colonial states, were, in these years, not to put too fine a point on it, colonial or neo-colonial. Moreover, the gap between Singapore, with its emerging export oriented industrial base, and its claims upon a free trade regime, and, say, the Philippines, which built its import-substitution industries behind tariff walls, seemed insuperable.

Indeed, it was not until November 1975 that planning on industrial coordination at the ASEAN level, kicked off along with some consensus on intra-regional preferential tariffs.

In any case, 1975 was the year in which Cambodia, Vietnam and Laos, successively proclaimed people's republics and, variously shunned the pro-

Western capitalist economies of ASEAN. As we shall view, ASEAN's obsession with Indochina since 1975, has only been matched by its newfound re-definition vis-a-vis China.

One more bit of conventional thinking about ASEAN was that, ever since the Vietnamese invasion of Pol Pot's Democratic Kampuchea in February 1979, the glue that has held the ASEAN countries together has been support for the anti-Vietnamese coalition of forces that militarily and diplomatically confronted Vietnam over Kampuchea.

The historic Paris Agreements on Cambodia of October 1991 leading to the massive UN intervention in Cambodia, events in which Japan participated in a number of significant ways, even led some observers to question the continued relevance of ASEAN.

But did the end of the so-called intractable Cambodian crisis signal the demise of ASEAN as we knew it? Not at all. In fact the creativity of ASEAN bureaucrats in meeting the post-Cambodia future surprised most of the pundits. In fact, the new trends in ASEAN were driven by new realities.

At the risk of oversimplification these might be summarized as, new economic regionalism, and post-Cold War disillusionment. In some ways, both are driven by a phenomenon which, palpably, threatens to dwarf even ASEAN, namely the rise of China.

### **The Security Approach: Vietnam's Membership in ASEAN**

Nothing more illustrates this argument better than Vietnam's historic accession to ASEAN as seventh member in July 1995. The supreme irony of this bizarre marriage of convenience between the staunchly anti-communist

nations of ASEAN, and the erstwhile enemy of US imperialism and staunch defender of the pro-Soviet communist orthodoxy could not be lost.

Few observers predicted such a turn of events, just as few experts in the past predicted the twists and turns in Vietnam's recent history. How can this sea-change in Vietnam's foreign policy orientation be explained?

Conventional wisdom holds that strategic rather than economic imperatives were more instrumental in Vietnam's recent entry into the ASEAN fold.

The strategic view stems from a consideration that China looms large in the regional equation, especially given the retrenchment of Russian power, and the question mark hanging over US security commitment in the Asia Pacific, the Korean peninsula, and Japan aside.

This strategic view also argues that Vietnam's membership in ASEAN offers insurance against the growing power to the north. As one Singapore-based observer has remarked, by "tempering Chinese and Japanese aspirations", it keeps the geo-political balance in equilibrium.

Conviction that ASEAN will be left adrift in a looming China-US standoff also comes from Singapore's Senior Minister, Lee Kwan Yew. He claims that arguments between the US and China on trade, human rights, etc, are bound to spill over into ASEAN, especially as China will be an economic giant by the new century. As a counterweight to the US and Japan, Lee seeks to hook the EU closer to ASEAN. Singaporean officials have also been attracted to the view that India, as an ASEAN "full dialogue partner", would offer a counter-balance to China.

Additionally, for ASEAN, the Spratly Islands dispute in the South China Sea has emerged, less as a flash point, than as a litmus test of China's real geo-political ambitions vis-a-vis the Southeast Asian nations.

While in the past, armed clashes between China and Vietnam over disputed islands have been seen as part of the historical and political rivalry that has bedeviled these two ancient countries for millennium, China's unwillingness to accede to Indonesia's claimed sea boundaries close to Natuna Island, (where US Exxon company has recently committed to one of the largest business deals ever), has obviously rankled Jakarta.

For that matter, China is also its own worst enemy in the provocative occupation in February 1995 of the aptly-named Mischief reef otherwise claimed by the Philippines.

Indonesia and Vietnam's traditional Sino-phobia, alone, would be sufficient to impel Vietnam to look south for its regional ties.

The trend to a security approach by ASEAN was earlier flagged at Bangkok in July 1994 with the creation of the ASEAN Regional Forum or ARF. As one specialist, Michael Leifer, has written, the advent of ARF comes from the realisation on the part of ASEAN that it needs Northeast Asia along with the US to preserve the regional balance of power. Above all, he asserts, ARF was formed "to educate an irridentist China in the canons of good regional citizenship".<sup>2</sup>

## **The Costs: the Arms Race?**

The cost of the security approach should be all too obvious. This is a reference to what might be called an ASEAN arms race, really a regional arms race. All parties to this race, of course, deny that it exists. Apologists assert that it is really only a military modernisation exercise.

However, according to *Jane's Defence Weekly*, the ASEAN region defense purchases is expected to hit US\$40 billion over the next five years.

eg. Malaysia's interest in ordering two additional corvettes on top of a pair it had earlier sought to buy from Italy (earlier built for Iraq), Thailand taking delivery of eighteen new F16A/B fighter aircraft, Brunei's renewed interest in larger ships with advanced missile systems, Singapore's and Thailand's intention to purchase submarines (for the first time), the Philippines, which has entered the first phase of a US\$13.2 billion military/defense "modernisation" plan. On its part, Indonesia purchased most of the former East German navy two years back.

What is the impetus for this arms build-up? I have already stated that ASEAN's new found paranoia over China's intentions in the South China Sea amidst sharpening claims over natural resources, like oil, is part of the explanation. Another, explanation, is the hard-sell efforts of defence suppliers, mostly US or European.

Such vendors as British Aerospace are particularly up front in Malaysia and Brunei Darussalam. Where other countries have qualms, British defense contractors have rushed in to supply Indonesia with just about anything it wants. Even Russia has found a receptive market in Malaysia for its defense hardware. A new entrant into the arms market, and the most cynical of all, is Australia which, in line with its so-called "Asia-links" doctrine now sells small arms to Indonesia. Australia also has training arrangements with various ASEAN countries, including Indonesia's Koppassus or special forces brigade widely noted for its capricious and cruel use of force, especially in East Timor.<sup>3</sup> While the US Congress has imposed conditions on arms transfers to Indonesia, in practice, this conditionality has often been circumvented.

I recall the sentiments of Japanese Prime Minister Murayama expressed at the UN Conference on Disarmament Issues held in Nagasaki on 12-16

June this year, that, alongside weapons of mass destruction, “no particular measures have been taken so far as to small arms although their excessive accumulation is causing instability in various regions”. I concur and the transparency on the trafficking in and circulation of small arms in the ASEAN region on the part of the concerned states is imperative. I have mentioned Australia, but Singapore is also a manufacturer and exporter of small arms to Myanmar (Burma).

It is encouraging that at the 5th ASEAN Summit in Bangkok on 14–15 December 1995 the leaders of ASEAN along with Laos, Cambodia and Myanmar, lent their signatures to the endorsement of a nuclear weapons-free zone and a Southeast Asia Nuclear Weapons-Free Zone Treaty. This is encouraging, although one wonders why these nations waited until the end of the Cold War to take this initiative. In the event, specific terms of this Treaty, notably, prohibiting the passage of nuclear-armed ships through exclusive economic zones including much of the South China sea, were protested by both the US and China.

The problem in ASEAN runs much deeper than just the circulation of weapons of conventional destruction, however. One has to examine the question of military-civilian relations at large among the nations of ASEAN to fully comprehend the meaning of “militarization”.

Indonesia (like Myanmar) is a military dominated regime, with no declared timetable for re-civilianisation — a rarity in the world.

Ferdinand Marcos, the one time darling of ASEAN and western-backers, may sound like a comic figure today, but the cost of Western, and Japanese support, was the profound militarization of Philippine society, not to mention economic atrophy.

Vietnam, remains a highly militarized society under the Party-

military rule and no dissent outside of very narrow parameters is brooked.

Brunei Darussalam continues to be governed under state of emergency legislation decreed in 1962 without even the pretense of democracy much less representative government.

Singapore and, increasingly, Malaysia are ruled under one party-dominant regimes, where tolerance for opposition runs thin, and where the state holds disproportionate levers of control, a reference to the draconian colonial Internal Security Acts.

In this sense the democratising trends in Thailand and the Philippines are salutary.

But, in the case of Thailand, it should not be forgotten that the struggle on the part of democracy-loving Thai people was won over the dead bodies of the victims (Thammasat University 1976) , and, more recently in Bangkok on 20 May 1992 (fifty-two dead and some hundreds "missing"). The restoration of democracy in the Philippines under the auspices of the "people's power" movement around Cory Aquino likewise came at much cost. In the Philippines and Thailand, together, many complex social justice issues remain to be solved before left and right extremism is laid to rest.

## **The Economic Imperative**

In large part, the justification for authoritarianism, even military authoritarianism, in the ASEAN countries has been economic legitimacy. It has also been economic success that has made the wherewithal for massive arms purchases possible.

The specifics of the capitalist revolution that have swept up the various nations of Southeast Asian should not detain us here. What I wish to

dwell upon is how this near moribund regional organisation came to converted to the doctrine of economic regionalism.

Beginning in 1992 ASEAN launched the so-called ASEAN Free Trade Area (Afta). The original plan was to reduce internal tariffs across the board to 5 per cent in fifteen years. Because of objections by the less developed members, Afta was re-launched in 1993 to revive interest in the tariff cutting exercise. Meanwhile the private sector began to play a much bigger role in determining the pace of regional integration. Government and private sector have also worked in the ASEAN region to create so-called "growth triangles" or growth areas. The most visible is that which links Singapore's capital with Indonesia's abundant cheap labour and land on nearby Batam Island. The most recent growth area to be launched is the East Asia Growth Area that links parts of Indonesia, the southern Philippines with West Malaysia and Brunei Darussalam.

Meanwhile countries outside of ASEAN have also begun to exert pressure for freer trade in the region. As we know, APEC, of which the ASEAN countries are members, is such an organisation. Some members of ASEAN, Malaysia notably, fears that APEC will dilute ASEAN's importance. Malaysia, accordingly, touts an alternative grouping with Japan, but excluding Australia and the US. Indonesia, for reasons not altogether clear, is most supportive of APEC and has frequently lined up with Australian and US views on an exclusive, rather than inclusive regionalism.

Meanwhile ASEAN broke with the US-Japanese consensus on engagement with Vietnam (and Myanmar). The price of the US-led exclusion of Vietnam from IMF and World Bank funding along with US trade — at least pending the resumption by the Clinton administration of full diplomatic ties — has been a fairly low-key US and Japanese

economic presence in Vietnam. Beginning with Thai Premier Chatichai Choonhavan, whose new pragmatic policy of “battlefields to marketplaces”, launched Thai business investment in Vietnam, Malaysian and Singapore companies have spearheaded investments in the three Indochinese countries, ahead of Vietnam’s membership of ASEAN.

Obviously, for Vietnam, it will be extremely difficult to catch up to Afta’s goal of pruning tariffs down to 5 per cent or less on intra-ASEAN trade by 2003, as required. Vietnam, will be required to massively overhaul its own tariff regime. In any case, this will be necessary if Vietnam is to gain membership of the World Trade Organisation. While Vietnam complains of lack of trained diplomatic personnel to handle its membership of ASEAN, not to mention the cost, the barrier is even greater for Laos and Cambodia, both would-be members of ASEAN. Cambodia, and Laos, together with Myanmar, were represented at the above-mentioned 5th ASEAN Summit in Bangkok, signalling the ambitions of the ASEAN seven to expand to embrace the ten Southeast Asian nations, albeit excluding East Timor’s candidature.

The question of Myanmar is a large one, especially as the ASEAN countries court the State Law and Order Restoration Council regime of Lt. General Khin Nyunt according to a formula construed as “constructive engagement”. The gap between the state-centred formulations of ASEAN and emergent civil society in some Southeast Asian countries, is often expressed in relations between state and media. All kinds of controls are placed upon the media in some ASEAN countries, ranging from state monopoly to censorship to tolerance. The English language *Nation* newspaper of Bangkok is exemplary. This is what it editorialized on Myanmar on 16 September 1995:

“ASEAN leaders should remind SLORC that constructive engagement is a give-and-take situation. The diplomatic recognition that the junta is desperately seeking from ASEAN must come with conditions. The prerequisite is that more Burmese generals must be seen as working more toward a more open democratic society”.

While the response of the ASEAN countries to any kind of linkage (eg. linking the provision of ODA to human rights improvements) is well known, (namely, rejected), the fact of the matter is that, beginning with Prime Minister Toishki Kaifu, Japan has made linkage of ODA to a recipient country’s progress on democratization, demilitarization and human rights a precondition. The ODA Charter, adopted in June 1992 as setting forth basic philosophies on Japanese foreign aid, has been invoked, albeit extremely selectively, in the interim.<sup>4</sup>

Many contradictions remain in ASEAN, including what Michael Leifer calls the “potential contradiction between widening and deepening”, an allusion to the problems inherent in expanded membership.<sup>5</sup> Besides questions of organisational cohesion and *raison d’etre*, I would also mention some new and some enduring contradictions:

- 1 . Vietnam’s unresolved boundary disputes with Cambodia and Thailand, a small part of the larger South China Sea dispute.
- 2 . Islamic insurgency in southern Philippines and, contrariwise, longstanding Philippine claims to the Malaysian state of Sabah.
- 3 . The succession crisis in Indonesia. Indonesia has never had a bloodless political transition. In fact, as increasing numbers of democracy-seeking Indonesians are aware, Indonesia’s illegal military occupation of East Timor is symptomatic of the suppression of dissent and the stifling of democratic rights at home.

4. To this might be added the wider legitimacy-rights crisis that besets almost all the ASEAN countries wherever people are seeking liberalisation, democratisation, and the kind of protection afforded by universally accepted standards of human rights and, not the kind handed down by authoritarian-developmental regimes.

Obviously challenges and much as opportunities lie ahead for the nations that comprise ASEAN. For Japan, and other potential investor nations, the ASEAN countries comprise a market of 420 million consumers. The ASEAN countries natural riches are legion. In the case of Japan, the economies of Indonesia, Brunei Darussalam and, to a lesser extent Malaysia and Thailand, could be described as symbiotic. This behoves responsibilities as well.

What I have in mind, then, is not the re-colonization of ASEAN by outsiders, but some of the give-and-take as advocated by the *Nation* newspaper in the relations between creditor nations, Japan included, and the recipients of ODA and military largess alike. More understanding, more "Asia-awareness" and a more-people-oriented approach to Asia seems to me incumbent.

## Notes

This paper is an updated version of a presentation originally delivered at a symposium hosted by the Faculty of Economics, Nagasaki University on 21 October 1995 to commemorate the nintieth anniversary of the founding of the campus.

1. See interview by Lee Kwan Yew with *Foreign Affairs* (March/April 1994) and rejoinder by Kim Dae Jung, "Is Culture Destiny?: the Myth of Asia's Anti-Democratic values", *Foreign Affairs* November/December 1994. Also see the article by Singapore of-

ficial Kishore Mahubani, "Asia's Cultural Fusion", *Foreign Affairs*, January/February 1995 and response by Christopher Lingle, "The Propaganda way", (*Foreign Affairs*, May/June 1995) .

Also see, "Voice of Asia ought to be silenced", a critical review of Mahathir Mohammad and Shintaro Ishihara, *The Voice of Asia: Two Leaders Discuss the Coming Century*, Kodansha International, Tokyo, 1995 by Jeff Kingston, *Japan Times*, 15 January 1996. But the events of December 1995 in South Korea surrounding the indictment of two former Presidents speak louder than words on the issue of culturally relativist positions on universal human rights and democracy.

- 2 . Michael Leifer, "The Issue is Asean", *Far Eastern Economic Review*, 30 November 1995.
- 3 . Many in the region would have reason to be wary of the secret diplomacy of Australian Prime Minister Keating and Indonesian President Suharto culminating in the signing on 13 December 1995 of a bilateral security pact. No domestic debate was permitted on this pact between an erstwhile democracy and a military dictatorship. Neither were the ASEAN countries consulted beforehand on the terms of this military-security arrangement, outside of any UN framework, and generally believed to be directed at a potential Chinese threat. See John McBeth, et.al. "Personal Pact: "Suharto, Keating surprise Asean with security deal", *Far Eastern Economic Review* 28 December 1995 and 4 January 1996.
- 4 . It is noteworthy, in this respect, that in December 1995, the Japanese government matched rhetoric with action by postponing scheduled yen loans to Myanmar for the second time because of stalled efforts to democratize, a reference to the highly restricted dialogue with the opposition in ongoing constitutional talks. This freeze does not apply to ODA grants said to affect the daily lives of the Myanmarrese. See "Yen loans to Myanmar postponed", *The Daily Yomiuri*, 13 December 1995
- 5 . Leifer, op.cit.