ASEAN in Regional and Global Context

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INSTITUTE OF EAST ASIAN STUDIES
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Contents

Contributors ........................................................................................................ vii

Introduction

Karl D. Jackson (United States) ................................................................. 1

I. An Overview

1. ASEAN in a Regional and Global Context
   Thanat Khoman (Thailand) ................................................................. 9

2. An External Perspective on Southeast Asian Politics
   Robert A. Scalapino (United States) ..................................................... 15

3. Southeast Asia: Politics in Context
   K. S. Sandhu (Singapore) ................................................................ 26

II. Politics and Foreign Policy of the ASEAN States

4. Thai Domestic Politics and Foreign Policy
   Ansil Ramsay (United States) .......................................................... 30

5. Thai Politics and Foreign Policy in the 1980s:
   Plus Ça Change, Plus C’est la Même Chose?
   Suchit Bunbongkarn (Thailand) and
   Sukhumbhand Paribatra (Thailand) .................................................. 52

6. Indonesian Domestic Politics and Foreign Policy
   Jusuf Wanandi (Indonesia) ................................................................ 77

7. Continuity and Rationality in Indonesian Foreign Policy:
   A Reappraisal
   Donald K. Emmerson (United States) ................................................. 88

8. Domestic Politics and Philippine Foreign Policy
   Carolina G. Hernandez (Philippines) .................................................. 110
9. Philippine Domestic Politics and Foreign Policy  
   Larry A. Niksch (United States) .................... 131
10. Malaysian Domestic Politics and Foreign Policy:  
    The Impact of Ethnicity  
    Shafruddin Hashim (Malaysia) ..................... 155
11. The PAP in the Nineties: The Politics of Anticipation  
    Chan Heng Chee (Singapore) ....................... 163
12. Brunei: Domestic Politics and Foreign Policy  
    Michael Leifer (United Kingdom) ................. 183

III. Regional Relations

13. ASEAN as a Regional Organization:  
    Economics, Politics, and Security  
    Evelyn Colbert (United States) ................. 194
14. Irreversible History? ASEAN, Vietnam, and  
    the Polarization of Southeast Asia  
    Sukhumbhand Paribatra (Thailand) ............ 211
15. Vietnam and Its Neighbors: Internal Influences  
    on External Relations  
    Douglas Pike (United States) ................. 238
16. Burmese Domestic Politics and  
    Foreign Policy Toward ASEAN  
    David I. Steinberg (United States) ............ 252

IV. ASEAN and the Majors Powers

17. U.S.-Southeast Asian Relations  
    Karl D. Jackson (United States) .............. 268
18. ASEAN-U.S. Economic Relations: An Update  
    Hadi Soesastro (Indonesia) .................... 294
19. Economic Relationships Between ASEAN  
    and the United States  
    Bruce Glassburner (United States) ............ 308
20. The Soviet Union and Southeast Asia  
    Leo E. Rose (United States) ................. 323
21. The People's Republic of China and Southeast Asia:  
    Protector or Predator?  
    Sheldon W. Simon (United States) ............ 333
22. ASEAN and the Great Powers  
    Zakaria Haji Ahmad (Malaysia) ............... 347
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Introduction

The late 1980s mark a time of economic trial and political transition within ASEAN. The boom times of the 1970s and early 1980s have been superceded by the simultaneous collapse of virtually all of Southeast Asia’s commodity exports and a precipitous fall in the international price of oil. Likewise, what seemed like a nearly limitless era of political stability, from the mid-1960s to the mid-1980s, has ended in the Philippines with the ouster of President Ferdinand Marcos. In addition, the politics of succession should become increasingly apparent over the next few years in Singapore and Indonesia as new leaders begin competing to succeed Prime Minister Lee Kwan Yew and President Soeharto. There is no necessary reason for pessimism as ASEAN faces the challenge of transition; however, increasing political and social tension should result from the disappearance of the slack resources that made possible rapid growth even in the presence of wasteful investments in uneconomical prestige projects and the constant drain of official corruption in several nations. As the terms of trade on copra, sugar, rubber, tin, copper, and oil have turned negative, every investment project will now be forced to pay its own way, earning the hard currency necessary to repay foreign loans. Groups within various elites that have lived well for years running enterprises subsidized in the name of national prestige or “technology transfer” will find themselves under increasing pressure from technocrats who must distribute increasingly scarce public and private investment funds. Each of the ASEAN nations retains potential for rapid economic growth, social progress, and political stability, but the overall politico-economic social fabric will become more fragile over the next half decade, at least until oil and other commodities recover from their current deep slump.

The period of “miracle” growth is over for ASEAN. During the 1970s the original five members of ASEAN (Singapore, Malaysia, Indonesia, the Philippines, and Thailand) grew at an average yearly rate of 7.2 percent, faster than any other regional grouping in the world. Singapore, with 2.5 million people, produced real annual growth of the order of 8–10 percent, raising per capita income to Hong Kong levels. Malaysia also grew rapidly, transforming an economy almost exclusively based on tin and rubber into an oil and electronics exporter. The Thai econo-
my confounded the pessimists when it refused to drown in the wake of the American withdrawal from Vietnam; in the second half of the 1970s, growth exceeded 8 percent a year. Indonesia, long seen as the economic basket case of Southeast Asia, combined booming oil prices with a much-overdue dose of economic and political realism. As a result, Indonesia doubled and redoubled its gross national product per capita even as its population grew by 50 million people. Even the Philippine economy in the mid-1970s grew twice as fast as it had in the 1960s.

The runners have stumbled. In 1985, Singapore's "recession-proof" economy actually contracted by 1.8 percent; this was the first drop in year! growth since 1967. The government of Prime Minister Lee Kwan Yew has played an extensive—and mostly successful—role in every phase of the development of Singapore's economy for two decades. But in recent years, it has made several decisions that have turned out to be costly miscalculations. The government reasoned that Singapore's economy required radical transformation if strong growth was to continue during the last decade of the century. Specifically, the technocrats reasoned that Singapore would not be able to continue competing in the low-wage market. They adopted a bold strategy to shift Singapore out of the cheap labor end of the marketplace and into the world of high-tech industries. Additionally, they set out to make Singapore the modern service center of Southeast Asia.

Flawless in theory, Singapore's timing and execution were unfortunate. Just as it moved into high-tech electronics, the bottom fell out of the world market for semiconductors. At the same juncture, Singapore's massive oil refining and petrochemical industry began suffering from both declining world oil consumption and competition from new refineries and chemical complexes constructed in the Middle East in the late 1970s. Low cost exporters were hit by a wage spiral in which effective labor costs in Singapore rose by 40 percent between 1980 and 1984, while comparable costs rose by only 10 percent in Taiwan and remained stable, in real terms, in Hong Kong and South Korea. Wage increases had been encouraged by government policies to force producers into high-tech, less labor-intensive enterprises. As an unintended consequence, their policies yielded the lower end of the marketplace to Taiwan, Hong Kong, and South Korea before Singapore's niche in the high-tech marketplace had been secured.

A further blow to Singapore's future came December 2-4, 1985, when the Stock Exchange of Singapore (SES) and the Kuala Lumpur Stock Exchange (KLSE) were closed by government orders to preclude complete collapse of what had become an inflated speculative pyramid. The collapse of confidence was initiated by the failure of Pan Electric Industries Ltd. (Pan El), a major Singapore conglomerate with debts approaching US$225 million. The collapse of the two stock markets not only wiped out billions of dollars in book value, but more importantly, it also damaged the credibility of Singapore's attempt to become one of the world's new financial centers.

The insolvency of Pan El also resulted in the arrest by Singapore authorities of a Malaysian Chinese tycoon, Tan Koon Swan, who had just been elected president of the Malaysian Chinese Association, the second largest segment of the ruling
political coalition of neighboring Malaysia. Tan, a Chinese Horatio Alger who had risen from the slums to become one of Malaysia's highest flying entrepreneurs, may have been arrested with the partial connivance of his political rivals in Malaysia because he was threatening to make the Chinese segment of the ruling National Front less docile. Furthermore, the stock speculation scheme that led to the collapse of Pan El and both stock markets was partially motivated by the desire of Chinese entrepreneurs on both sides of the causeway to bid up the price of shares that would subsequently be purchased by the Malaysian government as part of the New Economic Policy (NEP) which is supposed to shift ownership of equity from Chinese to Malaysian hands. The de facto result of purchasing inflated stocks with money from the Malaysian treasury would be to underwrite capital accumulation by the ethnic Chinese sellers.

Malaysia is suffering from the free-fall of world oil prices in 1986. Twenty percent of Malaysian government expenditures derive directly from petroleum exports. In addition, the fallout from the collapse of Pan El is expected to result in a drop in share prices of 10–12 percent on the KLSE, wiping out $3–6 billion and giving major Malaysian institutions severe cash flow problems.

In 1984 the GNP of Malaysia performed well, expanding 7.6 percent. In 1985 the performance was not as strong but still managed a respectable 5.2 percent growth in real terms. Growth in the Malaysian economy is highly dependent upon the strength of its exports markets. The manufacturing sector grew by nearly 12 percent in 1984 on the basis of strong demand in the electronics industry, but this growth decreased to six percent the following year as the market in computer sales dropped off in the United States. At present, world production capacity for semiconductors has greatly outstripped demand, and this is particularly painful for Malaysia, which had become the number one exporter of semiconductors. Similarly, Malaysia lives in fear of potential protectionist legislation in the United States and Western Europe because such legislation would have particular negative effects on Malaysia's textile producers. Approximately half of Malaysia's exports are natural commodities, and the beginning of 1986 finds all of them in simultaneous decline: oil, tin, rubber, palm oil, timber, and cocoa. Finally, a series of scandals has begun to dog the administration of Prime Minister Mahathir bin Bohamad. For example, the Bank of Bumiputra lent $1 billion to the now-failed Carrian business group in Hong Kong, representing not only an embarrassing loss but a further use of Malaysian government funds for investment among non-Malays. The accusations have now become more widespread, and the prime minister recently was forced to declare his honesty at a press conference. The denial itself predictably created new doubts about probity in the polity. The absence of slack resources supplied by the oil boom will make corruption and bad administration more obvious and painful in both Malaysia and Indonesia, and competition among the elites will probably grow more bitter as a result.

Indonesia is the largest ASEAN country, with 160 million people. It is even more dependent upon petroleum products for financing its government than is Malaysia. Roughly two-thirds of government revenue is derived from the export of
crude oil and liquified natural gas. Although there has been some success in expanding the nonoil revenue base, much more will be required if the current depression in world oil prices endures. The assumption one year ago was that if oil prices fell below $25 per barrel it would have a devastating impact on Indonesia's development budget. Every $1 per barrel decline in the price of crude will cost the Indonesia government $300 million in revenue. A decline to $20 or below would require either substantial increases in foreign assistance or radical surgery on the Indonesian budget, perhaps including curtailment of virtually all new development projects. A $15 a barrel oil world would be very difficult for Indonesia to live in, and its remedy would be devaluation of the rupiah, substantially increasing the costs of both elite consumption and foreign components of Indonesian produced products.

The problems have been a long time in coming because the Indonesian economic miracle brought about by the "Berkeley Mafia" was based on overall very favorable terms of trade and substantial official capital inflows. Indonesia's industrialization was premised on the same import substitution strategy that underlies much of the current economic crisis in the Philippines. Indonesia failed to opt for the construction of industries which would have definite international competitiveness. Indonesia engaged in several multibillion dollar investments (steel and aircraft construction, for example) that will never show a profit and will continue to absorb precious investment dollars. The small industrial sector is heavily protected against both internal and external competition and therefore cannot readily fill the export gap created by the international oil glut. Indonesia has been under President Soeharto's political management for the past 20 years. It remains to be seen whether the "Father" of Indonesian economic development will be able to control the intensifying political competition expected to be generated by the absence of surplus resources that cushioned the choice process during the years of the oil bonanza.

The ill wind for Jakarta and Kuala Lumpur will prove to be at least a partial blessing for Thailand and the Philippines. These basically nonoil economies bore the brunt of the rapid price rises of the 1970s; and while declining oil prices cannot substitute for judicious investments and wise economic planning, lower energy costs should boost economic activity. Both the Philippines and Thailand may have reached a new state of political equilibrium, following the ouster of Marcos and the political demise of the Young Turk faction within the Thai army; if this turns out to be the case, the energies released by lower oil prices may actually result in major positive developments in each society.

Thailand has ridden out the past decade of high oil prices with high growth which did not bankrupt the country. Rapidly declining crude oil prices will provide a substantial lift for the Thai balance of payments; but even here there will be important adjustment difficulties. The massive investment in natural gas development (conceived at the height of the international crude oil boom crisis) now appears to be as much an economic burden as a boon. Furthermore, the increasingly bountiful rice harvests throughout Asia in the mid-1980s have dampened interna-
tional demand for Thailand’s premier export, rice. Finally, the normally conserva-
tive cast of Thai economic planners seems to have lost out to the forces favoring
dramatic, but perhaps uneconomic, investments on the Thai eastern seaboard. The
overall cost of this project will be measured in billions of dollars. Conservative
government economists, academics, and World Bank experts believe that the high-
cost, capital-intensive project will greatly increase the nation’s foreign debt burden
while supplying only meager socioeconomic returns.

The major developments in Thailand over the last few years have been political
rather than economic. There have been two attempted coups, the so-called April
Fool’s Coup of April 1981 and the Black Monday Coup of September 1985. That
these coups failed so miserably as they did indicates that Thai politics may be
changing. Whereas the Thai polity from 1932 to the 1970s was controlled almost
uniformly by Thai army politics, other social forces and political constraints have
arisen which make it increasingly difficult for a few officers with tanks to over­
throw a sitting government. The Wild West aura of Thai coup politics seems to be
giving way, albeit slowly, to more institutionalized methods of managing and main­
taining political power.

In the April Fool’s Coup of 1981 and the Black Monday Coup of 1985, the
Revolutionary Party represented an articulate minority within the Thai military es­
establishment. The Young Turks graduated from the Thai military academy in the
1960s after the curriculum had been modernized on the model of West Point. As a
group the Young Turks around Colonel Manoon Roopkachorn were contemptuous
of their superiors, whom they viewed as personally corrupt, professionally medi­
ocre, and willing to tolerate the rivalries of civilian party leaders whom they per­
ceived to be “dirty” representatives of a “rotten” political system. The Revolu­
tionary Party was meant to offer a strong nationalist alternative to socialism and
communism through nationalization of some private enterprises (especially finan­
cial institutions that “cheat the people”), land reform, more equitable income dis­
tribution, and antagonism toward currency devaluations. As such the Revolutionary
Party favored economic nationalism over interdependence, statism over a free-mar­
ket economy, Thais over Sino-Thais, farmers and the urban poor over the wealthy
elite. In 1981 and 1985 revolutionary consciousness met traditional politics in the
competition for power in Thailand, and revolutionary consciousness lost hands
down.

The 1985 coup failed because its tactics were utterly impractical and because its
leaders did not recognize that Thai politics have changed. Tactically, Thai coups
succeed when they have the backing of the Bangkok-centered First Army, the neu­
trality or support of the monarch, and a serious groundswell of popular opposition
to the sitting government. The Black Monday coup was doomed from its concep­
tion because it was opposed by the king and the First Army and lacked a burning
issue around which to mobilize popular support. Coup politics always involves
skullduggery. In the annual military rotation of 1985, General Pichit Kullavanich,
commander of the Thai First Army, was not promoted, and perhaps the plotters
were led to believe that he might join them if only to advance his career. Alter-
natively, Colonel Manoon might have tricked generals Kriangsak, Serm, and Yot into participating by assuring them that Pichit's First Army was already committed.

Thailand's strength lies in the stability of its institutions: Buddhism, the army, and the monarchy. Even though there have been 13 constitutions, 14 elections, 15 coups, and 42 cabinets since the overthrow of the absolute monarchy in the 1932 revolution, the system of government has remained constant. Thailand, from 1932 to the present, has remained a bureaucratic polity in which army bureaucrats control the government and run the country for the benefit of the monarch, the army, the highest echelon of the bureaucracy, the business community, and the people in general, in descending order of importance. The army's unchallenged sway over Thai politics was briefly overturned by the student revolutionaries of 1973 which brought liberal civilian governments to power until the military reasserted its authority in October 1976.

In the late 1950s and early 1960s the style of government was starkly authoritarian. Conditions today have changed. The prime minister no longer has the same type of autocratic power. Prime Minister Prem, and his immediate predecessors Kriangsak and Thanin Kraivichien, have ruled through a system of consultation (with factions in the army and bureaucracy, civilian party leaders, business leaders, and trade unions). Most important of all, King Bhumiphol's support is requisite to continued tenure in office. Gone are the days of decisiveness; these have been replaced by temporizing, compromising, and the representation of interests from outside the bureaucracy and army.

The transition is not simply a matter of personality. Thai society has been altered markedly by the emergence of new groups and new centers of power outside the direct control of the army, the bureaucracy, and the palace. When the Thai economy remained small, the palace awarded business privileges directly in response to bargaining outcomes in the military-controlled cabinet; university graduates were absorbed into high prestige billets in the bureaucracy, creating a stable, entirely elite-centric system of participation. The underpinnings of the old bureaucratic polity have been destabilized by successful development. Rapid increases in personal income, mass exposure to modern education, and the intrusion of the mass media into every corner of the kingdom have substantially increased the pressure for political participation. The growth process has produced Thai corporations that no longer depend exclusively on governmental largess and the favor of the palace. Likewise, the hundreds of thousands of office workers employed by international companies are not directly beholden to the palace, the cabinet, or the army.

Controversy still exists over whether "bureaucratic polity" has completely given way to "bourgeois polity," but there can be no doubt whatever that the system has changed, that power is more diffuse, that the military no longer holds as much power as it once did (see chapters 4 and 5 in this volume). While growth, education, and mass media exposure have not transformed Thailand into a free-swinging democracy, a much larger segment of the public than ever before must now be considered in the public decision-making process.

Just as the last five years seem to have been marked by political evolution in
Thailand, the events of early 1986 turned a new page in the history of the Republic of the Philippines. The thirty-month-long Philippine crisis of political legitimacy began with the assassination of former Senator Benigno Aquino in August 1983 and ended with the ouster of President Marcos in late February 1986. When Aquino was assassinated the Philippine economy was already on the verge of financial crisis because of extensive borrowing during the 1970s and the fact that foreign capital had often been invested in projects that did not produce the anticipated foreign currency earnings. A tourist industry boom never became a reality. Multibillion dollar investments in alternative energy sources looked like model investments when they began in the 1970s, but red tape, delays, cost overruns, and corruption left many of them unfinished and uneconomical in comparison to the current low costs of imported fuel oil. The per capita income of the Philippines has fallen from $776 in 1982 to less than $600 today, and the impact is felt disproportionately by the urban poor. Marcos mouthed the slogans of technocratic solutions to economic development woes; but, in failing to implement the necessary measures (usually for political reasons), his government has landed the Philippines in the worst economic crisis since the end of World War II. In the course of doing so, the economic principles necessary to solving the problems have themselves been at least partially discredited.

President Marcos's last two years in power were a holding operation in which a regime bereft of legitimacy staggered from one insoluble problem to another. The World Bank and the International Monetary Fund (IMF) demanded economic reforms whose implementation would have curtailed the power of the "crony" capitalists who remained among Marcos's last bastions of support. Similarly Washington, shocked by the Aquino assassination and alarmed by the rapid growth of the New People's Army (NPA), mounted nearly incessant pressure on Marcos to dismiss political generals such as the Chief of the Armed Forces of the Philippines, General Fabian Ver. Marcos could not cut himself free from Ver and the other generals who have stayed beyond retirement age because doing so would have yielded control of security forces to professionals in the military who in the end would prove unwilling to do Marcos's bidding in the regime's penultimate political crisis.

President Marcos's final undoing resulted from the presidential election of February 7, 1986, which in all probability was the most unsavory election of postwar Philippine history. Marcos possessed virtually unlimited money and organizational means to coerce, buy, or influence the votes of in excess of 20 percent of the electorate, and the diminished size of his true support base is indicated by the fact that challenger Corazon Aquino garnered approximately half of the votes without coercive machinery or large amounts of money for purchasing votes.

At this writing in February 1986 no one can predict the course of the new Aquino administration. However, the magnitude of the problems faced by the Philippines would daunt even the most experienced political administrator. When the euphoria of the international press dies down and the New People's Army continues killing provincial police and local officials, the business classes may still refuse to
invest in the Philippines and the Catholic Church’s predilection for peace may collide with the army’s desire to take the offensive against the NPA. The most difficult problem of the Aquino administration will be maintaining political momentum by moving from promises to concrete achievements, especially with regards to the on-going economic crisis. Even though Corazon Aquino and her followers have brilliantly managed a nearly bloodless transition from autocracy to democracy, it remains to be seen whether the real problems of the society can be solved before the legitimacy of the new regime begins to be exhausted by events.

The chapters in this volume, which cover both domestic and international politics within the ASEAN countries, with particular emphasis on the relationship of domestic politics to foreign policy making in each of the ASEAN states, were presented as papers at the Third U.S.-ASEAN Conference, ASEAN in Regional and International Context, which was held in Chiangmai, Thailand, January 7–11, 1985. The papers were substantially revised following the meeting in Chiangmai. The conference was co-sponsored by the Institute of East Asian Studies of the University of California, Berkeley, and the Institute of Security and International Studies, Chulalongkorn University, Bangkok, Thailand, and the Centre for Strategic and International Studies of Jakarta, Indonesia. We would like to take this opportunity to express our thanks to The Asia Foundation and to the Rockefeller Brothers Fund, whose contributions facilitated our deliberations.

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I. AN OVERVIEW

1. ASEAN in a Regional and Global Context

Thanat Khoman

ASEAN, or the Association of Southeast Asian Nations, was born out of hope—the hope for peace, prosperity, and progress in the Southeast Asian region. It was born also in the context of a confrontation (or to use the Indonesian term konfrontasi) that in 1963 pitched Indonesia and the Philippines against Malaysia over territorial disputes arising from the colonial legacy of Sarawak and Sabah. The region was on the verge of a war, with Indonesian commando raids launched against Malaysia and British warships cruising off Indonesian coasts in defense of Malaysia. Thailand was the only member of the Association of Southeast Asia (ASA) that was not involved in this confrontation. The ASA included Thailand, Malaysia, and the Philippines and was the forerunner of ASEAN. Thailand tried to bring about a reconciliation between its feuding partners, and after many attempts, the efforts succeeded when the leaders of Indonesia, the Philippines, and Malaysia agreed to meet in Bangkok, and after a few days a seal of approval was put on their reconciliation.

As Thai foreign minister at that time, I stood in the background, not performing a mediating role but acting only as an honest broker. Nevertheless, I was kept informed of the discussions, and when a final agreement was reached, the parties offered a banquet to celebrate the event. I was seated next to Adam Malik, Indonesia’s foreign minister and vice premier. I took that occasion to broach the idea of forming a new organization for regional cooperation to replace the defunct ASA. Malik unhesitatingly agreed but asked for time to normalize Indonesia’s relations with Malaysia, which had ruptured during the confrontation. Thus ended this critical episode, and the region of Southeast Asia was turned from the verge of war to the pursuit of friendly cooperation. Then and there, the seed for the creation of ASEAN was sown.

A few months later, everyone was ready. Singapore sent Rajaratnam to see me and requested admission to the new organization. Then the foreign ministers of
Indonesia, Malaysia, the Philippines, and Singapore joined me in Bangkok. After a brief official welcome we moved to Bangsaen, a small seaside resort on the Gulf of Thailand, to work out the charter for the new regional body. After a few days discussions over the draft prepared by the Thai Foreign Office, an agreement was reached. The ASEAN charter was finalized and owed its name to Malik, who received a commemorative trophy for coining it. Finally, the text was publicly proclaimed on August 8, 1967, as the Bangkok declaration.

It was, indeed, a historic and unique event for Southeast Asia, a balkanized region where Western nations had carved out their colonies and protectorates during the epic of imperialistic expansion. For the first time, an indigenous Asian regional organization was initiated within the community for the nations of the area to help themselves.

However, not everyone looked upon this event with favor. The European communists branded it as a front for American imperialism, drawing probably upon their experiences with the leader of the Warsaw Pact. Even locally, it was berated by the press as insignificant because the organization comprised only small and weak nations, which shows how enlightened and knowledgeable the press can be. In spite of this hostile or simply tepid welcome, ASEAN took firm root on Southeast Asian ground. Its objective was to institutionalize cooperation in all fields, except the military, because of the unhappy experience with the Southeast Asia Treaty Organization (SEATO), which failed dismally because of divergent interests between the European and Southeast Asian members. This time, the emphasis would be on economic and other nonmilitary activities because the members lacked military potential. They also realized that a collective political defense system is more suitable to existing local conditions than a military one and more likely to yield concrete results.

From the start, economic cooperation among the members of ASEAN produced some results, although they were not particularly impressive. Negotiations were conducted on trade, tariffs, quotas, and economic and technical cooperation with the European Economic Community, the United States, Japan, and Australia, obtaining here and there some limited satisfaction but nothing earth-shaking. Within the organization, intraregional trade and economic as well as industrial joint projects made little headway because of exacerbated nationalism by technocrats laying the groundwork for their political superiors. Moreover, on several occasions individual members displayed behavior more suitable to a bazaar than to a cooperative association, insisting on taking more than giving, as in the case of industrial joint ventures and a few other instances. Some members of the economic board of *Asia-week* expressed the opinion that, on the economic side, ASEAN "isn’t working at all," while others conceded that it had made some "moderate achievements." Also, there was no common market in the making. The panelists attributed this to "political and cultural differences between member states and different states of economic development they have so far attained," a prognosis that is somewhat different from mine.
Surprisingly, achievements have been more noteworthy on the political side. After the Vietnam debacle, the United States washed its hands of Southeast Asia when it enunciated the so-called Guam doctrine. The region and particularly Thailand, which allowed its soil to be used by U.S. armed forces during the Vietnam War, were left at the mercy of the Vietnamese communists, who, with their Soviet allies, celebrated their victory by promptly filling the vacuum created by the U.S. withdrawal. In a chorus Western pundits began launching the so-called domino theory whereby Thailand and other noncommunist countries in the region would go down to their doom, swamped by the Vietnamese communist tidal wave. These birds of evil augury did not count with the young and innocuous organization, ASEAN, which, incidentally, profited enormously from Vietnam’s raucous threats and militancy. They helped to consolidate it. Bare-handed and alone, ASEAN stood firm against the vociferous menace from the Indochinese communists. With calm fortitude, ASEAN reduced Vietnam’s provocations to impotency. The advocates of the domino theory could hardly believe their eyes, and yet ASEAN had done it, not with the lethal weapons of the West but with diplomacy and political measures. Of course, the People’s Republic of China’s indirect support by teaching some object lessons to Vietnam and occasional stern warnings from the United States were helpful in calming Vietnam’s ardor and bellicosity. Nevertheless, ASEAN had performed a small miracle in maintaining stability in the region without outside intervention and without giving the opportunity for a major conflict to erupt. This development indicated that the Southeast Asian nations had reached maturity and that the organization had fulfilled its original purpose: looking after their own affairs, thus preventing outside interference. The world at large must have been impressed by ASEAN’s unexpected success because it began to seek contact with the organization, thereby recognizing its viability and effectiveness in dealing with delicate and dangerous situations. This should have come as no surprise, for in ASEAN members’ territories are located the sources of production of important raw materials—from oil to minerals and foodstuffs—and the ASEAN countries also occupy strategic locations, controlling vital passageways through the straits of Malacca, Sunda, and Lombok, which link the Indian and Pacific oceans. These factors and some others compel the nations of this area to become willy-nilly involved in global considerations and entanglements.

This situation has been further complicated by Vietnam’s decision to allow the USSR to make use of military and naval facilities at Danang and Cam Ranh Bay, thus introducing a new dimension of danger into the Southeast Asian picture. Not content with the military foothold in Vietnam, the USSR is also enlarging its presence in Kampuchea by equipping the Port of Kampong Som with modern facilities for use both in time of peace and conflict. The objectives pursued by the Soviet Union are not too difficult to define.

First, the Soviet presence serves to exert pressure on the PRC’s southern flank. Next, it helps it to control and, worse, in time of crisis to interdict the traffic through the Straits of Malacca, a vital sea-lane for Japan and other East Asian
countries and a crucial link between the Indian and Pacific oceans. In doing so, the Soviet Union casts an ominous threat, particularly from Kampong Som, over the free countries of Southeast Asia. The new Soviet facilities in Southeast Asia must be considered a God-sent opportunity because a country like the USSR believes that military means and intimidation should be used when diplomacy fails to achieve its desired objectives. As the Soviet presence has increased, so has the threat to peace and stability in the region. For the introduction of this new danger, Vietnam must bear a full and heavy responsibility. The ASEAN countries, for their part, must face the distinct possibility of becoming involved very much against their will in the struggle to contain Soviet/Vietnamese activities in Southeast Asia.

From now on, the Soviets are installed in Danang and Cam Ranh Bay. The Vietnamese, by giving their permission, bargained away their sovereignty for arms and money to launch the Kampuchean campaign of conquest and annexation in order to create a federation of Indochina under their aegis. As a result, all of Southeast Asia has been turned into a potential arena for rivalry, contest, and possible conflict, first between the proxies of the PRC and USSR and then between the principals themselves. However, the ultimate goal is victory in the final contest, which may (or hopefully may not) materialize between the two superpowers. Global conflict between the superpowers is the danger lurking beyond the horizon, a frightful visage but one that pessimistic but realistic minds cannot easily exclude. Can ASEAN avoid being trapped in this deadly merry-go-round?

This is what the ASEAN governments had at the back of their minds when they, and particularly the former prime minister of Malaysia, Tun Abdul Razak, tried to rally support for declaring this region a zone of peace, freedom, and neutrality (ZOPFAN). The idea was endorsed by all the ASEAN members, including Thailand, on whose behalf I signed the proclamation. Missions were sent to all the capitals of the major powers to enlist their support and approval. The result was mixed, as there appeared to be reservations on the part of certain parties to whom the approach was made. In this instance, drawing from the international experience in other parts of the world, neutrality will be effective only if other nations, not merely those concerned, are willing to respect it; otherwise it is absolutely meaningless. Belgium, in particular, whose proclaimed neutrality was violated twice in two world wars, stands out as a striking example.

On the other hand, ASEAN's energetic efforts to find a political solution to Vietnam's invasion and occupation of Kampuchea have gone beyond regional scope, although basically it is a local and regional problem. ASEAN, including Thailand, has been doing everything possible to avoid being involved in military operations and prefers to bring the issue to the United Nations. As a result, the problem has been shifted out of its regional framework and has assumed an international or global coverage. This has not pleased Vietnam and its supporters, notably the Soviet Union, who would rather put a regional lid on this question, knowing full well that world public opinion would throw its massive weight behind the ASEAN resolution on Kampuchea.

Modest by nature and inclination, ASEAN would be content with remaining a
strictly regional organization. But with economic resources of wide importance (energy products, minerals, and other primary commodities), with its strategic location serving as an air and maritime nexus linking two great oceans through which pass important industrial products, especially petroleum, and sitting in the middle of an arena where regional and global rivalries are brewing, ASEAN's concerns cannot be confined within its narrow regional frame. World leaders, impressed by its measured, effective, and cool-headed manner of dealing successfully with explosive problems, began to cultivate relationships with ASEAN and gave it valuable support in its endeavors to maintain and preserve peace and stability with only its own indigenous resources, in a region wracked with territorial, ideological, and hegemonistic ambitions.

ASEAN's role in the quest for regional peace and stability has by no means ended; in fact, it has only begun. Past success warrants confidence in the future. With its abundance of material and human resources, with the valuable sympathy and support from hosts of peace- and freedom-loving nations all over the world, ASEAN will continue to succeed in its future missions. Even the ominous and powerful Soviet presence in Vietnam, Kampuchea, and Laos is not as terrifying as it once looked. A quick glance at the long logistic supply line from Vladivostok demonstrates that the Soviet bases in Vietnam are not quite invulnerable, especially in times of crisis or conflict. In fact, the bases could be rather precarious. In peacetime, they may be useful for reconnaissance and surveillance of U.S. fleet movements in the Pacific and Indian oceans, and politically, they may serve to intimidate other powers, a tactic frequently used by the Soviet Union. However, it is important to remember that reconnaissance and intimidation may be about all the Soviets can hope to attain from the bases.

All these complexities point to the difficulties ASEAN must face in the future. More than ever, the nations of this region will have to play a tight and very cautious game. The crux of the problem lies in Kampuchea, which must be prevented from erupting into a widespread conflict. While no political solution is in sight and the war which has lasted for more than six years will not bring victory to Vietnam, a political balance of noncommunist powers must be fashioned to prevent the Soviets from increasing the resources available to Vietnam and joining directly in a massive effort to win a decisive victory. At the present time decisive victory is not likely to happen. Neither are the Soviets ready to halt supplies to Vietnam, especially oil, arms, and even poison gas, without which Vietnam cannot keep the war going. Vietnam, on its part, claims that without the support of the PRC and Thailand, the Kampuchean resistance would already have been annihilated.

From the foregoing, it is hardly necessary to point out that the present situation in Southeast Asia, with ASEAN as one of the principal actors, requires patience and wisdom. Let us hope its leaders are endowed with both qualities and foil all attempts at extending the shadows of conquest and hegemony over this region. Kampuchea is not the core of the problem; indeed, the resistance against Vietnamese colonialism is deeply significant for the freedom and independence of all of Southeast Asia, and the struggle has serious implications for the rest of the
That is why ASEAN burst out of its narrow regional frame to immerse itself in a wider context. This is well understood by the outside world, communist and noncommunist alike. This explains why an overwhelming majority of U.N. members have sided with those who uphold peace and freedom by unmistakably condemning Vietnam’s neocolonial venture aimed at taking over the former French empire in Indochina. ASEAN cannot and will not abandon this vital struggle, for its own sake and that of the entire region.
2. An External Perspective on Southeast Asian Politics

Robert A. Scalapino

The study of politics, it is commonly said, is the study of power. Yet behind the use of power—both the initial decision and the subsequent application—lies a complex set of personal and impersonal motivations. The former belong principally to the realm of psychology, the latter to the social sciences. An evaluation of the status of Southeast Asian politics should thus commence with an analysis of the personal trauma and ideological influences that have shaped the political attitudes and behavior of the citizenry and, most especially, of those elites capable of influencing or wielding power.

WESTERN CHALLENGE AND ASIAN RESPONSE

Amateur psychology is hazardous, yet certain generalizations seem valid. For several centuries, the central dilemma of Southeast Asian elites has been how to cope with intruding Western values and power. In the process of growing interaction with the West, the rejectionists (those who sought to shun the entire Western weltanschauung) were defeated, but not vanquished. They retreated to their natural power bases, to such citadels as the mosques, the temples, and the villages—the principal repositories of traditional culture.

Those who emerged as leaders of the early political movements that claimed national status were with few exceptions individuals who at the intellectual level had a considerable understanding and acceptance of the basic tenets of Western liberalism. The ranks of the Westernizers were to be split as the "vanguard" doctrines of Marxism-Leninism made their influence felt. But irrespective of the precise ideology espoused, as an ideal type these individuals were products of a Western education, conversant with some Western language and comfortable with various aspects of Western culture.

A portion of the Westernizers, those at the extreme end of the continuum, retreated along with the rejectionists, but in this case, to London, Paris, and the
Hague or, alternatively, to those Western enclaves existing in every colonial society. Such individuals had been rebuilt to the point where they felt uncomfortable with their own people, foreign to their own culture. For the most part, however, the Westernizers were a hybrid type, quite capable of holding political views derivative from an external environment but pursuing behavioral patterns and a lifestyle reflective of their continuing ties with the indigenous culture.

The inner tensions derivative from political-cultural hybridization have invariably been substantial. In addition to recurrent crises of personal identity, the Westernizers have been forced to face certain soul-searching questions: Am I in the vanguard, or will my society take a different course, making me irrelevant and destined for oblivion? Put differently, can my acquired values be rendered compatible with the socioeconomic circumstances of my society? And should the principal quest be for the liberation of the individual, with a corresponding emphasis upon basic human rights, or should it be for the liberation of society, a cause often connected with the defense of authoritarianism?

To one group—namely, the Chinese who had migrated to Southeast Asia—the problems were to be compounded by the possession of an alien status in their country of adoption. Assimilation, both racial and cultural, has taken place in varying degrees, with Thailand setting the pace. Nevertheless, set apart by culture and occupation, the Chinese in Southeast Asia have wavered between elite and pariah status. Theirs has been the obligation to fund, to advise, and to educate in politics—in these ways, to share power—but not to seek the apex of power lest explosive repercussions ensue (Singapore excepted). In such a setting, an apolitical posture or extreme alienation has been a response as natural as that of participation in the ongoing political processes. And because this group has constituted a major portion of the entrepreneurial class—that class which served as the mainstream support for political liberalism in the West—the Marxist theory of class-based political values and the Southeast Asian liberal cause have both suffered.

Whatever the difficulties, however, it was natural that the Westernizers would dominate the political stage in Southeast Asia in the years immediately following World War II and that the mainstream would use Western liberalism as the prime weapon against the West. Freedom, equality, justice—how could these values possibly be rendered compatible with colonial rule? The term *justice* was generally broadened to encompass social and economic justice. Socialism was not anathema to the postwar Southeast Asian liberals—but it was supposed to be socialism under parliamentarism and competitive politics.

A second Westernizer was the Marxist-Leninist who found an alternative path to modernization both in the traditions of his society and in current international trends—one based upon an elitist vanguard exercising dictatorial power on behalf of the masses, a highly centralized state, and the fullest possible mobilization of the citizenry for the tasks at hand. But in a fundamental sense, the Southeast Asian Marxist leaders like the liberals had their roots in urban life and culture with rare exceptions, even when they led peasant recruits.
CRISIS IN VALUES

With the passage of time, both Western-style liberalism and Marxism have come under the shadow of failure in Southeast Asia, and a crisis of values has resulted. Critics of liberalism have been given ample ammunition in the performance of parties and parliaments throughout the region, in the results of elections, and in the attitudes of the citizenry when confronted with political choices. Too frequently, political parties, permitted to operate freely, have exacerbated religious, ethnic, or regional cleavages, moving their society away from, rather than toward, greater unity. Parliaments have often been either impotent or unrepresentative, and rife with corruption. Elections, even when conducted under reasonably free conditions, have seemed a reflection of the power of the state rather than an expression of the will of the electorate. And such samples as have been taken indicate that the average citizen in an emerging society places economic development and social order ahead of political democracy in his basic priorities.

It would be grossly unfair to categorize all politically open or quasi-open systems in Southeast Asia as manifesting these traits, at least in their starkest form. As we shall soon indicate, both trends and potentialities are decidedly mixed. However, in comparing the 1950s with the 1980s, the broadest developments are clear: the retreat from parliamentarism and competitive politics has been widespread in the region, and generally accompanied by an increase in power for the military, shared or otherwise. While terms such as democracy and freedom continue to be extensively used, it is "guided democracy" and "freedom within the law," subject to official interpretations convenient to the situation at hand. In addition, faith in liberalism appears to have weakened, even in intellectual circles, replaced by doubt or lassitude. But the important fact is that Western-style parliamentarism in Southeast Asia has never really penetrated the great rural hinterland, whatever superficial signs to the contrary. It has thus existed as an implant in a political culture that has repeatedly sought to reject it as a foreign body.

If political liberalism has faltered in practice, Marxism-Leninism in operation has fared worse. In some instances, Marxism did appear to penetrate rural Southeast Asia, and certain Marxist-Leninist doctrines had a greater compatibility with the traditional culture than their liberal competitors. But in the end, rather than promoting unity and communal contributions to social and economic progress, communism in action produced conflict in the village as well as at higher levels. And where communism has achieved power, the strongly elitist structure spawned by a one-party dictatorship has generally led to a cult of personality—the glorification of a single individual at the expense of all others. The source-springs of democracy—constitutionalism, elections, and human rights—have been honored in the breach despite repeated guarantees and periodic rituals. But most importantly, Marxism-Leninism, when dominant, has failed to deliver in precisely the area of its claimed primacy—materialism. After the spurt that can be provided by a concentrated mobilization of resources—natural and human—the absence of incen-
tives and the rigidities of a centralized, planned system increasingly make themselves felt.

It is thus not surprising that disillusionment with Marxism-Leninism is now widespread, especially in intellectual circles. Only in the Philippines, where grievances are intense and experience with hard authoritarianism is limited, is Marxism-Leninism enjoying a certain vogue among young intellectuals today.

It is to be noted that the ideological trends generally characteristic of Southeast Asia are not unique although the specifics may differ. The decline of ideology in the West in favor of a pragmatic, individual and interest-group-oriented approach, ad hoc and particularized, was noted years ago, but few if any observers realized how far this trend would go. The mark of the "advanced, industrial society" at present is one where special interest groups claim priority in attracting the citizen's loyalties, where the media compete with government for power and the shaping of attitudes, and where the sense of community in its traditional form has been greatly weakened.

It was not foreseen at an earlier point that religion would reenter politics forcefully, seeking to fill the vacuum left by secular leaders. In societies undergoing the trauma of rapid socioeconomic change (not least of all the "advanced West"), with old beliefs and lifestyles being assaulted on every side, the demand for a value system that can provide psychic relief rises. If modernists cannot provide such a system, traditionalists will seek to answer the challenge. Pragmatism, whatever its strengths, does not provide emotional satisfaction. Thus, fundamentalist Islam, Christianity, and Judaism have come to the fore, their spokesmen seeking to replace the fallen banners of secular leaders with new ones. Taking advantage of the confusion that surrounds contemporary liberalism and Marxism and alert to the uprooting that accompanies modernization, the defenders of religious faiths have left their retreats and are marching forward.

The political scene in Southeast Asia today is in broad conformity with global trends. Here too, we are witnessing the reassertion of values providing solace to individuals caught up in the maelstrom of rapid socioeconomic change. It should never be forgotten that the revolution going on in the world today is in those societies where the pace of economic growth is fastest. The revolution that has unfolded in the United States over the past four decades and in Japan for three decades is now picking up momentum throughout the region encompassed by ASEAN. All of these countries are vastly more revolutionary than most states flying revolutionary banners. Socialism, rigorously applied under Leninist principles, leads at some point to stasis and a profound resistance to further change, a condition that Chinese leaders are now seeking desperately to correct.

In the prevailing revolutionary context, it is natural that Islamic spokesmen would challenge national powerholders in a variety of ways in the Philippines, Indonesia, and Malaysia—even in Thailand. In some cases, this represents the voice of an embattled minority, in other instances, the effort to speak on behalf of the silent majority. Generally, concrete economic, social, or political grievances provide the foundations for the religious appeal, contributing to its potency. And in
confronting this challenge, the state faces certain novel conditions. Both liberalism and Marxism are dependent upon elitist support and leadership. They demand an intellectual base. But religion, in or out of politics, is generically a mass movement, with a leadership close to the grass-roots level, rarely coming from existing economic or political elites. There are exceptions. In Burma, Ne Win had pagodas built and cultivated Buddhism precisely to legitimize his rule and rally the population in traditional fashion. Yet the umbilical cord connecting religion to traditional leadership has generally been cut or loosened in Southeast Asia. Contemporary religious spokesman are adrift from an increasingly secular state, thereby released from earlier functions and obligations.

POLITICAL LEADERSHIP AND INSTITUTIONS

To provide the fuller context in which the recent challenges have been raised, key political trends at the national level must be probed. The first-generation revolutionary leadership of Southeast Asia, as was generally true in similar situations elsewhere, was composed of men whose primary talents, as noted earlier, lay in mobilization and the creation of a nation-state out of what had been disparate peoples. These were individuals long immersed in movements, skilled in exhortation and confrontation. Their interest in or training for development was limited, but they possessed that quality that has been loosely termed charisma, the capacity to attract support through their quasi-religious, nonrational appeal. In men like U Nu, Sukarno, Tengku Abdul Rahman, Lee Kuan Yew, and—one might add—Ho Chi Minh, the traits of personalized leadership, with its supernatural overtones, were to be discerned, Westernizers though they were. And this was essential since, as has been indicated, the traditional institutions of state, including the monarchy, had disappeared or been greatly weakened. Thailand, of course, was an exception to this condition, accounting for certain important differences in the evolution of modern Thai politics. The Philippines also represents a special case because of the unique political policies of the United States as colonial power.

It has been commonplace to assert that charisma was lost or diminished in the second-generation leaders who emerged in Southeast Asia and elsewhere. This is partly true. The new leadership in certain instances came from the military class and could, therefore, rely to a considerable extent upon the power of the gun rather than upon political mobilization. Moreover, in varying degrees, the new leaders committed themselves to less romantic tasks than those of espousing globalism or rallying the masses for foreign adventures. Turning inward, they sought to construct new economic foundations, and for these purposes, they had to call upon that portion of the intelligentsia we label technocrats. A loose partnership, hierarchical in nature, developed, most clearly in evidence in Indonesia. But even in societies where civilian control was maintained, such as Singapore and Malaysia, a similar trend could be seen.

As national priorities shifted and the technocratic or bureaucratic class rose in prominence, protected by military power, the premium upon the charisma of the
individual leader declined. Yet it would be highly misleading to imply that the qualities of traditional leadership are absent in men like Suharto, Ne Win, or Prem. Each man reflects in a very fundamental sense the historic antecedents of his society. Indeed, in the absence of firm political institutions, it is the traditional qualities within these men that offer some degree of protection against the onslaughts of such challengers as the religious fundamentalists.

In this respect, a confrontation ending in compromise arose in Malaysia when Mahathir, the current leader and a man with a strongly "modernist" background, chose to attack the one remaining bastion of tradition, the monarchical institution. But it is also instructive to note that Mahathir, while modernist, has long championed the Malay in this multiracial society and gone a considerable distance in seeking to redress ethnic socioeconomic imbalances, thereby seeking a favorable setting for control over the fundamentalists.

In a very different manner, the situation in the Philippines has been precarious. Here, national political traditions lie with Western-style democracy, and the break from that tradition exposes Marcos to attacks from various quarters, with his defense dependent upon his native shrewdness, ward politics, the spoils system, and, perhaps above all, military loyalty.

It should not be presumed, incidentally, that personalized leadership is of little consequence in societies where political institutions are more firmly established. Witness the phenomenon of Ronald Reagan. Nonetheless, if Reagan were suddenly to pass from the scene, there would be no succession crisis. The established procedures would prevail. In this respect, Southeast Asia presents a different picture, requiring us to examine the institutional, as apart from the ideological, trends prevailing.

The most basic institutional division within Southeast Asia is that between those societies (Vietnam, Cambodia, Laos, and, for practical purposes, Burma) committed to a one-party dictatorship and a Leninist system, and the remaining societies which pay allegiance to a political choice and limited government, at least as a goal. Within both the socialist and nonsocialist states of the region, the role of the military constitutes a variable of major significance. While the party officially controls the gun in the three Indochina states, the military voice within the party has always been considerable, as befits a guerrilla party. Yet in no instance has the military been dominant. The situation is different in Burma where a military dictatorship exists, with the party—in this instance, the Burma Socialist Program party—simply a vehicle for military control.

In the nonsocialist states, military power within the political structure varies. In Indonesia, it remains preeminent; in Thailand, at least co-equal; in the Philippines, rising. In Singapore, Lee Kuan Yew and his People's Action party reign supreme, but his son—and, some feel, his ultimate heir—has been brigadier general in the small Singapore army. In Malaysia, the military has not been a critical political factor up to date.

It is not surprising that military power has generally been ascendant throughout Southeast Asia. The earlier failures of liberal institutions; continuing internal reli-
gious, ethnic, and regional divisions; and conflicts, actual or potential, with neighboring states have all been conducive to that end. The first task of the military has naturally been to impose order, and in relative terms, this has been accomplished, except in Burma and the Philippines. The developmental tasks have been handled with varying results, the mixture of successes and failures not differing notably from the record of civilian-led administrations, suggesting that generalizations on the relative effectiveness of the military versus civilian governance with respect to socioeconomic development are of dubious validity.

As development has taken place, however, and increases in literacy and affluence have developed, the issue of the military role in the political system has loomed ever larger in such societies as Thailand and Indonesia. Generally speaking, a mixed military-civilian rule prevails in these two states, with differences in balance and structure. Military dominance exists in Indonesia, but with Golkar, the government organ, a vehicle for nonmilitary representation and other parties permitted within carefully prescribed rules.

Here, the governing elite are committed to constitutional rule providing for elections with limited competition, a parliament with limited powers, and political rights for the citizenry limited both by law and occasional fiat. But these very commitments, and the pluralistic, changing society to which they apply, make for a fluid situation. Indonesia will have a dominant party system under military leadership for a considerable period of time, but it is virtually certain that this system must either evolve to accord with the changing nature of Indonesian society or face recurrent challenges.

Those challenges can best be mobilized at present from a religious base, as suggested earlier, but they will come from other quarters at a later point if the mechanisms for enlarging political participation and responding to socioeconomic grievances are not effective. Here as elsewhere, the gap between the polity and the society, between traditional politics and a socioeconomic revolution, can threaten stability if allowed to grow.

In Thailand, the issue of the military role in politics is also vital. Here, a type of political dualism exists. On the one hand, the military establishment, itself replete with various factions, operates as a powerful decision-making body, semiautonomous in structure yet intertwined with the larger political system. On the other hand, the major political parties, civilian-led, are essential to the operation of both the parliament and the administration, as provided by the constitution. This delicate, uncertain balance is periodically threatened by coups d’etat, but continues—partly because it has had the powerful sanction of the monarchy. The latter institution remains the most powerful in the nation partly because it has rural as well as urban roots, although concern is being expressed about its future. Thailand, like Japan, illustrates the utility of using the past to build the future, rather than taking the risks of razing traditional political institutions in an effort to create entirely new ones—only to be forced to re-create those old institutions in disguised form.

Abundant evidence is available to illustrate the latter course, not merely in the degree to which current leaders partake of traditional qualities, but in the new
dynastic politics of the Asian world. In polities as different as North Korea and India, children are succeeding parents, and more broadly speaking "princes and princesses" (children of powerful figures) are playing prominent roles in the People's Republic of China, Taiwan, the Philippines, and Singapore, among other places.

If Indonesia and Thailand represent societies where the issue of the military role in politics has long been present, in the Philippines that issue is only beginning to emerge. A lengthy period of martial law during which military power has steadily advanced, the multiple problems of political liberalism in recent years, and the rising threats of violence—Communist and Islamic—now pose critical questions for both military and civilian elites, with the political outcome uncertain. A military regime, however, if it were to come into existence, would not be the product of a popular consensus and would thus confront grave problems of legitimacy.

In Burma, until recently, stagnation has been turned into a strategy for stability, albeit with some attention devoted to the Burman peasantry. Now that a decision to turn outward in modest degree has been reached, will the politics of development ultimately come into play? If so, the issue of military rule will sooner or later be raised, but first, it is likely that a more general issue will come to the fore: namely, the urgent necessity of a new, technologically oriented class—drawn from military and civilian ranks alike—to bridge the enormous gap that now separates this backward society from most of its neighbors. The old Westernizers of Burma are gone, and their ranks remain unfilled by the newer generations. Here, traditionalism has held sway—village priorities with antiurbanism flourishing; the pagoda as the center of life; xenophobia and isolation—the very forces that exist throughout Southeast Asia, but which have been dominant in Burma for several decades. Burma is thus a society out of phase with the region to which it belongs, but now half-preparing to enter a cycle long since under way elsewhere.

For other Southeast Asian societies, the issue of military power is less prominent. Brunei is currently protected by the citizens' allegiance to traditional institutions. A city-state like Singapore lacks the requisite socioeconomic structure to furnish support for military governance barring powerful external threats. Malaysia made a crucial transition to civilian-led independence via heavy reliance upon leaders and institutions connected with the traditional past and, with this assistance, demonstrated a capacity to prevent sustained communal violence. The latter capacity remains critical to civilian rule.

Thus far, our discussion of political institutions has focused centrally upon the issue of the military role in politics. We have noted that military dominance occurs both under conditions of one-party dictatorship and dominant party systems. But the military can also play a substantial role in systems where competitive politics is a more prominent feature of the institutional structure, such as in Thailand. If we now shift attention to the issue of how the citizens' views are articulated—namely, the electoral system and the party structure underwriting this system—Southeast Asia provides examples of only two patterns, Thailand partly excepted: the one-party dictatorship and the dominant party system. Even in Malaysia, Singapore, and, more recently, the Philippines where competitive politics operate with
greatest freedom, circumstances have guaranteed long-term continuity to a single party or coalition. There is good reason, moreover, to believe that the dominant party system is essential to the survival of parliamentarism and opportunities for civilian rule in this region for the near term at least. The current social and economic structure of Southeast Asian societies, with deep fissures lying immediately under the surface, does not permit the luxury of the pluralistic, highly competitive party systems of Japan and the West, as past efforts to operate such systems demonstrated. When and whether the further development of these societies will permit a widening of the political arena in these respects remain to be seen. But to preserve the dominant party system against the threat of one-party dictatorship and, when possible, to broaden the arena of legally permissible disputation and dialogue remain the central tasks of the political modernizers.

The latter task raises frontally the status of the political liberties afforded the citizen under the institutions now prevailing. None of the states of the region permits the degree of political freedom permitted the citizen of Japan—or India. The chief reason, apart from cultural antecedents and elitist proclivities, relates again to the multiethnic, multireligious composition of these societies. The fact is that the diverse ethnic and religious groups now encased in a single political entity are generally not in the process of being socialized into a more broadly based political allegiance that surmounts their subculture. On the contrary, progress in race relations and in religious tolerance is extremely limited, and in some instances, retrogression appears to be taking place. Witness such situations as the endemic conflict between the Burmans and the Karens, Shans, and others; the gulf between the Thai and the hill peoples to the north and the Muslims to the south; the chasm between the Indonesians and the inhabitants of West Irian. The list could be extended, and brought closer to the core of each society, such as in the case of the Malay-Chinese division. Between and among such groups, a reservoir of suspicion, even hatred, exists that national policies have rarely countered effectively. Even within the dominant racial, ethnic, or religious groups, cleavages along subcultural and regional lines can be critical. Until these cleavages are bridged in greater degree, total freedom is far too dangerous to be allowed at the mass levels.

Greater subtlety applies with respect to freedom for elites, including the intellectual class. Some quasi-authoritarian societies here and elsewhere permit the intellectual considerably greater freedom than may be apparent on the surface, as long as it is confined to speeches and writings that do not extend deeply into the public arena. In such societies, there is a dual culture for the intellectual: that which he may pursue in his circle of friends and in the confines of his own private environment, and that which he may express as a public figure or political activist.

No state can totally control thought, expression, and organization. Even Vietnam, with thousands still in “reeducation camps” and prisons, is forced to tolerate the Catholic church, including its connections with the Vatican. That this is a tactical decision, determined by the possibility of splitting Catholics and winning a majority to the cause of the new state rather than seeking to destroy them, makes it no less revealing.

The challenge ahead for most of the Southeast Asian states is clear: As econom-
ic development and social change expand, an ever larger proportion of the populace will show an interest in, even a demand for, some form of meaningful political participation—but will the old hatreds based on ethnic and religious lines have diminished? Will greater public participation in politics advance or undermine stability?

This leads directly to a final consideration, namely, the appropriate means of organizing the citizenry. From the outset of their campaigns against colonial rule, nationalist leaders were quite naturally drawn to highly centralized political structures. They saw the supreme need to be that of orienting their people around a physical center, the capital, and of building national institutions that would concentrate power. Indeed, the new politics was essentially the politics of an urban, educated class. Only the communists made a sustained effort to penetrate the rural areas. Short shrift was generally given to demands for local autonomy or the type of infrastructure at the local level that might have provided a greater degree of integration, with the village having institutional ties with the national government.

In such policies, once again, the model provided by the advanced industrial societies was influential. From the early twentieth century, the drive in the West had been toward centralization. The rural environment was generally relegated to a secondary concern—culturally, economically, and politically. Modernity in all of its facets was equated with urbanism. At the same time, as the welfare state came into vogue, good government was defined increasingly as a benevolent national government, steadily augmenting its power so as to dispense greater social justice (and homogenization) throughout the land. Only recently have these trends been challenged in the West, with a new emphasis upon readjusting power within the political arena to afford regions and localities a greater measure of authority and responsibility. It remains to be seen how far this new, somewhat radical trend will go, but it has engendered more interest in American society than any political idea of the past fifty years.

Might this development be profitably studied in Southeast Asia? If greater unity is to be achieved, the legitimacy of government strengthened and the gaps separating the rural from the urban sectors, and the capital from the rest of the country reduced, should Southeast Asian leaders not reexamine the basic premises upon which political modernization has rested in recent decades? A strong rural infrastructure, providing incentives that can produce a greater distribution of talent throughout the state and greater authority for regions within the state to pursue experimental courses, might in the long run provide a stronger economic and political basis for unity than the overcentralization currently existent.

SUMMING UP

There is reason to be cautiously optimistic regarding the future of Southeast Asian politics. The difficulties and hazards are on the surface, for all to see. Yet a number of factors offer hope. In general, the economies of the region are vigorous despite recent problems, and programs are being devised to take advantage of regional strengths, both in resources and manpower. Conditions are propitious, more-
over, for increasingly constructive interaction with the dynamic industrial societies of the Pacific rim. Southeast Asia should be one of the most rapidly developing areas of the world in coming decades, and while this will create new political challenges and problems, it will also provide the foundation for political stability if properly utilized.

In addition, most states in the region have gravitated toward a political system, which, however imperfect, accords reasonably well with current capacities. More importantly, that system in most instances is sufficiently flexible to make future evolution possible. The test, to be sure, is precisely here: Can governing elites alter political institutions so that they keep pace with the ongoing socioeconomic revolution? No doubt, periodic crises will erupt, but systemic upheavals of massive proportions seem unlikely as long as flexibility and adjustment are a built-in part of the institutional system and political process.

Challenges from primordial forces within the society are currently on the upswing, and these will remain strong for reasons advanced earlier. Underlying them, as we have noted, will be specific economic and social issues—but if the conditions are ripe, religious or ethnic banners can rally the masses with great effectiveness. To cope successfully with such causes, it will be necessary among other things for secular leaders to revitalize the ideological component of politics. Individuals everywhere must have values by which to live, and the polity cannot afford to abdicate the task of establishing those values to particularistic elements within the society.

Although the challenge from the so-called Left is presently at a relatively low ebb, taking Southeast Asia as a whole, it can still present a challenge in those few instances where the prevailing system is failing. But Marxism-Leninism is too seriously discredited to be the wave of the future, here or elsewhere. External political interventions such as those carried out earlier in the region by the Soviet Union and the PRC are much less likely to be influential even if they are again attempted. Military interventions, to be sure, represent a different type of threat, but if they occur, they will be based on considerations of national interest, not ideology.

If these are reasons for cautious optimism, three developments are required to maximize the political potentials of Southeast Asia in addition to increased attention to ideology. First, the general balance of political power should be gradually shifted from the military class to civilians, under regularized constitutional provisions that ensure the military a strong voice in matters affecting the security of the state, but allow the apex of the political system to rest with a parliament representative of diverse groups. A society with a rapidly broadening socioeconomic base and an expanding literate middle class will not long accept military rule without rising protest. Second, the dominant party system should be retained at this time, but with an ever greater premium upon garnering dominance by creating self-generating coalitions based upon satisfying the basic needs of the citizenry (as in Malaysia and Singapore to date), not by means of coercion or corruption. Finally, experimentation with decentralization of power in various forms should be pursued so that a genuine nation-state is created through a hierarchy of more vigorous local and regional institutions, thus enabling greater participation in political processes at the all-important grass-root levels.
3. Southeast Asia: Politics in Context

K. S. Sandhu

It may be helpful to set the Southeast Asian political scene in its wider and fuller context, starting with its cultural setting. Here one is generalizing, but there is a fundamental difference in how life is viewed in, say, Asia as a whole or in Southeast Asia. In our traditional cultures, by and large, there is no concept of privacy. Many, if not most, of us have it now, but it is an acquired concept. Second, our traditional norms do not have a concept of individual rights. We have instead concepts of responsibility. Likewise, there is less rigidity in seeing things in purely "right" and "wrong," "good" and "bad," or "white" and "black" terms. Reality thus may be frequently perceived as lying in between seemingly irreconcilable absolutes. Similarly, progress is seen to be made not so much through tension, but through accommodation. True, many of the foregoing norms and value systems are undergoing change as they come into contact and conflict with others. Having said this, however, we still cannot afford to ignore the factor of the traditional cultural matrices. And I hope my academic and intellectual friends will forgive me when I say that what urges the vast majority of Southeast Asians is not necessarily what agitates the relatively tiny group of academics, intellectuals, and other "liberals."

In a historical context, we need to bear in mind what the present leadership went through. For instance, it is really ironic that this leadership fought fiercely against their colonial masters, castigating them for what they had done to Asian societies and their institutions. Then they went on to create what? Carbon copies of exactly what they had been fighting against! Let me give you one example. Southeast Asian nationalists bitterly complained of brother being divided from brother by artificial boundaries established by colonial rulers. Yet on gaining independence, these same nationalists were prepared to shed blood to safeguard the very same boundaries they were earlier rebelling against! So, in a historical sense, many contradictory and conflicting political and ideological strands make up our inheritance. This amalgam has seen experiments with almost all forms of political institutions. Most of them have been found inadequate, and the process of trying to find something that might work is still going on. Critics might remark that these
efforts are but the tactics of bankrupt politicians and that all they are trying to do is institutionalize their own power. In some cases, yes; maybe even in the case of the majority. However, there are political leaders who may be ahead even of intellectuals and others in political thinking and who are genuinely concerned with fashioning institutions and systems that might work and last in the region.

In the Southeast Asian setting we are seeing a whole host of political experiments being tried. You name it, in terms of institutional structure, and it is being tried in the region. Also, it is being experimented with in a context in which the pace of change is such that something which took Europe two, three, or four hundred years to achieve is being attempted in a time span telescoped into two or three decades. Aspirations of people are operating at a different pace, and this pace requires quite different responses in quite a different time span. We have to keep this in mind when we are trying to understand what is being done. Then, there is the question of the types of governments and governmental institutions in the region. Here, I am not convinced that the vast majority of the people of Southeast Asia are terribly concerned with the structure, institutionalization, conceptualization, or what have you with regard to the type of government they have—that is, whether it conforms to some Westminster model, or whether it is military in form, or whether it is something in between. This is not to say that the form of government is of no concern. Rather that, by and large, people are more concerned with the style of the government, the manner in which it treats individuals and groups, whether it is delivering the goods, and whether there is a sense of humanity in the way it deals with human problems in general. Put another way, it is more the behavior, conduct, and achievement of the government that is likely to lead people to judge whether or not they are in step with government. In short, assessment of government by the majority of citizens is likely to be influenced by such concerns as the foregoing rather than by whether their government is transgressing some esoteric political norm or legal requirement.

Irrespective of the types or forms of government, there is, however, no substitute in the long run for government sensitivity to its people's aspirations and the participation of these people in decisions that affect their lives. To think that the so-called "ignorant" farmer, sitting somewhere, say, in northern Thailand is not concerned with how his government arrives at a decision that affects his livelihood is a lot of nonsense. Therefore, governments must develop at least some degree of participation in the making of decisions by those who are affected by such decisions. In some cases, the desire for this is likely to be more intense than in others. If anything, the intensity is likely to increase with economic success. As people get better educated, better fed, and so on, the desire to be consulted is going to increase, not decrease. The last Singapore general election is a good illustration of this: that is, success has its own costs, its own benefits, and its own problems.

Looking ahead, there are many challenges that face Southeast Asia. The first of these is that populations are still growing at a fairly rapid rate, both in numbers and in aspirations. Younger people are better educated than their grandparents and parents. They are now the so-called masses. They are asking for a greater participation and
share in the wealth of the nation. They will no longer brook mere promises or platitudes. They want concrete results. And these "masses," in time to come (in fact, it is already happening), are not going to be in the rural areas. They are concentrated more and more in urban areas, in the cities. I think, in the future, some of our basic population problems, in terms of the politics of population, are not going to be so much rural-based but urban. When we get cities of 25-30 million people, we will not be talking just about housing, roads, or schools, but rather of the political potential of unprecedented concentrations of people; talking, in a way, not so much of rural areas taking over urban areas, but the other way round. In highlighting this dimension of population, I do not wish to downgrade the perennial problem of how governments are going to provide people with their basic wants, but to underscore the need to look at other aspects of population that are likely to become serious contenders for attention in the years ahead.

Equally, if not more, important is the need for governments to seriously devise systems in which there is a guarantee of a modicum of economic and social justice for the people as a whole. One does not have to be a Marxist to stress this, nor a great political scientist. It does not require much more than simple common sense to know that there is something inherently wrong in inspecting slums in a Rolls-Royce. It is not only obscene, but stupid. Put another way, one of our great problems, likely to become even more critical, is the juxtaposition of relative poverty and ostentatious wealth. The resolution of this and other similar contradictions in many of our societies is going to be even more imperative and compelling than what we have had to cope with in the past. We cannot just sweep these problems under the carpet. That carpet is very likely to fly in our faces. And this applies not only to countries like the Philippines, but to much of the region. Thanks to the Japanese transistor radio, people hear of the sharp contrasts of wealth and poverty, of the different lifestyles of the privileged and the masses. Now, thanks to transistor television sets, they see these contrasts with their own eyes. With progress in information technology, the impact in the days to come is going to be even greater. When such disaffection and perceived inequities are combined with concerns of ethnicity, identity, religion, and of being a minority, they create a formidable and volatile force. And in terms of issues relating to ethnicity, religion, or minority aspirations, we are just beginning to see the tip of the iceberg. Any one of these, let alone a combination of two or more of them, is likely to tax the ingenuity of governments to cope with the problems and passions involved, and this is likely to be particularly true with regard to minority groups.

Finally, the developments and changes outlined above are going to demand governments and the leadership to come up with solutions, rather than quick-fix palliatives, that is, solutions that will be lasting in the long-term sense. This requirement immediately brings us to the quality of the leadership in the region. If we cannot improve the quality of this leadership—that is, graduate to leadership individuals who can think through the problems outlined—and do so not only in terms of just safeguarding their particular positions, we are going to be in serious trouble.

I would like to conclude by saying that despite the stability in general in Southeast Asia (which, in a way, is something to be proud of)—that is, relative stability in spite of
rapid economic and social change), the political challenges facing the region are never­
theless enormous. They are even more so when coupled with the economic and social
imperatives characterizing our area. On the other hand, looking at the other side of the
same coin, so are the opportunities. That is why it is so exciting and so worthwhile to
be in an area like Southeast Asia. It is truly an area where, if one has the will and the
gumption, one can find real fulfillment.
II. POLITICS AND FOREIGN POLICY OF THE ASEAN STATES

4. Thai Domestic Politics and Foreign Policy

Ansil Ramsay

INTRODUCTION

Thailand began the 1980s facing three formidable problems: finding an appropriate balance between military and civilian political power, refashioning an economy that appeared to be developing serious structural difficulties, and dealing with the consequences of the Vietnamese occupation of Cambodia. Many analysts believed that the Thai government was incapable of addressing these problems effectively or even of staying in office for more than a few months at a time. The difficulties were typified by the cabinets led by Prime Minister Kriangsak Chomanan from 1977 to March 1980. Despite his widely acknowledged abilities, he was unable to hold together the civilian elements in his cabinets or to prevent an increasing accumulation of power by General Prem Tinsulanond, the army commander-in-chief. In addition, Kriangsak experienced major difficulties in foreign affairs. He was initially very successful in working toward accommodation with the communist governments of Vietnam, Laos, and Cambodia. The assumptions upon which this accommodation were based broke down, however, with the Vietnamese invasion of Cambodia in December 1978. His government finally collapsed in 1980 as a consequence of widespread protest after it attempted to raise the price of electric utilities and petroleum products in an effort to reduce budget and trade deficits.

These difficulties, following substantial political instability in the 1970s, led a number of observers to predict that Thailand faced a bleak decade in the 1980s.

I would like to thank Suchit Bunbongkarn, Sukhumbhand Paribatra, Surin Pitsuwan, David Adams, David Feeny, and Clark Neher for their comments on an earlier draft of this chapter. They, of course, are not responsible for remaining errors or for the interpretation of Thai politics contained in the chapter.
Some even suggested that revolution was a distinct possibility. Others were not this pessimistic but, nevertheless, foresaw continuing political instability, worsening economic difficulties, and a rudderless foreign policy.¹

These forebodings have proved groundless. Cabinets have changed, and a coup d’état was attempted in 1981, but the constitutional framework that was established in 1978 has survived. Furthermore, Prem Tinsulanond has served as prime minister of a constitutionally based government longer than any other prime minister since the overthrow of the absolute monarchy in 1932. While serious economic difficulties such as trade and budget deficits remain, others such as inflation have been brought under control. Even the Vietnamese occupation of Cambodia has proved less threatening than anticipated and has had the enormous unexpected bonus of crippling the Communist Party of Thailand (CPT).

This chapter will examine two questions suggested by the failure of pessimistic predictions to anticipate accurately developments in Thailand in the first half of the 1980s: (1) Why has the present regime been more enduring than anticipated? (2) Can it continue to endure, or will interlocking political, economic, and foreign affairs difficulties eventually lead to the downward spiral predicted for Thailand by so many observers at the beginning of the decade?

One answer to the first question might be that the current regime has endured simply because Prime Minister Prem is the only leader acceptable to the throne, a fragmented military, the various political parties, and the public, not because it has any institutionalized basis for survival or legitimacy in its own right. This chapter suggests a different answer. It argues that while the current regime has survived in part because of personal support for Prime Minister Prem, credit is also due to substantial political changes in the last decade that have led to the emergence of a new kind of polity in Thailand. This polity has made a coup d’état more difficult and has been able to provide a measure of stability and continuity that could no longer be provided by Thailand’s previous bureaucratic polity or by the open, democratic polity that lasted from 1973 to 1976.

**FROM BUREAUCRATIC POLITY TO BOURGEOIS POLITY?**

For years Thailand was described as a bureaucratic polity or a political system, such as the following:

Cabinet members, for the most part, have been officials who have risen to political eminence; and in the conduct of their roles as members of a ruling circle, cabinet

politicians have shown themselves more responsive to the interests and demands of their bureaucratic subordinates than to the concerns of interest groups, political parties, or legislative bodies outside the state apparatus.²

Within this framework the military has been the dominant political institution. The bureaucratic polity survived into the early 1970s without serious challenge, but substantial economic and social changes, especially those of the 1960s, undermined its support and led to its collapse in 1973.

The most significant of these changes was economic growth based upon rapidly increasing exports of primary products, a growing service sector, and the expansion of an industrial sector producing textiles and other light industrial products for export and an array of consumer goods for the domestic market. Rapid growth in the 1960s was also substantially aided by a favorable climate of world trade, cheap energy costs, and high levels of aid and foreign investment.

This pattern of economic growth facilitated the development of several significant social forces. The most notable was a Bangkok-centered business elite dominated by major banking families and commercial and industrial firms associated with these banks. Beyond this business elite were thousands of owners of smaller firms, white-collar employees, shopkeepers, and professionals, making up a new middle class. Finally, industrial development, which was concentrated in Bangkok and its surrounding provinces, led to a growing concentration of workers in the Bangkok area.³

It is not surprising that economic development brought increased criticism of the bureaucratic polity and military domination of politics. As Huntington and Nelson point out, the cross-national and longitudinal evidence to support the proposition that there is a link between economic development and increased demands for participation "is overwhelming."⁴ In Thailand each of the newly expanding social forces had reason to dislike the restrictions of the bureaucratic polity. Many businessmen were "disenchanted with its outmoded, inefficient, and restrictive paternalism,"⁵ and there was growing awareness that the officials of the polity needed


⁴Samuel P. Huntington and Joan M. Nelson, *No Easy Choice: Political Participation in Developing Countries* (Cambridge, Mass.: Harvard University Press, 1976), p. 43. They also note that there can be considerable variations between the two. The values of the political elite can have a major effect, e.g., "in shaping the participation patterns of a society" (p. 27).

⁵John Girling, "Thailand in Gramscian Perspective," *Pacific Affairs* 57(3) (Fall 1984):345.
businessmen more than businessmen needed officials. The aspirations of the new middle class were threatened by growing economic problems in the early 1970s and by unemployment. Many intellectuals chafed at the restrictions on intellectual and political discourse and had growing contempt for the political leadership during the early 1970s. Workers were prevented from organizing effective unions to bargain for higher wages and better working conditions. In addition to these specific grievances against the military domination of politics, there was a growing belief among these groups that military rule was simply no longer appropriate for Thailand in the 1970s.6

These attitudes, coupled with growing corruption in the regime, economic incompetence, and rivalry within its ranks resulted in the student-led rebellion of 1973, which toppled the regime and introduced a three-year period of constitutional politics with a more open political process. The initial euphoria of overthrowing the regime quickly eroded as a consequence of economic difficulties, unstable governments, and growing political polarization between forces on the right and the left. The democratic experiment ended in October 1976 when military leaders seized power in a coup d’état. This coup seemed to be one in a long history of coups that punctuated the end of yet another experiment with electoral politics. A leading scholar of Thai politics concluded that by the late 1970s Thailand had reverted back to a bureaucratic polity.7

This interpretation is misleading and ignores substantial changes in Thai politics. These changes help explain the unexpected staying power of Prime Minister Prem, his administration’s successes in solving certain economic problems, and the resolute foreign policy stance toward the Vietnamese. These have been made possible precisely because Thailand did not revert back to a bureaucratic polity, but rather turned to a compromise between a bureaucratic polity and the open politics of 1973 to 1976. There seems to be no concept that adequately describes this new polity. In some respects it resembles what Huntington and Nelson term a “bourgeois” model of development. In this model political participation is expanded to encompass the urban middle class and economic growth proceeds reasonably rapidly. Economic inequality also increases, both as a concomitant of economic growth and as a result of the utilization by the middle class of its political power to further its own ends. The development of electoral and parliamentary institutions that provide channels for political participation by the bourgeois-

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6 See Girling, *Thailand*; and Morell and Samudavanija, *Political Conflict*, for an elaboration of these points.

7 Girling, *Thailand*, p. 219. To be fair to Girling, he has since modified this view. This is particularly evident in “Thailand in Gramscian Perspective.” His previous conclusion is also similar to Chai-anan Samudavanija’s discussion of the vicious cycle of Thai politics described as locked into a repeating cycle of coup d’état, constitution, political parties, election, legislature, ‘honeymoon’ period, crisis, and coup d’état.” See Chai-anan Samudavanija, *The Thai Young Turks* (Singapore: Institute of Southeast Asian Studies, 1982), pp. 1–5; this discussion suggests the possibility of breaking out of this cycle.
middle class groups also helps promote at least short-run political stability.8

In Thailand today political participation in decision making clearly extends to "bourgeois-middle class groups" and is no longer the sole province of employees of the state. The most significant of these new groups are members of the business elite, who have come to play a major role in Thai cabinets and in economic decision making.9 They are no longer the "pariah entrepreneurs"10 of the bureaucratic polity. Other groups from middle-class backgrounds have also increased access to decision making. These include leading academics, who serve as advisers to the prime minister and other high officials, and an increasingly influential group of technocrats in key economic ministries.11

Two caveats are in order. The first is that the present polity also includes some access for labor unions, especially on such issues as the minimum wage. Participation is not limited solely to middle-class groups.12 The second is that the military still plays an extremely important role in decision making. The present polity is very much a compromise between civilian and military power, not a full-fledged "bourgeois" polity as described by Huntington and Nelson.

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8 Huntington and Nelson, No Easy Choice, p. 22. Robert Scalapino has pointed out that there are serious problems in using this term for developing countries. One is that the bourgeoisie in these countries are often mercantilist or clients of state power. They are not necessarily liberal in the European sense. A second is that the term excludes the intelligentsia, who are often a significant part of a new middle class. He suggests that discussing a more pluralistic middle class might be more useful than using the term bourgeoisie. In addition to these problems there is the connotation that developing countries with an emerging "bourgeoisie" will follow European patterns of political development.


12 On the role of unions in minimum wage setting, see Nation Review, June 25, 1984, p. 1; and Business in Thailand, March 1984, pp. 76–78. A good account of their recent history and role in politics can be found in Arnold Wehmhöner, "Trade Unionism in Thailand—A New Dimension in a Modernizing Society," Journal of Contemporary Asia 13(4) (1983):481–97. As Wehmhöner notes, the ban imposed on strikes after the 1976 coup was lifted in 1981. Wehmhöner suggests that trade union goals are similar to those of the urban middle class, i.e., "to receive a bigger share of the fruits of development, protection of their urban lifestyle, and more participation in political affairs" (p. 489). He even suggests that trade union members are part of the new middle class, but this seems to be too flexible a use of "new middle class."
The institutional framework for the new polity is the 1978 constitution, which established an elected House of Representatives and an appointed, military-dominated Senate, which could sit with the House to vote on bills affecting national security, the budget, the throne, and votes of no confidence. The clauses that gave the Senate these powers expired in 1983 despite major efforts by some military leaders to amend the constitution to retain a strong Senate and give senators the right to be appointed members of the cabinet. As a consequence, while active members of the military and civil service can now be appointed to the Senate, they cannot be appointed to the cabinet. Furthermore, the “military-dominated Senate would no longer be permitted to sit in joint session with the lower house to deliberate on legislation or to vote on no-confidence motions.”

The defeat of the amendments is significant partly as a triumph for parliamentary government, but also for limiting military access to cabinet positions while continuing to provide access for leading businessmen-politicians. Their extensive funding of political parties in recent years can best be understood in this context. The parties provide them with access to cabinet positions and control over the use of authority.

While the cabinet is the centerpiece of the present bureaucratic-parliamentary compromise, other institutional frameworks have also emerged to permit wider participation than was allowed under the bureaucratic polity. One example is the recently established tripartite negotiations including the Finance Ministry, the Bank of Thailand, and the Bankers’ Association to discuss policies affecting the monetary and fiscal situation.

Another is the Wage Committee, which includes representatives from trade unions, the government, and the business sector and works out agreements on the minimum wage.

The key figure in the polity is the prime minister, who has the main responsibility of brokering a “free-for-all between a growing number of organized constituencies” and shifting coalitions, including constituencies outside the state. It is a much more demanding role than that of the prime minister in a bureaucratic polity, as Prime Minister Kriangsak discovered. Prime Minister Prem has been criticized for being indecisive and unable to implement a comprehensive program to address Thailand’s problems. Critics have argued that instead of taking decisive steps, he muddles through by trying to combine elements of competing programs and by appeasing too many diverse inter-

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16 This function is so important and so different from the role of the prime minister in a bureaucratic polity that in an earlier draft of this chapter I referred to the present regime as a “broker polity.” I finally decided not to use the term because in some respects all heads of governments are brokers or intermediaries, and it did not serve to distinguish among them. The quotation is from Gar Alperowitz and Jeff Faux, Rebuilding America (New York: Pantheon Books, 1984), p. 16; they use the term broker state.
This is, in fact, his strength, and the strength of the present regime. It is able to accommodate the demands of dominant social forces in a more pluralistic society than could the bureaucratic polity. The major problem of the bureaucratic polity was the growing gap between demands for participation on the one hand and political rigidity on the other. The present arrangements help bridge this gap by giving previously excluded social forces a greater opportunity to influence the exercise of authority, at the same time making it more difficult for the military to veto this influence.

Three other factors have contributed to the unexpected stability of the present constitutional arrangements. One is the growing influence of a cadre of highly skilled technocrats in the Budget Bureau, the National Economic and Social Development Board, and other ministries. These key personnel have stayed on through various cabinet reshuffles and have pursued fiscal and monetary policies that have helped stabilize the economy. These policies have helped the Prem government avoid the kinds of economic policy failures that undercut the stability of several previous governments.

A second factor has been the absence of major external economic and foreign policy shocks. Most notable in this regard has been the stability of oil prices. Prime Minister Prem has not had to make the kinds of politically unpleasant decisions that faced democratic governments in the aftermath of the 1973 oil price increase and the Kriang-sak government after the 1979 increase. The Prem government has also been spared the difficult foreign policy problems that confronted Thailand in 1975 after communist victories in Indochina or in 1979 after the Vietnamese invasion of Cambodia. The present situation in Cambodia is threatening, but it is also relatively stable.

The third, and most significant, factor has been the monarchy's strong support for Prime Minister Prem. This was most evident during the attempted coup d'état of 1981, but support has been forthcoming at other times as well. A recent example occurred in 1984 when a member of parliament initiated moves to amend the constitution to increase the influence of the military. Prime Minister Prem was ill at the time, and in the middle of the controversy over the proposed amendment the queen made a widely publicized visit to Prem's official residence to express concern about his illness. The political implications of that visit were obvious. This support, coupled with the opposition of parties, resulted in the withdrawal of the amendment. It is not clear to what extent the support of the monarchy extends beyond Prime Minister Prem to support for the present political arrangements. Nevertheless, continued support for Prem and the stability the present arrangements afford provide a breathing space for these arrangements.18


18 The visit to Prime Minister Prem is discussed in John McBeth "Prem the Survivor," Far Eastern Economic Review, September 13, 1984, p. 15.
PROSPECTS FOR THE FUTURE

The present polity’s strength is its ability to accommodate the demands of a wider range of groups than could the bureaucratic polity. Its weaknesses are threefold. The first is that with the exception of a narrow range of fiscal and monetary policies aimed at stabilizing prices and alleviating a worsening balance of trade problem, its leaders have difficulty designing and implementing coherent development policies. Decisions are made piecemeal based upon ad hoc compromises to ensure the government’s survival rather than on the basis of coherent policy. The World Bank’s criticism of previous governments still holds true for the present one:

Current economic policies in Thailand appear to be in an uncertain phase between a Development Plan that would facilitate broader public participation in the growth process and operating decisions that seem to appeal particularly to higher income groups as well as foreign investors. There is little evidence that the country’s Development Plan systematically guides or governs activity of the public sector.

A similar lack of coherence continues to affect policy objectives in export promotion, industrial restructuring, and such large projects as the Eastern Seaboard Development Program. It can be argued that past governments have lacked policy coherence as well. This is true, but the problem is more serious for the present regime because it must be concerned with meeting the demands of a wider range of constituencies, and, more importantly, it is confronted with potentially serious structural economic problems, which are not likely to be solved by “muddling through.”

Implementing coherent policy is very difficult, first, because of problems in accommodating diverse business factions in the cabinet. Such conflicts were particularly in evidence in 1980 and 1981 when then deputy premier Praman Adireksan of the Chat Thai party and Boonchu Rojanasathien, also a deputy premier and deputy leader of the Social Action party, clashed over a number of projects, including plans to build a new international airport, handling sugar shortages, and purchasing oil from Saudi Arabia.

It is also the result of trying to avoid offending major political participants. Two recent examples demonstrate the difficulties governments confront. One is the effort to restructure several “excessively protected” industries in order to make them

19 Similar comments could be made about other governments, including some Western European democracies. This description is clearly a matter of degree rather than a dichotomy. Nevertheless, Thailand falls toward one end of the spectrum while other states in Asia, which Chalmers Johnson calls “developmental states,” fall toward the other end. See his MITI and the Japanese Miracle (Stanford: Stanford University Press, 1982), pp. 17–34.


more competitive by reducing tariffs. This policy has provoked numerous protests from the industries concerned, and as a consequence “attempts to apply the policy are running well behind schedule.”

Similar difficulties confronted the government when the National Economic and Social Development Board (NESDB) proposed shutting down six loss-making government enterprises as part of a program to reduce budget deficits. Labor union leaders reacted with threats of a general strike and other forms of disruption, and the plan was set aside. These kinds of policy failures provoked former Deputy Prime Minister Boonchu Rojanasathien to argue vehemently in 1983 that it was impossible to solve the country’s problems because of the diversity of factions in the government: “The only successful achievement of this government has been in dealing with immediate problems that crop up from day to day—for its own survival. There was little time to tackle the real problem.” These problems are compounded by the difficulty of implementing policies through a civil service composed of numerous overlapping and uncoordinated agencies.

This lack of coherent economic policies to resolve structural economic problems is particularly significant because the second weakness is that the legitimacy of the present polity rests largely upon economic performance. As Kusuma Snitwongse has pointed out, quoting Seymour Martin Lipset: “Effectiveness may be the short-term substitute for legitimacy.” The continued stability of the regime depends upon its ability to promote continuous, stable economic growth as a means of sustaining the support of the main participants. It does not have a reserve of legitimacy to sustain it should serious economic difficulties emerge.

It is worth noting that this problem of legitimacy is probably not as severe as some authors believe. David Morell and Chai-anan Samudavanija are particularly pessimistic about Thailand’s prospects for “devising an acceptable, modernized basis of political legitimacy, one that blends its heritage of centuries of hierarchical paternalism with new demands for greater popular participation in the political process and lessened distributional inequity in the economic sphere.” They suggest that this “is a difficult, perhaps even impossible task for Thais as individuals and for their political system.”

These authors have overstated the difficulty. It is not necessary to maintain legitimacy evenly throughout the entire population, but to maintain legitimacy among

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those strata and groups whose support is crucial for the regime’s survival. These are the social forces that currently participate in the present polity, and in the short run it is likely to be able to satisfy these groups. This is partly because the Thai economy has very real strengths and partly because the government is able to act effectively on issues that hurt all of these groups, even if it is stymied on issues that challenge their prerogatives. For example, the government has been extremely effective in handling inflation. What causes concern is its potential for addressing deeply rooted structural difficulties, both in the urban areas and in the countryside, and thus maintaining the performance upon which its legitimacy depends.

The third weakness of the regime is dissatisfaction with the present constitutional arrangements among military circles and their desire to increase the military’s influence over the government. Military leaders have never fully reestablished the preeminent position they enjoyed in Thai politics prior to 1973. Even though they were able to regroup sufficiently in 1976 to overthrow the Seni Pramoj government and terminate Thailand’s brief experiment with open politics, the military remains divided from within and challenged from without by other social forces. The combination of these two factors has contributed to continuing tension in Thai politics in recent years between military and civilian groups.

Several attempts have been made to reassert military dominance. The most striking was the attempt by the “Young Turks” to seize control in a coup d’état in April 1981. The rationale for the coup was that the civilian government under Prime Minister Prem was weak, indecisive, and unable to solve worsening economic and social problems. The Young Turks argued that it was necessary “to seize the country’s administrative power so that it will have the power to solve the nation’s problems which are reaching a state of crisis and deterioration.” The coup attempt and its rationale were similar to previous coups in Thai history.

A newer and much more sophisticated approach to reassert military leadership and provide a rationale for a continuing role in politics has been made by the “Democratic Soldiers.” This group of officers has argued that defeating the communist insurgency in Thailand requires political strategies as well as military ones. The Democratic Soldiers call for a “political offensive” that will eliminate dictatorship in Thailand, build genuine democracy, and use democratic means to solve

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29 These difficulties have been discussed extensively in a wide variety of publications. The best single discussion is probably in *World Bank, Thailand*. See also the excellent discussion in *Business in Thailand*, February 1984, pp. 28–54, and March 1984, pp. 63–90. For a discussion of policies to meet these difficulties, see *The Fifth National Economic and Social Development Plan, 1982* (Bangkok: NESDB, Office of the Prime Minister, 1981). The strengths of the economy are emphasized in “Thailand—A Survey,” *Euromoney*, October 1983, special insert, pp. i–xxxvi. The flavor of the *Euromoney* study is indicated by the opening sentence: “Thailand must be one of the developing world’s most underrated success stories.”

30 Samudavanija, *Thai Young Turks*, p. 86, is the best study of the Young Turks. Initial accounts of their attempted coup d’état in April 1981 emphasized their idealism. Subsequent accounts have questioned both their idealism and the coherency of their announced program for addressing Thailand’s problems. The quotation is from the announcement of the coup explaining the group’s actions.
economic and social problems that have facilitated the growth of the communist movement. If such strategy is pursued, they argue, it will undermine the sources of communist strength. The communists will no longer be able to claim that they are fighting against a repressive dictatorship and will increasingly lose other grounds for recruiting followers as economic and social problems are alleviated.

Many of these ideas have been incorporated into Prime Minister Prem's orders 66/2523 (1980) and 66/2525 (1982). While these orders are directed at the suppression of the communist insurgency, several military leaders have broadened their interpretation to justify a continuing role for the military in politics. Their argument is that building a stable democratic system is essential to enhancing national security. The military must play a role in both since the two are intimately related. What they have in mind in discussing "genuine democracy," however, is quite different from what is usually meant by the term.

Suchit Bunbongkarn and Kanala Sukhatanij-Khantaprab summarize these views succinctly:

What the army believes to be an indispensable characteristic of democracy is the responsibility of the government not the source of the government. It is how the government governs that counts. If the government governs for the benefit and interest of the people then it can be classified as a democracy. On the contrary, if the government lacks responsibility then it cannot be a democratic system even if it is freely elected.\(^{31}\)

The argument of the Democratic Soldiers is that past elected governments have not been democratic. These governments have included large numbers of self-serving persons who have not represented the best interests of the people. Thai governments would be more democratic if members of the cabinet could be drawn from a broad range of occupations, which would be represented in an appointed Senate.

These were the basic arguments used by military leaders in 1983 when they tried to pass a constitutional amendment that would have extended the legislative powers of the appointed Senate and allowed serving military officers and civil servants appointed to the Senate to serve in the cabinet. Under present arrangements they cannot do so.\(^{32}\)


\(^{32}\) General Arthit Kamlang-ek took a very active role in politics in 1984. He made numerous public appearances and commentaries on political issues. Such activities increased speculation that he was strengthening his chances to become the next prime minister. These developments are covered in McBeth, "Prem the Survivor."
A motif that runs through the words and actions of some of these military leaders is the concern over losing power to other forces, especially to businessmen and political parties. Some of the statements of the Young Turks and Democratic Soldiers have an oddly radical ring with their similar criticisms of "capitalists" and "monopolists." Along with their expressed concern over the consequences of the economic power of monopolists upon the distribution of income and wealth in Thailand is an often unexpressed concern over their access to political power. The various factions' policy prescriptions represent, in this perspective, different rationalizations for a reassertion of military preeminence in politics and can be understood only in the context of the growing political strength of other social forces. The way to reassert this preeminence would normally be through a coup d'etat, and there have been frequent rumors of an impending coup in recent years as well as one actual attempt in 1981. Another, more sophisticated way, would be through constitutional amendments that would enhance the military's role. Despite the fragility of the present compromise, however, there are reasons for guarded hope about its future.

GUARDED HOPE

Reasons for "guarded hope" stem from several sources. First are divisions within the military that hamper its ability to reassert its dominance in politics. General Arthit Kamlang-ek has done a notable job of knitting together a coalition of supporters, even winning the support of Young Turk leaders whose attempted coup he helped crush in 1981. Nevertheless, divisions persist, and one analyst argues that a "military takeover now would have no more chance of complete success . . . than the abortive Young Turks coup in 1981, simply because it is extremely doubtful the various factions could come to a consensus."34

The factions rest upon several bases. One is personal, patron-client ties. A number of officers who served under General Prem continue to be closely linked to him now that he is the prime minister. Another group of officers have attached themselves to General Arthit, and their career prospects have risen along with his. A second basis for factional alignments is officers' graduating classes from Chulachomklao Military Academy. For example, all of the leaders of the Young Turks were Class 7 graduates. Still another basis of factional alignment is organizational. The Young Turks commanded troops that provided the base of their support and the means for attempting the coup in 1981. The Democratic Soldiers on the other hand were largely staff officers without direct command over troops. Their following depended upon their success in popularizing their ideas both inside and outside the armed forces and gaining access to leaders who could put them into effect. A

final basis of factional division is ideological. The Democratic Soldiers have a well-developed framework of ideas, which includes a strategy for defeating the communists as well as a rationale for substantial military involvement in politics. Not all officers go along with these ideas, however, and many see the Democratic Soldiers as a deviant group in the military.

The degree of divisiveness in the military should not be overemphasized. Factionsal alignments are fluid, and it is misleading to discuss the Thai military in terms of two or three clear-cut, antagonistic factions. Moreover, the main bases of factionalism remain personal and class ties, not ideas. In a crisis situation these differences could be overcome and in themselves are not sufficient to prevent a greater role for the military in politics. Additional factors, however, now operate to restrain the military.35

As Huntington has suggested: “A coup can succeed only (a) if the total number of participants in the political system is small, or (b) if the number of participants is large and a substantial proportion of them endorse the coup. This latter condition is rarely met.”36 The number of participants in Thailand is no longer small, and a substantial proportion of the present participants would not endorse a coup. Only a dramatic loss of legitimacy by the current regime would make such endorsement possible, and such a loss is improbable. The most likely source would be substantial failures of macroeconomic policy. Such failures appear unlikely in the short term.

In addition, there have been a number of indicators of support for the present regime. Perhaps the most significant was civilian success in blocking the amendments proposed in 1983 by military factions that would have extended key powers of the appointed Senate for four additional years and allowed civil servants and military officers to serve in the cabinet. Kukrit Pramoj of the Social Action party and Phichai Rattakul of the Democrat party took the lead in organizing the parliamentary resistance that led to their defeat. Significantly, various military leaders also argued against the amendments. Then Supreme Commander General Saiyud Kerdphol, for example, opposed them on the grounds that the military should focus on its national security mission and give politicians more leeway in working out an appropriate political framework for Thailand.37 By the same token, political leaders have become more cautious and sophisticated about directly confronting and provoking the military.

There is also growing evidence of institutionalization of the present constitutional arrangements, at least to the extent that “the majority of weighty political

35 This discussion is based upon articles in the Far Eastern Economic Review, explanations of factional groupings in Samudavanijha, Thai Young Turks and Yang Turk Kab Thahan Prachathipathai, and interviews in Bangkok in 1985.


actors in the polity are pursuing strategies to further their positions within the new institutional framework, rather than directing their energies to resisting, eroding or terminating that framework."  

Even the supporters of General Arthit have pushed for modifications of the framework rather than its complete abandonment. Parliament is also becoming an arena where opposition to the government can be legitimately expressed and where military officers who have lost out in factional struggles can make their voices heard. General Harn Leenanond, who has been critical of General Arthit's involvement in politics and who was shunted into a dead-end promotion as a consequence, has resigned from the army and will probably run as a candidate in the next election.

Finally, substantial parts of Thailand's new middle class, both in Bangkok and in provincial towns, oppose a reimposition of military rule and support the present order. Many of them became involved in a campaign to oppose the constitutional amendments proposed by General Arthit in 1983.  

Despite these signs of support, the present regime remains fragile and vulnerable to a more assertive and unified military. Even if this assertiveness takes the form of a coup d'état, however, a polity somewhat like the present polity is likely to reemerge. There is no going back to the bureaucratic polity because an essential concern of Thai governments has been to maintain the functioning and growth of the economy in such a way as to avoid threats to the well-being of major urban social forces. Their economic activity is crucial for continued economic growth and government revenues, and their support for governments quickly erodes when serious economic problems develop. To maintain their support, it is necessary to give them at least some access to decision making.

There is also likely to be no quick return to a more open, democratic politics because none of the major participants in the present polity is likely to push for such a change. As research by Clark Neher and Edward Windsor has demonstrated, businessmen have an overwhelming interest in political stability and little genuine commitment to democratic politics. In their view democracy is equated

39 Former Supreme Commander and Prime Minister Kriangsak Chomanan seemed to fit this pattern until his arrest as a consequence of his alleged involvement in an attempted coup d'état in September 1985. Prior to this he had used his position as chairman of the House Foreign Affairs Committee to articulate his own views on foreign policy. For an example of Kriangsak's views, see Bangkok Post, January 26, 1984, p. 1, in FBIS, *Daily Report: Asia and Pacific*, January 31, 1984, p. J2. After a visit to Vietnam in January 1984, Kriangsak suggested that Hanoi had made fresh proposals on the Cambodian situation and appeared sincere in working toward a resolution of conflicts. Nothing came of the proposals. See also Bangkok Post, March 11, 1984, p. 1, in FBIS, *Daily Report: Asia and Pacific*, March 12, 1984, p. J2. The article reports that "General Kriangsak said both sides wanted peace and the solutions depended on how the problem was approached. He also said that Vietnam had not posed a major regional problem and he doubted it had ambitions toward Thailand."
41 Conversation with Surin Pitsuwan, Ann Arbor, Michigan, August 4, 1984.
with political chaos. Similar sentiments prevail among much of the new middle class. John Girling writes that they “fear the ‘turmoil’ a more open society may lead to. And the experience of the democratic years, 1973 to 1976, reinforces this fear.” This group is a major source of support for Prime Minister Prem.

There is more ambivalence among intellectuals and labor unions. Certainly most persons in these categories would argue in favor of more civil and political rights and greater freedom from intimidation. It is questionable, however, how many genuinely would want to return to the politics of 1973-76.

The present compromise regime appears likely to survive in some form despite its fragility in the face of domestic threats. How likely is it to survive threats originating in foreign affairs?

THAI FOREIGN POLICY

The main focus of Thai foreign policy since 1979 has been the Vietnamese occupation of Cambodia and efforts to achieve a solution to this problem. The invasion of Cambodia in late 1978 forced a major readjustment of Thai foreign policy, which had already gone through several significant readjustments in the 1970s. One had been coming to terms with U.S. withdrawal from Vietnam in the early 1970s. Another had been efforts to achieve balanced relations with the People’s Republic of China, the United States, and the Soviet Union while working toward better relations with the communist governments that had come to power in the Indochinese states in 1975.

The foundations upon which this foreign policy were built collapsed with the Vietnamese invasion of Cambodia in December 1978 and the “political chain reaction” that followed the invasion. Vietnamese efforts to gain Soviet backing and subsequent Soviet intrusion into the region marked a watershed not just for Thailand but for ASEAN in that it called into question the region’s ability to contain local conflicts and to exclude great power intervention. Soviet assistance to Vietnam eventually moved Thailand into a closer relationship with China as the only power that could apply relentless pressure against Vietnam to force a withdrawal from Cambodia.

In Thailand’s most recent readjustment of its foreign policy, the PRC has become the main deterrent to a possible large-scale Vietnamese attack upon Thailand.

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43 Girling, Thailand, p. 145.


while the United States remains a key patron and the main source of weapons. ASEAN is important as a forum for regional support of the Thai position and for help in preventing the United Nations from recognizing the Heng Samrin regime.

The current situation raises a number of questions. The remainder of this chapter focuses upon two of them: (1) To what extent does the Vietnamese occupation of Cambodia threaten the stability of the present polity in Thailand and thus lessen its ability to contribute to a stable balance between communist and noncommunist states in Southeast Asia? (2) What are the major threats to Thai security in the present international context?

In one respect the Vietnamese occupation of Cambodia has contributed to political stability and security in Thailand by causing enormous difficulties for the Communist Party of Thailand (CPT). The CPT lost sanctuaries in Laos and Cambodia and has had to grapple with difficult ideological issues stemming from Chinese support for the Thai government as well as the conflict between the PRC and the Soviet Union. Internally, questions centered on whether to emphasize nationalist appeals against the Vietnamese and on how to achieve an appropriate balance between rural and urban insurgency. These difficulties came on top of the party’s failure to integrate young Thai radicals into its ranks after many fled to the jungles in the wake of the military coup of October 1976. Finally, the CPT is confronted with a much more sophisticated challenge from the Thai government than in the past with Prime Minister Prem’s order 66/2523, which emphasizes political struggle and the expansion of democracy as the key to defeating the CPT rather than the use of suppression. As a consequence, the party’s armed strength plummeted from an estimated 12,000 armed supporters in 1979 to approximately 3,000 to 4,000 in 1984.46

However, there are a number of potential military threats to Thai political stability and security stemming from the Vietnamese presence in Cambodia. One is the danger of border confrontations escalating into uncontrolled conflict. Another is the temptation for Vietnamese troops to strike deeper and harder into Thailand than in the past to punish the Thais for assistance to rebels and to destabilize the Thai government. A third possibility is the open invasion of Thailand by Vietnamese troops. All three are possible, but none appears probable. Past border confrontations have remained under tight control from both sides, with no indications of escalation into uncontrolled conflict. Vietnamese strikes, which go further into Thailand than the ones in June 1980 and March 1984, are unlikely in spite of growth in rebel strength. Thai defensive capabilities are also stronger than in the past. In addition, this kind of attack would provoke Chinese retaliation and weaken Vietnam’s bargaining position over Cambodia by confirming views of Vietnam as a

major threat to the stability of the region. The final option of full-scale attack upon Thailand appears even less likely. Such an attack would probably lead to major Chinese retaliation against Vietnam, confronting the Soviet Union with the problem of how to respond. The Soviet Union, therefore, is not likely to back such an invasion of Thailand. In addition, a major military offensive would put further considerable strains on the Vietnamese economy and cause great logistical difficulties as well. Finally, Vietnam does not have “a viable puppet, comparable to the Cambodian Liberation Front, that could be used as a political facade to mask an invasion of Thailand.”

In addition to potential military threats there are potential political threats stemming from the Vietnamese occupation of Cambodia. Vietnamese analysts apparently believe Thailand is in a weak position economically and unstable politically. They see differing groups within Thailand pressuring the Thai government to come to terms over Cambodia: business interests in order to reduce regional tension and achieve a better investment climate, and various military and political leaders to lessen Thailand’s dependence on the PRC and concentrate on consolidating internal security. The Vietnamese leaders clearly believe they can manipulate these differing views to their own benefit.

These Vietnamese expectations are likely to be proven wrong over the next few years. The Thai economy is stronger than portrayed by the Vietnamese. Oil import costs have stabilized, and for the next few years both agricultural and industrial growth rates are likely to remain steady. Foreign direct investment has not been deterred by the border clashes, and Thailand is widely viewed as having a promising investment climate.

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Finally, the moderation of inflation will ease pressure for wage and salary increases. Barring major unforeseen difficulties such as a sudden, major increase in world oil prices, the Thai economy is likely to prove more resilient in the 1980s than the Vietnamese would like to believe.

Furthermore, the Thai polity is likely to be more resilient for the reasons discussed earlier in this chapter. It is true that clear differences exist within the Thai elite over an appropriate set of policies toward Vietnam and the Cambodian issue, but the Vietnamese will find it difficult to exploit these divisions. The Thai government, working within the context of the present polity, is under no serious pressure from key participants to make concessions to Vietnam on foreign policy, nor is it likely to be unless foreign policy consequences of Cambodia directly threaten these participants' economic well-being. The available evidence suggests substantial support for the present policies coupled with a recognition that no clear, feasible options currently exist. The outlook is thus for a continuation of these policies.

The final threat to Thai political stability stemming from Vietnam's invasion of Kampuchea is the possibility that a continuation or worsening of the present levels of conflict along the Thai-Cambodian border might encourage the military to reassert itself in domestic politics. It is possible to find arguments both for and against this possibility. Those arguing against it suggest that the Vietnamese threat is "very vivid to the Thai military, influencing them to turn increasingly toward fulfilling of their professional roles as evident in the oft-repeated pronouncements of the present generation of military commanders that they are 'professional soldiers.'" Those arguing for the possibility are concerned that the conflict with Vietnam "may become institutionalized in Thailand," just as Thai participation "in the American war efforts in Indochina . . . became fully institutionalized in the Thai political structure as reflected in the Thanom-Praphat military dictatorship, the security-oriented development plans, and counterinsurgency operations." They fear that the present conflict "may lead to a straight and narrow 'remilitarization' of the Thai political system at the very time that the system should be proceeding in the opposite direction."  

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51 Former Prime Minister Kriangsak's discussions with Vietnamese Foreign Minister Nguyen Co Thach in 1984 led nowhere despite Kriangsak's optimism. In July 1984, Thailand joined other ASEAN members to take a more critical stand toward Hanoi. The communiqué issued after the annual foreign ministers' meeting "illustrated that the ASEAN countries are virtually resigned to the fact that Vietnam is unlikely to decide in the near future that it is in its interest to sit down with the six (or even one of them) and talk seriously about any move to establish a new, independent Cambodia"; Rodney Tasker, "ASEAN Toughs It Up," Far Eastern Economic Review, July 26, 1984, p. 32.


The present conflict does provide some military factions with an argument to shift the current bureaucratic-parliamentary compromise in their favor, but the logic of the earlier analysis suggests that this is not likely to lead to "narrow remilitarization of the Thai political system." The most dramatic effort to strengthen the hand of the military was the 1983 effort to amend the constitution. What is striking is that the threat from the Vietnamese in Cambodia was not used as a major public argument for giving the military more political power in 1983. The arguments were couched in terms of strengthening democracy and better meeting domestic threats from the CPT.

The present situation is likely, however, to give some military factions an excuse to intervene in parliamentary affairs from time to time, to criticize individual ministers in the government, to have a greater say in security-related issues, and to increase military spending. These actions may make particular cabinet alignments more unstable and perhaps even force realignments. They are not likely to result in a military coup unless serious economic problems develop or the political gains of recent years are abandoned.

REMAINING THREATS TO THAI SECURITY

The major threat to Thai security in the longer term is the possible renewal of the insurgency in the northeastern and northern provinces. While the number of armed insurgents in these regions has dropped dramatically in recent years, there are reasons to believe that the original causes of the insurgency have not been permanently removed. One major reason for its collapse was the curtailment of external support from the PRC and the closing of base areas in Laos and Cambodia by the Vietnamese. These events caused major supply problems as well as ideological conflicts within the CPT. Second, the government's new programs under order 66/2523 were extremely well timed to take advantage of the difficulties caused by the loss of external support, and they have been effectively implemented. Finally, there have been economic improvements in the northeast that have helped undermine some of the CPT's appeal.

54 This potential has been amply demonstrated in the controversy over the purchase of F-16A fighter aircraft from the United States. General Arthit and other military leaders have pressed hard for their purchase while other government officials, most notably Finance Minister Sommai Hoontrakool, have opposed the purchase as unnecessarily expensive. When Sommai devalued the baht in early November 1984, General Arthit was extremely angry because the devaluation immediately raised the price of the aircraft even higher. General Arthit attacked the devaluation, calling for a reshuffle of the government and the removal of Finance Minister Sommai. He subsequently backed down on the demands. See Barbara Crossette, "Thai Premier Angers Army Chief," New York Times, November 9, 1984, p. A3; Paul Quinn-Judge, "Thai Military Attacks Currency Devaluation and Demands Cabinet Shuffle," Christian Science Monitor, November 9, 1984, p. 13.

Two of these conditions are subject to reversal. The World Bank projects a decline in rural incomes in the northeast in the late 1980s as a consequence of growing population, limited arable land, and limitations on the kinds of crops that can be grown in the northeast. The evidence for this projection is not well developed, and it is open to challenge. Nevertheless, the recent improvements appear to be fragile. A decline in rural income is likely to worsen income distribution, close off opportunities for education and social mobility, and leave substantial numbers of persons vulnerable to abuses of power. Such problems have been effectively exploited by the CPT in the past and could presumably be again, especially if it could be demonstrated that other sections and groups in Thailand were not experiencing similar hardships.

It would take an effective, well-organized leadership to mobilize persons around these issues, and at the present time the CPT hardly qualifies. As long as present conditions hold in Cambodia, with the accompanying conflict between the PRC and Vietnam, it will be very difficult for the CPT or any alternative communist group to provide effective leadership. On the other hand, a settlement of the Cambodian issue would remove one of the major reasons for Chinese restraint in supplying the CPT. Whether the CPT can reorganize again and whether Vietnam would promote the growth of an alternative revolutionary movement sympathetic to Vietnamese rather than Chinese aims remain problematic. It could be optimistically argued that neither country would have an interest in initiating insurgency, the PRC because it wants to continue good relations with Thailand and Vietnam because it has no ambitions beyond Indochina.

A prudent course for the Thai government, however, might be to assume a worst-case prospect and remove potential causes of support for renewed insurgency while it has the opportunity. To prevent the renewal of insurgency would require several steps that the present Thai government will find difficult, given the predominance of urban-based groups in politics. These would include a change in regional government spending patterns, which presently favor richer provinces, restructuring the economy to ensure sustained growth and employment creation, and expanding participation in the polity in ways that "redress the imbalance of power.

56 World Bank, *Thailand*, pp. 41–43, 77–78. The World Bank projects that "most of the poorer farmers, especially the subsistence rice farming households in the Northeast and Upper North, have little prospect for higher income and, indeed, if current trends continue may face falling incomes and increasing poverty" (p. 78). See also Richard Borsuk, "Outlook Grows Uncertain for Thailand's Northeast," *Asian Wall Street Journal*, May 23, 1984, p. 1. Borsuk reports that earning prospects for tapioca are declining and "agriculture isn't expanding fast enough to absorb a growing work force."

57 Franklin Weinstein suggests, e.g., that "there is no evidence of a Vietnamese desire to dominate other Southeast Asian countries. The spillover of fighting into Thailand is clearly a result of Thai assistance to the Khmer Rouge, not of any Vietnamese desire to conquer Thailand." See his "The U.S. Role in East and Southeast Asia," in *A U.S. Foreign Policy for Asia*, edited by Ramon Myers (Stanford: Hoover Institution Press, 1982), p. 128. A less benign view of Vietnam's intentions can be found in Pike, "Hanoi Looks to the Southeast." Thai intelligence sources report they have evidence that a Vietnamese-backed Thai People's Revolutionary Movement or Pak Mai (New Party) "has recently begun expanding its mass mobilization activities in Thailand's northern and northeastern provinces"; *Far Eastern Economic Review*, November 8, 1984, p. 11.
between the city and the countryside, and between administrative and elective officials.”

What are the prospects for such a change? A few years ago numerous authors would have been willing to suggest they were nil. For example, in 1978 a correspondent wrote that “there is little if any precedent for bureaucratized states like Thailand reforming themselves on these lines because the institutional interests in favor of the status quo are so powerful despite obvious need for structural change.” This pessimism rested on the assumption that “structural change can only be enforced by pressure from outside the government which is excluded by definition when the military and the bureaucracy . . . penetrate and control all political activity.”

This is no longer the case in Thailand. Other groups outside the military and bureaucracy are able to bring pressure to bear on the government. With few exceptions such as sugar planters and millers, however, these groups are urban-based and are unlikely to push for structural changes that would reorder present priorities and the policies that support them. Some efforts along these lines have been initiated under the Fifth Plan at the urging of well-placed technocrats, but without substantial political support these efforts are unlikely to be pursued on a large scale. In the long run the necessary support is likely to emerge only if political participation is extended beyond present levels. The current level of participation with its emphasis upon urban groups tends toward greater, not less, inequality. Only the expansion of participation to rural populations is likely to create conditions for greater balance between city and countryside, although there is no guarantee of this.

The key institutions for extending political participation into the countryside, if this is to happen at all, are the political parties. Thus far they have proved more adept than many thought possible in defending civilian prerogatives. What they have not done is move toward encouraging and structuring broader participation in politics and decentralization. Many observers, including Social Action party leader Kukrit Pramoj, appear quite pessimistic about their ability to do so. The critical

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58 Jeffrey Race, “The Future of Thailand,” Asia Pacific Community 4(1977):322. Kersial Sandhu warns that “Southeast Asians do not appear to be too greatly concerned whether their governments conform to Western democratic norms or are based on authoritarian models.” They are likely to be more concerned over “the failure of these governments to fulfill urgent social and economic programmes”;


60 For amounts budgeted for impoverished rural areas broken down by project during the Fifth Plan, see Kosit Panpiamrat, Naewthang Chak Phaen Phatthana Chonabot Yakchon Patchuban (Trends in the Plan for Developing Poor Rural Areas) (Bangkok: Thai Khadi Research Institute, Thammasat University, 1983).

61 Huntington and Nelson, No Easy Choice, p. 78.

62 John McBeth, “Politics Without Guilt,” For Eastern Economic Review, March 22, 1984, p. 18. Kukrit is reported to have said that parties lack discipline, and for individual members of parliament “their only thought is what they will have, what position they will hold, and how much money they
indicator of such a move would be efforts of one or more of the large parties to "reach out to form an alliance with the farmers expanding political participation in the countryside." As Jeffrey Race points out, this can happen "only because of the conscious choice of political and military leaders to follow" such policies.63 If some of the present leaders begin to make this choice, the prospects for both stability and security would be enhanced. If they do not, the present stability and security are likely to erode in the late 1980s or early 1990s.

5. Thai Politics and Foreign Policy in the 1980s: Plus Ça Change, Plus C’est la Même Chose?

Suchit Bunbongkorn and Sukhumbhand Paribatra

INTRODUCTION

It is often argued that in recent years there have been two broad processes of transformation of far-reaching consequences taking place in Thailand: one in domestic politics, the other in foreign policy. Domestically, as the result of a fivefold growth in the economy in the past two decades, the increasing integration into the world economic system, a rapid rate of urbanization in Bangkok, and the vast expansion of the educational system, Thailand has become more pluralistic and politically conscious. Particularly significant has been the emergence of business and financial elites, whose power and interests have been asserted and institutionalized into political parties. These trends, some argue, have transformed the Thai polity from one based narrowly on the interests and demands of bureaucrats, in general, and military officers, in particular, to one with broader political participation and more equal balance between bureaucrats and extrabureaucratic forces. Often cited as examples are the longevity of Prem Tinsulanond’s constitutionally based premiership, the failure of the armed forces’ attempt to amend the constitution in 1983, the devaluation crisis of November 1984, and the activities of labor unions and farmers that followed it. Thus, it is contended that the “vicious cycle” in Thai politics, which has seen thirteen constitutions, thirteen general elections, fifteen coups d’état, sixteen premiers, and forty-five governments in the

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1 For these points as well as for other economic data, see Narongchai Akrasanee, Sukhumbhand Paribatra, and Chalermpoj Iamkamala, “Economic Change and National Security in Thailand,” paper presented at the workshop on “Economic Change and National Security in ASEAN Countries,” organized by the Institute of Security and International Studies, Chulalongkorn University, and the Institute of Southeast Asian Studies, Singapore, August 23–25, 1984, in Bangkok.
fifty-odd years since the 1932 revolution overthrew the absolute monarchy, seems to have been decisively broken.²

In foreign affairs,³ Thai policy seems to have taken on new directions since 1975 as a result of the end of Pax Americana in Southeast Asia, the diffusion of power within the international system, the proliferation of issues relevant to the nation’s well-being but not directly or immediately related to its defense and security, and internal political developments.

First, Thailand has ended its policy of dependence on the United States, the policy, as it were, of being America’s “unsinkable aircraft carrier.” As then Prime Minister M. R. Kukrit Pramoj remarked in 1975:

With the U.S. we have shared many objectives and embarked upon many adventures together in the past. The security posture of Thailand during the past twenty-five years—and even into the present—has been closely tied to the U.S. and cooperation in the past has been moored to the crusades we waged together. But now we must together think anew. The close friendship we have enjoyed in the past will continue into the future. . . . But our common interests need no longer be dominated by one type of activity alone.⁴

In place of this dependence, a new policy has emerged, which is “omnidirectional” and “principled,” seeking linkages, dialogues, and mutuality of interests with all countries whatever the ideological divides. As Kukrit stated to the Thai House of Representatives on March 19, 1975:

This government will pursue an independent policy taking into account national interests which are based on economic and security considerations.

This government will promote peaceful coexistence by befriending every country which demonstrates goodwill toward Thailand, irrespective of differences in ideologies or political system; rather, noninterference in internal affairs, justice, and equality will be the considered principles (in ordering bilateral relations).⁵

Exactly seven years later, the same theme was reiterated. As Foreign Minister A. C. M. Siddhi Savetsila said at the Institute of Foreign Affairs in Bangkok:

² A most articulate summary of this view is, of course, Ansil Ramsay, “Thai Domestic Politics and Foreign Policy” (see Chapter 4 of this volume).
⁴ Speech to the Foreign Correspondents Association of Southeast Asia, July 25, 1975, in Singapore.
Particularly since 1975, Thailand has clearly defined her foreign policy direction. It is based on the following objectives: First, to promote the solidarity, unity, and cooperation of ASEAN, and to extend that cooperation to development of good relations with our Indochina neighbours. Second, to pursue mutually beneficial relations with all countries irrespective of differences in political, social, and economic systems and ideologies. Third, to contribute, in her own capacity, to regional global stability and development and, finally, firm adherence to the principles of international law and the U.N. Charter.6

Moreover, this new “principled omnidirectionality” also involves greater interest in the diverse issue areas that have proliferated in number and significance in the international political arena, such as world economic problems, the North-South conflict, resources,7 and national liberation movements.8

Second, according to this line of analysis, after 1975 Thailand tried to turn its back on entanglement in great power rivalries and the balance-of-power politics which such a rivalry entails. Instead, it has introduced a new policy of “equidistance,” conducted its external affairs in accordance with what can be termed “a balance of interests,” and espoused to a much greater extent the notions of “neutrality” and “nonalignment,” as illustrated by the commitment to transforming Southeast Asia into a Zone of Peace, Freedom, and Neutrality (ZOPFAN).9 Indeed, it is significant that the international image of Thailand promoted by the National Identity Board of the Prime Minister’s Office10 and the powerful Internal Security Operations Command11 is one of neutrality and nonalignment.

The high point of this new foreign policy is considered to be Thailand’s election to the U.N. Security Council in October 1984, after which a Thai foreign ministry official was quoted as saying: “We desire new friends, we must keep old friends, we will look after the interests of the small countries, but our voting decision will be based on what is right.”12 This achievement moved one observer to conclude: “Gone are the days when people referred to Thailand’s foreign policy as ‘bamboo’ or ‘willow.’ Today it is a thing of the past and Thailand’s external policy could well be described as ‘omnidirectional.’”13

Indeed, much change has taken place in Thailand’s internal and external en-

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7 Ibid. See also Sompong Kittinaradorn, “Thai Diplomacy with New Business Touch,” Nation Review, December 6, 1984, p. 4.
9 Ibid. See also the Institute of International Affairs, Ministry of Foreign Affairs, The Role of the Ministry of Foreign Affairs in National Security and Economic Development (Bangkok: Policy and Planning Division, Ministry of Foreign Affairs, 1983), passim.
10 See Office of the Prime Minister, Thailand into the 1980s (Bangkok, 1979), pp. 246–54.
vironment in the last two decades, and to a great degree these lines of argument are accurate analyses of the present trends. However, there are certain aspects of Thai domestic politics and foreign policy that serve to limit, and some future date may even reverse, the processes of transformation. In particular, the Thai military remains a formidable force. Although their role is more constrained and coups d'état can no longer be easily staged, they have continually exerted their power as a pressure group and have succeeded to a considerable degree in areas concerned with national security both internal and external. This chapter focuses on the aspects of Thai domestic politics and foreign policy that constrain and limit change in domestic politics and foreign policy.

DOMESTIC POLITICS

In 1983 the interim clauses of the 1978 constitution came to an end, thus reducing to a considerable extent the powers of the appointed, military-dominated Senate, preventing serving military officers and civil servants from holding cabinet positions, and reinforcing the position of political parties within the body politic. This, together with the military's failure to amend the constitution by restoring the "transitional" clauses in the early months of 1983, is seen to be a victory for constitutionalism. As one observer put it:

In the final analysis, it appeared that the defeat of the amendment was due not only to popular opposition, hunger strikes, street demonstrations, and the threat by one MP to commit suicide, but also to the belief in the principle that the constitution is the highest rule of the land, not something the military can alter easily to suit its whims.14

However, a winning battle does not constitute a victorious war, and the euphoria in some quarters surrounding the military's setback tends to obfuscate a number of salient facts that either reflect or are capable of reinforcing the dominant position of the military in the Thai political system.

First, the traditional concept of patron and client and beliefs in the efficacy of barami (loosely translated as charisma or grace accumulated through meritorious deeds accomplished in past and present life) sustain a propensity among the Thai public to rely, not on institutions and processes per se, but on individuals for protection and advancement. Partly as a result of the military's domination of certain vital segments of the mass media, individual military leaders tend to be the main beneficiaries of the strong-man syndrome. As the career of Supreme Commander and Army Commander-in-Chief General Arthit Kamlang-ek since 1981 has shown, they are constantly consulted for their opinions and are sometimes even asked to redress grievances on issues that are not directly or immediately related to their

official duties. Although a good deal of optimism has been expressed concerning the prospects of Thailand's economy over the next few years, economic problems still abound, and the reappearance of a strong-man type military leader cannot be ruled out. Political instability could arise from a combination of the uncertain financial structure, low commodity prices, massive external trade and budget deficits, a growing foreign debt service problem, and increased competition for scarce resources between various economic interest groups.

Moreover, it should be pointed out that for the first time since the 1932 revolution the Thai military is attempting purposefully and systematically to legitimize its role in politics by propounding a more or less coherent philosophy of government and mobilizing mass support behind its cause.

In the past, as in the present, although military officers were socialized at cadet schools into believing in nationalism and national security as the supreme values, and "national security" was often used to justify their political interventions, the legitimation of their role in politics was not carried out on a systematic and sustained basis. Rather, military leaders believed in principle that their interventions in politics were temporary, to "clear up the mess," and after that they would give the reins of government back to civilians. This was true even in the case of Field Marshal Sarit. For him, seizing power was not "playing" at politics, which is a game only for politicians, but a measure that was "above politics," "temporary," and aimed specifically at eliminating corruption, misgovernment, irresponsibility, and threats to the nation's security.

At present, however, the Thai military conceives its role as continuous and permanent. It contends that since stability is prerequisite to security, no distinction can be made between internal security and political stability or between the military's role in preserving internal security and its role in stabilizing the political system; consequently, their political involvement in pursuit of these ends is legitimate and necessary. In more specific terms, the Thai military conceives its role as a dual one, involving political leadership as well as political coercion and deterrence.

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15 A good illustration was the protest of some Khon Kaen University students against their rector, who, after intervention by General Arthit, was replaced; see Soo Anakot, December 19–25, 1982, pp. 8–15. Interestingly, in this article, General Arthit is called "Little Sarit."


17 Sugar is a good example of an industry faced with conflicting interests, and the present uncertain and violence-prone situation is well summarized in Kosoom HugthongKwang's Jod Pai Fueng Nakorn column in Matichon, December 21, 1984, p. 12; and Surin Pitsawan, "All's Not Sweet in the Nation's Sugar Politics," Bangkok Post, December 24, 1984, p. 4.

18 For a detailed analysis of this paragraph and those immediately following, see Suchit Bunbongkarn and Kanala Sukhapanij-Khantaprab, "National Security and the Contemporary Political Role of the Thai Military," paper presented at the Conference on Thai Studies, organized by the Thai Studies Program, Chulalongkorn University, in Bangkok, August 22–24, 1984.

19 Field Marshal Sarit Thararat's "political philosophy" is analyzed in the seminal work by Thak Chaloemtiarana, Thailand: The Politics of Despotic Paternalism (Bangkok: Social Science Association of Thailand and the Thai Khadi Institute, Thammasat University, 1979).
The former is explained in and made "legitimate" by the prime minister's orders 66/2523 (1980) and 65/2525 (1982). According to these orders and subsequent "clarifications" by military officers, the Communist Party of Thailand (CPT) is now waging a revolutionary war against the government with the aim of destroying the present political, social, and economic system. To defeat this revolutionary communism, the use of military force is not sufficient and may even be counterproductive. What is needed is a "political offensive," in which the eradication of the political, social, and economic conditions favorable to communism must "lead" military operations. Such conditions include the gap between the rich and the poor, the corruption of government officials, and unscrupulous activities of the "dark influences" or business tycoons, who have gained wealth and power through exploitation of the poor and illegal dealings. Because its role is to maintain internal security and combat communism, the military is expected to take the lead in this urgent task, that is, the "political offensive," to eradicate such "war conditions," and at the same time to receive cooperation from other government agencies and the people at large.

In addition, in order to eliminate these "war conditions," it is believed that a truly democratic government has to be established, and in this as in other duties associated with the "political offensive," the military should take the lead. The crucial point, however, is that the Thai military's concept of democracy is vastly different from the one generally accepted by most people. From the point of view of the military, a democracy based on free elections with power concentrated in the House of Representatives is not always a true democracy because there is no guarantee that elections will bring competent, responsible, and honest people to the legislature. In Thailand, a failure to elect such representatives has been one of main causes of political instability and obstacles for the development of true democracy. On the other hand, it is believed that the existence of a strong upper house with appointed senators carefully selected from various walks of life is a prerequisite of true democracy. This was made clear by General Arthit when he appeared on the army's television channel on January 20, 1983, to explain the army's campaign to extend the interim clauses of the constitution:

The senate is an appointed house whose members can be appointed democratically—that is, senators will be proportionally drawn from all social and professional groups. Through this selection, the senate will be more democratic than the House of Representatives which is an elected house. Under the present circumstances, we will not be able to have representatives of the poor or the real people's representatives in the House through the general elections no matter how democratic they are.

22 Quoted in Naewna, January 21, 1983. See also the Royal Thai Army, The Army's Position in the Constitutional Amendment Problem (Bangkok, February 16, 1983); and Letter from the Army to
According to the military, the exclusion of serving military officers and civil servants from political life is unrealistic and undemocratic. As General Arthit said in an interview in January 1983: “Politics is government service and government service is politics... The military are also responsible for government service; how can it be separated from politics?”23 This error has to be rectified:

Since we have agreed upon the use of the parliamentary system, whosoever is a member of parliament must be eligible for the position of prime minister or minister. As the Army Commander-in-Chief has stated: “The Senate's membership will be composed as to include individuals from all walks of life and profession without exception and bias”; this means that civil servants who constitute representatives of one profession must be represented in the Senate, just as traders, industrialists, farmers, and workers, who all represent their respective professions. In truth, the present constitution requires that senators be appointed from qualified persons who have expertise and knowledge in various affairs; this means the various professions. In the past, it was we who failed to act in accordance with the Constitution. How can we deny the civil service the right of being a profession, how can we deny civil servants the right of representing their profession? Therefore, if a minister can come from among members of parliament in a parliamentary system, members of parliament who are civil servants must have the right to become prime minister and minister, in the same manner as representatives of other professions and elected parliamentarians form various constituencies. The principle is not that civil servants should have the right to be minister, but that ministers come from among members of parliament. Let us discuss the matter in accordance with principles, so that the people will not be misled or confused.24

In this concept of democracy, political freedom, voluntary popular participation in the political process, and the development of participatory institutions are not given much attention. Voluntary popular participation is acceptable in principle but feared and suspected because it may lead to instability; mass mobilization is preferred because, if correctly “guided,” it can act as a force of stability and can be used as a political base for the military in the fulfillment of their crucial tasks.25

The military’s commitment to this concept of democracy and to its self-appointed duty to play the leading role in promoting it was reconfirmed despite the fact that the war with the CPT, the original “rationale” for the military’s involvement in politics, was declared to be at an end. Speaking at a news conference on October 17, 1984, General Chaovarat stated that since the CPT had lost its capacity for mounting military operations and posing a serious security threat, the priority in

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23 Quoted in Soo Anakot, February 27–March 5, 1983, p. 9.
25 The full text of order 65/2525, e.g., gives many details concerning the ways and means of mobilizing the masses.
the government’s anticommunist strategy would be shifted from military repression to the eradication of social injustices to establish “absolute democracy.” Although he did not clarify the meaning of “absolute democracy,” it is clear that the meaning was not at variance with the military’s new political ideology.

The Thai military’s conception of its own role as one of political leadership has prompted it not only to initiate a number of crucial political moves, such as the proposals to reinstate the interim clauses of the constitution, but also, perhaps more importantly in the long run, to institutionalize the means of mobilizing the masses in support of the government (when appropriate), individual leaders, the military’s national security programs, and indeed the monarchy itself. The relatively new institutional devices are the capital peacekeeping force; the civil affairs center, the directorate of civil affairs of the Royal Thai Army; the civil affairs department of the four regional armies (First Army Region in the east and Bangkok, Second in the northeast, Third in the north, and Fourth in the south); and television and radio programs. These, together with other institutions and agencies directly controlled by or closely related to the military such as the Senate, the Internal Security Operations Command (ISOC), the National Defense Volunteers, and the Village Scouts, give the Thai armed forces a high degree of capability to conduct mass psychology operations, to instill what has been euphemistically referred to as a “sense of responsibility” in the public consciousness, and, indeed, to gain crucial and perhaps decisive support for the military whenever it is necessary or appropriate. For the military, these activities are “legitimate,” for there is no dividing line between national security, politics, government services, and military affairs.

Related to this role of political leadership is the military’s conception of its role in political coercion and deterrence, as again rationalized in orders 66/2523 and 65/2525. More specifically, the military defines its duty as setting the parameters of domestic politics by influencing the course of its development and deterring any “destabilizing” elements at critical junctures. In the last two years there has been ample evidence of military attempts to implement this role: the army’s attempt to

27 The two best examples of mass mobilization were the “walkathons” organized to celebrate the queen’s and king’s birthdays (in August and December 1984, respectively).
29 The most well-known program is, of course, *Sonthana Phana Ban Muang* (Conversations About the Nation’s Problems), which is broadcast on the army-run Channel 5 television every Sunday night. When deemed “appropriate,” this program is also broadcast on other channels or, as in the case of General Arthit’s famous speech against the baht devaluation on November 7, 1984, on weekdays.
30 Although the idea of fusing the paramilitary National Defense Volunteers with the essentially civilian Village Scouts and arming the latter (see *Bangkok Post*, December 2, 1983, p. 1) has not come about, it still remains a possibility.
amend the constitution in early 1983; the threat of the then commander of the
Bangkok-based First Division, Major General Pichit Kullavanich, to conduct “ex-
cercises” during the constitutional amendment crisis; the hurried dissolution of the
parliament on March 19, 1983, to ensure that the ensuing elections be conducted
according to the interim electoral system; the maneuvering to form a government
after the April 18, 1983, election, in which no party won an absolute majority;
and, most recently, General Arthit’s televised “ultimatum” to the Prem govern-
ment to “reverse” the November 2, 1984, devaluation decision.

Less publicized, but perhaps even more crucial, have been the moves on the part
of a number of military officers led by General Arthit, General Chaovalit, and
some of the increasingly powerful Chullachomklao Military Academy Class 5 of-
ficers, to maintain General Prem’s premiership.32 The mastermind, some would say
the éminence grise, behind this movement was and still is General Chaovalit. The
deputy chief-of-staff of the army was not only the architect of the Prem 4 govern-
ment formed after the 1983 elections, but also the instigator of a number of “loy-
alty parades,” in which key military leaders participated for the premier at critical
junctures, especially during the devaluation crisis.33

The most obvious example of the military’s asserting its power to protect Prime
Minister Prem was probably in January 1984. When on January 29 the opposition
Chart Thai party organized a mock no-confidence debate outside the parliament,
General Arthit, apparently encouraged by Chaovalit, stepped in and persuaded the
party to call off the debate. When that failed, he and other military top brass called
on the prime minister to demonstrate their support. This show of force was met
with strong criticism from some members of parliament, but it proved to be effec-

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32 In mid-1984, General Arthit’s supporters became discontented with Prem’s leadership and wanted to
see the former replace the latter as soon as possible. Accordingly, General Pichit, then commander of
the Bangkok-based First Division, put forward a request that Arthit’s government service and his
posts as the armed forces and army commander-in-chief be extended two years after September 1985,
which would be the date of his mandatory retirement. This request was evidently a move to strengthen
Arthit’s power and propel him into the role of Prem’s immediate successor for the office of
premier; in retrospect it constituted the crucial turning point in the relationship between the two.
After the submission of the request and Prem’s obviously lukewarm reaction to it, the two began to
compete in earnest until the conflict came out in the open after the decision to devalue the baht in
November 1984. However, while Arthit’s personal role as a deterrer of anti-Prem forces was changed
to one of a coercer against the prime minister—evident in the devaluation crisis—the military’s
conception of its overall role as both a deterrer and coercer has not changed.

33 General Chaovasit was one of the main architects of orders 66/2523 and 65/2525 and is considered a
leading member of the “liberals” within the Royal Thai Army officer corps, which advocates the use
of political measures to deal with the communist insurgency. A former aide of General Prem, since
the young Turkm coup in April 1981 he has helped to preserve and strengthen the premier’s position
by acting as a liaison or, as the ever-witty Thai newspapers came to label is, “Gow Jai” (Heart Glue)
between Prem and Arthit, at least until the conflict between the two came out in the open during the
devaluation crisis. After the general elections of April 1983, when no political party gained an
absolute majority, General Chaovasit helped to maneuver the military, the Social Action party, the
Democrats, Prachakorn Thai, and the National Democracy party into supporting Prem, who was a
“disinterested observer” throughout the elections, and made possible the latter’s premiership once
more. After the formation of the Prem 4 government, he worked as the link between the prime
minister and the various groups of army officers to ensure the administration’s stability and survival.

tive in countering the Chart Thai party's intended move to submit a no-confidence motion against the prime minister in February. 34

The foregoing discussion concerning the military's role conception and implementation should serve to point out not only its strength within the political system but also its potential for increasing this strength. Gone are the days of demonstrations of naked power; presently underway are attempts to institutionalize and legitimize the military's role within the system which, it hopes, will be a system of its own making, bearing the imprint of its "philosophy of government."

The question is why it has not succeeded to the extent it had hoped. A number of reasons spring to mind. One is the relatively short period of time in which the military has had to both formulate and implement its "legitimate" role. Although the political thoughts underlying orders 66/2523 and 65/2525 can be traced back many years, at least to the so-called "Democratic Soldiers" and the Second Army Region under General Prem in the 1970s, they have been accepted as official government policies only since 1980. 35 Perhaps a longer period of time will be required before these views become "institutionalized."

In addition to this time element, there are three major constraints against more overt or decisive involvement by the military. The first is the conflict within the armed forces, most notably within the army itself. There are two major factions or orientations within the armed forces. One is pro-Prem and consists of General Chaovalit and others who are closely linked to the 66/2523 policy and its underlying philosophy, as well as most of the leading members of the Chullachomklao Military Academy Class 5 officers under the leadership of Major General Suchinda Kraprayoon. Archenemies of the Class 7 officers, more popularly known as the "Young Turks," who are rumored to have made assassination attempts on the premier's life, these Class 5 officers, after the October 1984 military reshuffle, held 11 out of the army's 17 divisional commands. 36 While these officers are by no means a coherent group in the same way that the Class 7's were and their loyalty to Prem is by no means unqualified, they constitute at present a highly powerful base of support for the premier.

The second orientation is pro-Arthit and is led by General Mana Ratanakoset, formerly head of the Army Civil Affairs Center and presently the assistant commander-in-chief, and General Pichit, formerly commander of the First Division and presently commander of the pivotal First Army Region. On the strength of his exploits as the legendary hero of the Khaokhor anti-CPT drive and his experience as a former ranger instructor, General Pichit is a widely respected figure, and because he has direct links with the palace, he is himself a top contender, along with General Chaovalit, for the army's top position. Despite General Chaovalit's efforts to maintain close relations between Prem and Arthit, the pro-Arthit group has been

attempting to extend the basis of Arthit’s power at the expense of the premier, perhaps in the hope of replacing Prem. In early 1984 Pichit revitalized his links with the Young Turks, who still retain a certain amount of influence among the younger officers and noncommissioned officers, and in August proposed the extension of Arthit’s term as the supreme commander and army chief beyond his date of retirement in September 1985. In order to increase Arthit’s charisma and influence, the group organized a walkathon to celebrate the queen’s birthday in August 1984, in which hundreds of thousands of people throughout the country participated, and over which Arthit presided without the premier or the cabinet taking part. At least in the early aftermath of the devaluation, Pichit supported Arthit in his ultimatum to the government. While the pro-Arthit group of officers, like the pro-Prem ones, do not owe unqualified allegiance to the supreme commander, they constitute a crucial center of power within the armed forces.

A constraint against greater, and more successful, political involvement by the military as a whole is the fact that the power of these two major groups has been evenly balanced and the relationship has been one of mutual deterrence. Neither side has been able to tip the balance by winning over what may be termed the “neutral group” of officers who constitute the “silent majority” within the armed forces and who tend to consider themselves “professional soldiers,” preferring to “preserve the prestige” of the military by staying away from politics.

The second major constraint on the military’s political involvement is the political parties. Beneficiaries of the rapidly growing pluralism within the Thai society and of the burgeoning power of the business and financial community, they now play a more effective role in the political process, helping to preserve stability and prevent coups d’état. In the past two years, the four parties making up the Prem 4 coalition government, that is the Social Action party (SAP), the Democrats, the National Democracy party (NDP), and the Prachakorn Thai, have tried, not unsuccessfully, to reconcile their interests and avoid damaging rifts. In combination with Prime Minister Prem’s political finesse and acceptability among a variety of political forces from the highest to the lowest levels in the realm, the political parties have become players to reckon with on the complex chess board of Thai politics, as evident during the constitutional amendment crisis of 1983 and the devaluation crisis of 1984.

The third, and perhaps most important, constraint on the military’s political involvement is the monarchy. At least three times in the last four years through personal interventions, proxies, or public gestures, the palace has restrained ill-advised moves by the military, which would have either toppled the existing constitutional government or at the very least precipitated unpredictable political crises: The first was during the April 1981 Young Turks’ coup; the second was the

37 See note 32.
38 The classic work on this coup is, of course, Chai-anan Samudavanija, The Thai Young Turks (Singapore: Institute of Southeast Asian Studies, 1982); see esp. pp. 54–55, 65–66.
release of the two Young Turks arrested in September 1984; and the third was during the confusing aftermath of the devaluation. In each case intervention by the palace restored the situation to some sort of normalcy.

While these constraints are relatively effective in limiting the scope and impact of the military’s involvement in politics at present, the future remains uncertain. First, although there are conflicts within the armed forces, for example, between the more liberal 66/2523 group under Chaovalit and the more hawkish, tradition-oriented officers under Pichit, the extent of the polarization should not be exaggerated. With few exceptions there are strong bonds of brotherhood among army officers, which have been forged by many years of a common socialization process. Furthermore, both factional conflicts and distaste for political involvements can be overridden by considerations of national security, which by definition is a higher good for all and hence beyond “politicizing,” or by the need to unite on issues that jeopardize the military’s corporate interest, for example, the recent attempt by the Democrats to introduce a bill that would ban any extension of government service beyond the retirement age. What Pichit said when he proposed Arthit’s extension in August 1984 mutatis mutandis can be applied to any problem concerned with national security:

It’s none of the others’ business. Of course, outsiders can make comments on the matter but who else can appreciate and have stronger feeling for the need for the extension than the military . . . we must accept that the armed forces play supportive roles for parliament, the nation, the throne and security maintenance. Security requires a decisive leader.

Second, the political parties are not without weaknesses. For one thing, there seems to be no major party that can gather sufficient support nationwide to gain an absolute majority in the House of Representatives; in 1983 both SAP and Chart

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39 In that month, two of the Young Turks involved in the abortive coup of April 1981 were arrested on charges of conspiracy to assassinate the queen, Prime Minister Prem, and General Arthit. The arresting officers were members of the Chullachomklao Military Academy Class 5, who were and still remain arch-enemies of the Young Turks or Class 7 officers. Since many of the latter at that time were “allied” with Arthit and Pichit, the situation bore all the hallmarks of a political crisis. To defuse it, the queen sent one of her ladies-in-waiting, a wife of the chief of police, and the crown prince within hours of the arrests and conveyed the message that she would not hold a grudge against the Young Turks who were arrested. After the message was delivered, the two were released. The lady-in-waiting, Khun Ying Poranee Mahanond, gave an extraordinarily frank account of the episode in Soo Anakot, September 27–October 3, 1984, pp. 19–20.

40 After the devaluation crisis broke out, Prime Minister Prem went to stay with the royal family, who was then residing at the palace in the northeast. The premier had his picture taken with the king and queen, which was widely distributed, and, had there still been any doubt where the royal couple’s sympathies lay, it was soon dispelled by the fact that the crown prince personally escorted Prem back from the northeast to the latter’s residence in order—as so many believe—to prevent an assassination attempt; see Mati Maharaj, November 29–December 5, 1984, pp. 15–18, for an account of the episode. Moreover, the king before and on his birthday (December 5) also gave addresses, which most interpret as rebukes to Arthit; texts in Mati Maharaj, December 6–12, 1984, pp. 30–35.

41 See Bangkok Post, December 19, 1984, p. 1.

Thai failed to do so, and the result was a coalition government, which is vulnerable by nature. Another weakness is factionalism within each party, with the Chart Thai particularly prone to it.\textsuperscript{43} The third weakness is that, with the exceptions of M. R. Kukrit Pramoj (SAP) and Pramarn Adireksarn (Chart Thai), who are well advanced in years and in any case had been national figures before they became party leaders, no political party has been able to find leaders who can gain support nationwide. The last weakness is that the political parties are elitist and enjoy only a low level of institutionalization and support at the grass roots. These weaknesses may in the future act as decisive constraints on their future development and accordingly allow greater scope for the military’s involvement.

Third, while it is true that the monarchy has restrained many an ill-advised move by the military, it must be borne in mind that the institution is not against the military or its political involvements per se. Indeed, as the meteoric careers of Prem, Arthit, and Pichit, among others, have shown, the palace can perhaps be said to be more comfortable working \textit{with} the military, many of whom now enjoy very close ties with and patronage from the highest institution in the realm. While it is difficult to envisage the monarchy supporting a return to military dictatorship, it is possible to imagine certain scenarios that will force the palace to comply with the military’s desire for a greater political role.\textsuperscript{44}

On the basis of the foregoing discussion, it is certainly within the realm of possibility that the military will become stronger while the constraints on its political involvement will become less effective, for one reason or another. Thus, although it is accurate to say that Thai society has become more pluralistic, it is still too early to state with full conviction that the military-dominated bureaucratic polity has been transformed into a participatory democracy or indeed a “bourgeois polity.” Moreover, if one takes into consideration the foreign policy dimension, then the bureaucratic polity perhaps may be seen to be even more enduring. It is to this that we now turn our attention.

\textbf{FOREIGN POLICY}

Developments in foreign affairs in the last decade have served to strengthen the Thai bureaucratic polity in general and the power of the military within this polity in particular. The main reason is that this period has seen the resurgence of the “Vietnam issue,” which rekindled traditional suspicions and fears and catalyzed additional security concerns.

Beside human nature, geography is the most enduring factor in international politics—the source of a continuum of strengths and weaknesses, opportunities

\textsuperscript{43} At least three major factions can be identified: the rightists under Colonel Phol Remprasertvit; the younger members of parliament led by Pongpol Adireksarn, the party leader’s son, and Chumphon Silpa-Archa; and another group led by Banharn Silpa-Archa.

and challenges, aspirations and fears, which often defy the passage of time. So it has been proved in the relations between Thailand and its Indochinese neighbors.

From the thirteenth century, Thai civilization has been based in the central plains area fed by the Chao Phraya River and its tributaries. While providing immense material abundance that has nurtured Thai power, prosperity, and resilience through seven centuries of change and challenge, this region has also proved to be vulnerable to land-based threats from the west and east and, consequently, has conditioned the Thais to be highly sensitive to such threats. Although Burma—whose power reached its zenith under King Alaungpaya (1752–60) and one of his sons, King Hsinbyushin (1763–73)—was the earlier nemesis, it is the threat coming from the east that has proved the most enduring.

Even more than the central plains region of Thailand, the trans-Mekong region comprising lowland Laos and most of Cambodia is a rich and accessible area, with the river a natural line not of division but of unity between the population and resources on either side of it. While unable to exert direct control over this area, the Thais have always felt they had a keen interest in it for economic and strategic reasons because this area and the Thai central plain form one geographical continuum unbroken by an easily defensible natural barrier. Consequently, Thais have always viewed with alarm any change that might lead to the domination of this area by another power.

The first phase of the rise of Vietnamese power began in the fifteenth century and reached its climax with the unification of Vietnam by Emperor Gia Long in 1802. By its very momentum this threatened the trans-Mekong region. The Thais responded first by brutally laying waste to areas in Laos as “a defensive measure directed against Vietnam; by emptying the country beyond the Mekong, [they] secured the river as a possible defense line for [themselves], denied it to Laotian rebels of the future, and made the return of Vietnamese more difficult,” and then by challenging Vietnam over Cambodia. The measure of the Thai threat perception can be gauged from the fact that during the reign of Rama III (1824–51), the Thais fought four wars of varying intensity with their rival, twice campaigning well into Cambodian and Vietnamese territories (1823 and 1841).

While British imperialism eliminated the threat of Burma, French imperialism accentuated the threat coming from the east, “for in building her empire France had behaved toward Siam much as a powerful Vietnamese emperor might have done and had made the same demands.” Again the crucial importance of the trans-Mekong area in Thai perception was demonstrated when, with French power declining after the defeat at the hands of Germany in 1940, the Thais immediately

47 Toye, *Laos*, p. 43.
attempted to recover territories that they had been forced to cede to France in 1903, 1904, and 1907.

After World War II, the French Indochinese empire was torn asunder, and the fear of Vietnam reemerged. Although the Thais were initially sympathetic toward the Vietminh, the latter’s successes and advances toward Luang Prabang in the early 1950s were one of the factors that induced Thailand to align itself with the United States. The traditional conflict between Thailand and Vietnam became intensified by ideological differences and cold war power politics, and again the two rivals fought one another both directly and through proxies in Laos and South Vietnam. For the normally tolerant Thais, the Vietnamese or Yuan, the perjorative name given them, became a hostile race and an object of fear and suspicion, as seen in the former’s policy toward Vietnamese refugees.48

For a brief period after the American failure in Vietnam, it seems that Thai perceptions of Vietnam as well as those of the importance of the trans-Mekong area were changing. With the de facto reunification of Vietnam imminent, Prime Minister Kukrit Pramoj offered the historical rival an olive branch, promising that his government would promote a policy of peaceful coexistence “irrespective of differences in ideologies or political systems.”49 This new policy was undertaken even more energetically, except for during the “Thanin period” (October 6, 1976–October 20, 1977), after the communist takeovers in Laos and Cambodia. Most notable were the achievements of the Kriangsak government (1977–80), which brought about, perhaps for the first time in this century, a degree of normalcy in Thai-Vietnamese relations.

However, the change in Thai perceptions proved to be more apparent than real. The crucial importance of the trans-Mekong area in Thailand’s security perceptions was again demonstrated when the Vietnamese invaded Cambodia. Although the Thai government had ample warning, the American failure in Vietnam and the defeat of South Vietnam still turned out to be traumatic experiences. Faced with growing domestic unrest, Thailand was forced to accept Vietnam’s domination over Laos. Moreover, although the possibility of Vietnam’s becoming a “twentieth-century Prussia in Southeast Asia”50 was recognized, the threat remained remote and hence somewhat hypothetical. But the situation in 1978–79 was different: Not only had the Thais by then recovered a good deal of their unity and self-confidence through a policy of internal and external reconciliation, but also the problems posed by the Vietnamese invasion were of much greater significance, with a large number of Vietnamese actually undertaking combat operations on the Thais’ door-

49 Policy statement of the Thirty-Seventh Government, March 19, 1975; see note 5.

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step and sending droves of refugees into Thai territory. Moreover, the initial threats made in 1975-76 by the Vietnamese that they would support armed communist insurgencies in Southeast Asia assumed a new significance, which is still evident to this day. Clearly the specter of an ever-expanding and all-conquering Vietnam loomed large once more, and not many would quarrel with the conclusion reached by an able and up-and-coming army officer that "the Vietnamese foreign policy followed a progressive path of sheer aggression ... motivated by a quest for regional hegemony." The Thais' measured but firm and unyielding response—aimed at removing all Vietnamese forces from Cambodia—indicates that, as before, for geostrategic reasons they are not willing to tolerate the projection of Vietnamese power into the whole of the trans-Mekong area, especially when the projection of that power was supported by an external actor, which was itself perceived to be a potential threat, that is, the Soviet Union.

Indeed, the concern with the Soviet Union has added another complex dimension to the Thais' perceptions of Vietnam. The Soviet invasion of Afghanistan and its growing military presence at Cam Ranh Bay have induced the Thai government to see the Indochina conflict also in terms of global confrontation between the great powers. As Foreign Minister Siddhi Savetsila told U.S. Deputy Secretary of State Kenneth Dam in February 1984, since Vietnam's invasion of Cambodia, Thailand's eastern boundary has become the frontier of the Free World in this part of the globe. . . . Just as Pakistan is a main barrier of the Free World against the control of the Strategic Persian Gulf, Thailand is the stronghold against the further advance of what Vietnam has euphemistically called "Socialism's Outpost" in Southeast Asia.

Although for obvious reasons official Ministry of Foreign Affairs statements have remained guarded and indeed in some instances have expressed Thai aspirations of maintaining a policy of "equidistance," there is no doubt the Soviet Union has been and is perceived by the Thais to be the crucial threat. This has been borne out by a number of statements from the National Security Council concerning the deployment of SS-20 missiles in the Soviet Far East and the for-

51 For the official Thai position and figures on refugees, see Ministry of Foreign Affairs, The Vietnamese Acts of Aggression Against Thailand's Sovereignty and Territorial Integrity (Bangkok, 1981).
52 E.g., recently the secretary-general of the National Security Council, Sqdn. Ldr. Prasong Soonsiri, accused the Vietnamese and Laotian governments of offering significant military aid to the CPT, including the dispatch of twelve battalions of Laotian troops to seize a part of the northeast that is inhabited by the ethnic Lao; see Bangkok Post, December 23, 1984, pp. 1, 3. See also John McBeth, "In from the Jungle," FEER, November 15, 1984, pp. 36, 38; and his "‘Foreign Legion’ Threat," FEER, December 6, 1984, pp. 28, 30.
mation of the Soviet-backed Pak Mai communist party. Although at the time no longer an architect of Thai foreign policy, then Deputy Prime Minister Thanat Khoman eloquently expressed the following views, which probably represent the mainstream of the Thai national security establishment's thoughts:

After the colonial era, the threat [to our part of the world] shifted to the ideological expansion which combines the old-style imperialistic designs of dominance with ideological allegiance and subservience. The victims of such ideological conquests may have an appearance of independence; in reality that independence is purely nominal. In most cases, they are bound, hands and feet, by more or less invisible chains to political, economic and, of course, ideological obligations imposed by the leader, with no possibility of rejection. Once a member is taken into the "brotherhood," and not unlike the well-known Mafia of the Cosa Nostra type, it cannot leave alive. Czechoslovakia, Hungary, and now Poland, Laos and Cambodia are flagrant illustrations.

Nowadays, the threats have taken an even more complex form. On the one hand, predators, endowed with powerful military means behave like old-time imperialistic powers seeking aggrandizement of their physical domain by annexing adjacent territories, by de facto annexation after a war or limited conflict. At the same time, they seek to establish an ideological overlordship by setting up satellite regimes with nominal or fictitious independence while, in fact, such regimes are completely subservient to the central imperial power. This is the pattern created in Eastern Europe which is being emulated in other parts of the world, in Africa, Southeast Asia, and Latin America.

The Thais' fears and suspicions of Vietnam and the Soviet Union are borne out by a recent study made of the Thai elite's perceptions of national security issues. Concerning Thailand's Indochinese neighbor, in general almost all respondents (97.9 percent) see Vietnam as a threat in one form or another, and Vietnam ranks high in many forms of threat (direct military invasion, political subversion, undermining of ASEAN's regional solidarity, and support of military aggression by other countries). More specifically, concerning the present problem in Cambodia, there is near unanimity in the elite's opinion that the Vietnamese invasion and occupation has affected Thailand's security. The majority (close to 60 percent) feel that the degree of impact is grave, while some 38 percent indicate the intensity in a lesser degree. Nearly all respondents agree that the threat has assumed various dimensions, including armed tension along the Thai-Cambodian border refugee

56 See McBeth, "'Foreign Legion' Threat."
influx, an unnecessary and wasteful drain on the national resources, transformation of Cambodia into a base for threatening Thailand's sovereignty and territorial integrity, aggravation of regional tension, and intensification of great-power rivalry in Southeast Asia.

Concerning the Cambodian question, nearly all respondents (more than 98 percent) reject in one way or another the notion of acquiescing in Vietnam's military occupation as an acceptable outcome. About a half of these respondents opt for opposition against the Vietnamese action, and the other half want to reach some sort of compromise with the Vietnamese without, however, accepting the Vietnamese occupation. Indeed, a majority (nearly 49 percent) believe that even if there is to be a negotiated compromise, Vietnam should be asked to withdraw its troops from the whole of Cambodia in exchange for any quid pro quo from the Thai side, for example a cessation of support to resistance groups. Only a small minority (less than 21 percent) hold that a partial withdrawal, either from the Thai-Cambodian border or up to the west bank of the Mekong, is sufficient or feasible. In this connection, various offers made by Vietnam during the period under survey to withdraw from the Thai-Cambodian border or reduce its troop strength in Cambodia as well as to conclude a nonaggression pact in return for ASEAN's withdrawal of recognition from the Democratic Kampuchean government are rejected in toto by some 62 percent of respondents and found acceptable only in parts by 33 percent.

Concerning Vietnam's ally and "benefactor," over 96 percent of the respondents consider the Soviet Union a threat in one form or another, a number surpassed only by Vietnam. In particular, the USSR ranks high in three forms of threat, namely, political subversion, support of military aggression against Thailand by another country, and undermining ASEAN solidarity. There is some ambivalence in Thai elite perceptions of the other major communist power, the People's Republic of China; that is, expressions of fear are mixed with expectations that it would lend support in some instances, most notably in the case of a direct military attack by Vietnam. There is little evidence of such ambivalence vis-à-vis the Soviet Union; indeed, most of the respondents (over 71 percent) believe that the maximum that can be hoped from the Soviet Union is its nonintervention in Thai affairs.

The resurgence of Vietnam, once more backed by a fearsome "imperialistic" power, has a number of interrelated and far-reaching consequences. The first is that it enhances the role of bureaucrats in the decision-making process. Traditionally, public interest and participation in the conduct of foreign and national security policies have always been limited. Therefore, Thais have preferred to leave it to the "specialists." This is especially true because there is a great deal of consensus concerning the nature and extent of the Vietnamese threat. As a result, the policy toward Cambodia along with all its ramifications continues to be made and implemented by bureaucrats. In recent months General Kriangsak Chomanan, a former premier and at present the leader of one of the government coalition parties
and the chairman of the Standing House Committee on Foreign Affairs, has made certain gestures implying disapproval of the present foreign policy.\textsuperscript{59} What Chai-anan Samudavanija wrote at the beginning of 1983 still holds true:

The issue of Indochina conflict and its implications have not received much attention from political parties. In the parliament, there has been no serious effort among the MP’s or parliamentary committees to study the issue. It seems that politicians take it for granted that the military and the government have so far handled the problem effectively. It should also be noted that Indochina issues are not included in party platforms, and no single party has ever voiced its concern over the government's policy towards Vietnam or the coalition government under Sihanouk's leadership. . . . The Cambodian issue, therefore, is not a political issue in domestic politics.\textsuperscript{60}

Indeed, in a political climate where questions of national security predominate and the need for secrecy is paramount, the attitude taken by members of parliament toward such questions in general seems to be one of apathy or even accommodation, and comfort seems to be drawn from the maxim that "theirs is not to reason why."\textsuperscript{61} Since national security can be defined to cover any issue from internal law enforcement, to border protection, to paramilitary formations, arms procurement, defense budgets, and extensions of high-ranking military officers’ services, the direction that Thailand is taking, both in the short term and in the long term in some issue-areas, to a great extent is being determined not by the people or parliament but simply by the bureaucrats.\textsuperscript{62} To paraphrase Mark Twain’s immortal words, the demise of the bureaucratic polity is much exaggerated.

Moreover, the resurrection of the "Vietnam issue" has enhanced the power of the armed forces and, more specifically, that of the army. While the military remains uninterested in many foreign policy issues not directly related to Thai security, and in these, as in the conduct of routine diplomacy, the Ministry of Foreign Affairs (MFA) retains control, the Vietnam issue has allowed the military to make a number of the critical decisions affecting not only the directions of foreign policy but also the course of domestic politics. In the name of national security, the military has been able to monopolize all channels of information concerning border security and accordingly to implement measures without the MFA’s or others’ knowledge or approval; to increase the defense budget each fiscal year, from an


\textsuperscript{61} Paribatra’s interviews in early 1985 with Lieutenant Colonel Sanan Kachomprasas, chairman of the House Standing Committee on Military Affairs, and Supatra Kaysornsuk, a members of the House Standing Committee on Foreign Affairs, illustrate these points.

\textsuperscript{62} See the interesting article by Surin Pitsuwan, “Parliamentary Institutions and Foreign Affairs,” Matichon, December 7, 1984, p. 5 (in Thai).
estimated 2.77 percent of the gross domestic product in 1975-76 to 4.1 percent of the GDP in 1983-84, and from an estimated 19.8 of the total government budget in 1978 to 20.4 percent in 1983;\textsuperscript{63} to apply for purchases of very expensive weapon systems, most notably the F-16s with no reference to either the MFA or the parliament;\textsuperscript{64} to develop the concept of “total defense” by expanding army-controlled paramilitary forces;\textsuperscript{65} to propose the merger of the National Defense Volunteers and the Village Scouts,\textsuperscript{66} which can be mobilized to support army-sponsored activities such as walkathons to celebrate royal birthdays; to manipulate the mass media to enhance the image of the armed forces or the barami of individual military leaders;\textsuperscript{67} and, above all, to build “nest eggs” or fiefs of vested interests to extend their bases of power.\textsuperscript{68} Indeed, the power of the military is such that, according to well-informed sources, it took a personal intervention by the king to persuade General Arthit to withdraw the Thai forces sent to enforce a territorial claim against Laos, a measure which the Ministry of Foreign Affairs saw as being unjustified and potentially damaging in view of the Thai application to join the Security Council.\textsuperscript{69}

In addition, the resurrection of the Vietnam issue has induced Thailand to revert

\textsuperscript{63}Estimates are based on a number of sources: the Bureau of Budget and the Bank of Thailand; various issues of \textit{The Military Balance} (London: International Institute for Strategic Studies); and various issues of \textit{Asia Yearbook} (Hong Kong: Far Eastern Economic Review).

\textsuperscript{64}Surin Pitsuwan, “Thai-U.S. Political and Security Relations: The Case of F-16s,” presentation at the panel discussion on “Thai-U.S. Political and Security Relations: Present and Future,” organized by the Institute of Security and International Studies, Chulalongkorn University, in Bangkok, December 20, 1984 (in Thai). Pitsuwan was a congressional fellow in 1983–84, a period during which the Thai application was made; hence he had access to documents substantiating this point.


\textsuperscript{66}See \textit{Bangkok Post}, December 2, 1984, p. 1. The Village Scouts constitute a very large organization. Although essentially a political group in that it brings together people loyal to the three institutions, i.e., the nation, religion, and the monarchy, the organization has played a politically significant role, especially during the 1973–76 period; see David Morrell and Chai-anan Samudavanija, \textit{Political Conflict in Thailand: Reform, Reaction, and Revolution} (Cambridge, Mass.: Oelgeschlager, Gunn, & Hain, 1981), esp. pp. 242–46.

\textsuperscript{67}Sometimes this has led to outbreaks of “ghost incidents,” e.g., in early 1984, which were reported with all the drama and panache of real incidents in some newspapers but could not be verified by the more reputable journalists or embassy officials. More frequent, however, are newscasts of army leaders personally giving orders in combat areas, with very little footage devoted to the fighting or other military activities, e.g., a news story on the army-run Channel 5 on November 12, 1984, entitled “Pushing Out the Vietnamese from Hill 424,” which focused almost entirely on General Arthit.

\textsuperscript{68}See, e.g., William Shawcross, \textit{The Quality of Mercy: Cambodia, Holocaust, and Modern Conscience} (London: André Deutsch, 1984), pp. 234–36. At present, out of an estimated total of 300–500 tons of war material being despatched by the PRC to the Khmer resistance every month (Paul Quinn-Judge, “Hollow Victory,” \textit{FEER}, June 14, 1984, p. 30), about 10 percent is “skimmed off” to finance the “services” of the Thai military personnel overseeing the shipments, according to a well-informed source.

\textsuperscript{69}A summary of the border conflict can be found in John McBeth, “Coexistence Falters,” \textit{FEER}, July 5, 1984, p. 16.
to its traditional foreign policy orientation just when its diplomacy was becoming more modern, that is, more omnidirectional and multidimensional, and this reversion to the traditional orientation has tended to reinforce traditional political forces, namely, the military.

Since the reign of Rama III (1824–51), the Thais have found it beyond their capacity or will to undertake unilateral military operations to protect and extend their interests in the trans-Mekong area. Thus, they have generally resorted to diplomacy aimed at promoting a mutually beneficial attachment to a hegemonic power, which would act as a protector and benefactor of Thai trans-Mekong interests. In this sense, as John Girling astutely points out, the patron-client structure of internal Thai politics is paralleled by a preference for a patron-client relationship in foreign affairs.  

This was first seen in the conduct of Thai relations with Britain to help ward off, or attempt to restrain, France's territorial ambitions. Then the erosion of British power during World War I and the interwar years induced the Thais to shift closer to the rising star of Japan which showed greater sympathy with Thai eastern “irredentism.” Finally, after World War II and a brief period of “good neighbor” relations, Thailand attached itself to the United States, the new, immensely powerful hegemonic state.

The continuity of this foreign policy orientation seems to have been broken by the end of Pax Americana in the region. The U.S. failure in the Vietnam War led to the loss of the American capacity and willingness to exert power and influence to protect its interests friends and allies in Southeast Asia. It also led to a redefinition of those interests and subsequently a corresponding streamlining of its once extensive commitments. Thus, when Vietnam invaded Kampuchea, the Thais could not rely on the United States to protect their security along the eastern border. The Thai response has been to promote an overwhelming correlation of forces—political, military, and economic—to buttress the kingdom's position vis-à-vis Vietnam and the latter's “benefactor,” the Soviet Union. Such has been the rationale for the conduct of their relationships with the People's Republic of China, Japan, the ASEAN countries, European Economic Community, Australia, New Zealand, and Canada, and for the maneuvering in the hallowed halls of the United Nations.

Partly because of the obfuscating effects of Thai rhetoric concerning “neu-

72 Although some Thai leaders certainly felt sympathetic and attracted to Japan and its expansionist ideology (see Edward T. Flood, “Japan's Relations with Thailand, 1928–1941,” Ph.D. diss., University of Washington, 1968), the decisive factor that brought about the increasingly close ties with Japan was probably Britain's declining ability to play the role of guarantor of Thailand's geostrategic interests in the trans-Mekong area, in contradistinction to Japan's growing might and willingness to encourage Thailand's attempts to recover its "lost" eastern provinces; see Charnvit Kasetsiri, "The First Phibun Government and Its Involvement in World War II," Journal of the Siam Society 62 (part 2) (July 1974):25–28.
trality,” “nonalignment,” “equidistance,” and “omnidirectionality” and partly because of the Thai refusal to go along with the United States in small but highly publicized issues such as the Korean airliner incident and the assassination of South Korean leaders in Burma, what is not usually understood is that in the context of the present Thai policy toward Vietnam and the Soviet Union, although its power and importance have clearly diminished, the United States still plays a crucial role, perhaps arguably even the central one. This can be seen from the fact that Thai leaders continue to attach great significance to the U.S. connection—time and again reemphasizing the Manila Pact and the Rusk-Thanat communique and the need for transfers of weapons such as the M-114 155-millimeter towed howitzers, Harpoon ship-to-ship missiles, and F-16A fighter aircraft. Also of importance is the United States’ continuing presence, as evident from the numbers of visits by the U.S. Seventh Fleet units, which topped the fifty mark in 1982, and joint Thai-U.S. exercises, Cobra Gold, 1982–84, which were the largest exercises undertaken by the United States in the vicinity of mainland Southeast Asia since the Vietnam War.

Also significant is the fact that the bilateral American aid package to Thailand has rapidly increased since 1979. Between 1976–80 the United States supplied 75 percent of the total arms transferred to Thailand, a proportion that will substantially increase with the purchase of the F-16s and the almost inevitable cancellations of a number of weapons orders, especially from Italy for the Royal Thai Navy, as a consequence of this purchase. The importance attached by the Thai leaders to the U.S. connection is borne out by the aforementioned survey of the Thai elite’s perceptions of national security issues. An overwhelming majority of the Thai elite still cherish the relationship with the United States and expect the latter to lend aid and comfort in all exigencies.

The world has changed considerably since the 1960s, and for Thailand there can be no return to a more or less “unidirectional,” “unidimensional” foreign policy based on a dependence on the American security umbrella. The Thais now recognize the need for broadening and diversifying ties and acknowledge the value of strategic support from the PRC, political and diplomatic backing from the ASEAN countries, and economic contributions from Japan in their attempts to cope not only with the Vietnam issue but also with the other problems they have to

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75 At the time of this writing, the U.S. government had already confirmed that it proposes to agree with the Thai request to buy the F-16A aircraft; see Bangkok World, April 2, 1985, p. 1.
76 Tongdhammachart et al., Thai Elite’s National Security Perspectives.
77 Ibid.
78 Ibid.
face in the rapidly changing world. Moreover, they also recognize the need to deal with issues of "low politics," which are not directly or immediately related to defense and security but form an essential part of the fabric of international politics. Nevertheless, it cannot be denied that what may be termed an "instinct for seeking patronage" has reasserted itself, and a patron-client relationship, which is, to be sure, a loose one as befits an era of limitations, is once more being constructed as the cornerstone of Thai foreign policy.

This patron-client relationship and the successful co-option of the PRC as a proxy or foster patron to lend military credibility to the relationship have apparently been effective in reinforcing Thai security and inducing Vietnam to act with considerable restraint when conducting operations against the Khmer resistance bases straddled on the Thai-Kampuchean border. However, there are certain consequences emanating therefrom which are relevant to the present discussion.

First, there has been a revival of what has been called the "security syndrome." Thaïland's relationships with the United States, and by extension those with the PRC, have been given top priority for security reasons, and within the framework of those relations security aspects have been assigned priority, as evident from the exchanges of visits by high-ranking officials in the last five years. In any political environment in which security issues predominate, the most important role is given to the specialists or, more specifically in the case of Thailand, the bureaucrats both civilian and military. The Thai government's secret agreement to allow shipments of arms from the PRC to the Khmer resistance binds the country to the demands and requirements of both the PRC and the Coalition Government of Democratic Kampuchea. The military's application to purchase the F-16As irrespective of the merit of the case, amounts to a firm foreign policy commitment to the American alliance at least for the next decade and represents an economic burden to be borne for the next two decades: These agreements are in the last resort nothing more than symptoms of the security syndrome.

Second, the apparent effectiveness of the patron-client security relationships tend to obviate the need to be aware of, or to search for, alternative policies. Consequently, there is no imperative to seek advice from extrabureaucratic actors or to allow them to participate in the process of policy formulation, and any criticisms or suggestions tend to be dismissed as ignorance or interference. To put it another way, a policy which is "successful" tends to become institutionalized, and if bureaucrats take credit for this "success," such institutionalization tends to perpetuate or reinforce the role of the bureaucracy as well as the policy. If the forgo-

80 See Kittinaradorn, "Thai Diplomacy with New Business Touch."
82 For a discussion of the recent relationship between the Ministry of Foreign Affairs and the House Foreign Affairs Committee, see John McBeth, "Keeping His Own Counsel," FEER, September 29, 1983, pp. 23–24. Although A.C.M. Siddhi, the foreign minister, is now an elected member of parliament, his long years of service in the National Security Council and the MFA probably differentiate his position from those of his colleagues in the parliament.
ing is correct, Thailand’s firm and unyielding policy toward Vietnam since 1979 is a function not only of its own threat perceptions and Vietnam’s intransigence, but also of the institutionalization of the policy within the bureaucracy.

Third, the revival of the patron-client relationship has reopened the opportunity for Thai bureaucrats—especially military officers—to exploit the patron’s and proxy patron’s resources for personal advancement. One example is the F-16, which many informed persons see as an attempt by the supreme commander to extend his barami and patronage within the armed forces. Another, less publicized example is the use of funds skimmed off from the war material shipments to the Khmer resistance groups by some senior army officers to reinforce their power base. Although the extent of this exploitative process should not be exaggerated and certainly is not on the same scale as during the Sarit-Thanom-Praphat era (1957–73), the process exists and tends to reinforce both the bureaucratic polity and the military’s power within it.

The consequences emanating from the resurgence of the Vietnam issue are likely to be self-perpetuating. Apart from the fact that insecurity is wont to beget insecurity, those who have vested interests in the dynamics of insecurity have little or no incentive to bring about a change in the prevailing operational and psychological environment, and, indeed, through sins of omission or commission, they may even reinforce it. In terms of Thailand’s domestic power alignments, the bureaucrats in general and the military in particular in all probability will continue to benefit on an increasing scale from the existence of the Vietnamese threat.

CONCLUSION

There is no doubt that there have been rapid and significant changes in Thailand’s society and politics over the last two decades and that the traditional, that is, bureaucratic, forces at present are constrained in the exertion of their power by a number of factors. However, it would be simplistic to say that the bureaucratic polity has been transformed into a participatory democracy or bourgeois polity. Demonstrations of naked military power may be difficult to stage and indeed are considered rather counterproductive and passé in many quarters, but the armed forces still wield a great deal of influence and are now in the process of consolidating and reinforcing their influence within the political system. The military is attempting to legitimize its role and political involvement by expounding a more or less coherent philosophy of government and by creating institutional devices for mass mobilization to buttress this philosophy.

More crucial, however, given the fact that constraints arising from purely domestic issues tend to be more pronounced, the military has been able to utilize the external situation to its advantage. The reasons are twofold. First, foreign affairs constitute an area in which extrabureaucratic actors tend to take less interest. Second, a unified, resurgent, and expansionist Vietnam poses threats to Thailand’s security. In the midst of an environment where there is perceived to be a “clear and present danger,” the bureaucrats in general and the military in particular are
allowed considerable scope to define what constitutes “national security”: to identify what specific issues are related to it; to determine the existence, form, and time span of threats; to select and implement policy options, as well as mobilize the resources deemed necessary, for the enhancement of that security; and ultimately to influence the course of Thailand’s domestic politics and foreign policy. At present the country is far from being a military dictatorship, but it is perhaps not difficult to imagine a scenario, assuredly a worst-case one for many, where the continuing existence of the Vietnamese threat helps to tip the fragile balance against the “democratic forces,” reestablishing the predominant position of the military within the body politic through martial law, a military-backed national government, or indeed both.83

In the arena of Thai domestic politics and foreign policy a drama is unfolding. It is both new and old. It is new in the sense that both the country and the traditional power-wielders within it must contend with new sets of problems and players in a rapidly changing world. It’s old in the sense that neither the old concerns nor the traditional political forces have disappeared. Indeed, the conjunction between Vietnam’s resurgence and the Thai military’s efforts to reinforce its role in politics suggests that the “old” may be in ascendance. There may be different directions, different casts, and different audiences, but the same play may be enacted time and again on the long and uncertain road toward a full-fledged democracy, which has been the goal for all since 1932. If one were to sum up the present state of Thai politics and foreign policy in one sentence, then perhaps the most appropriate one would be: “Plus ça change, plus c’est la même chose” (“The more things change, the more they are the same”).

6. Indonesian Domestic Politics and Foreign Policy

Jusuf Wanandi

INTRODUCTION

Indonesia consists of more than 13,000 islands stretching over an area of about 3,000 miles from west to east and about 2,000 miles from north to south. Its population of 160 million comprises many ethnic groups and different races, with a variety of traditions, customs, and religions. About two-thirds of the population live on Java, which constitutes only 6 percent of the total land area. This makes Java one of the most densely populated areas in the world. Some regions and islands are well developed, but other regions, mostly in the eastern part of Indonesia, remain backward.

In spite of the remarkable economic progress achieved over the past fifteen years, Indonesia still is a middle-income developing country with a per capita income of about $650 in 1983. Demographically speaking, the population is very young. Therefore, the main challenge to the country is to generate sufficient employment to absorb a new labor force of about 2 million annually.

Indonesia's light manufacturing industries, which were developed under the import-substitution strategy of the 1970s, have not reached a maturation stage. Broadening of the industries has not been followed by a deepening of the industrial structure. Thus, Indonesia's industries remain highly dependent on importing intermediate inputs financed from the proceeds of oil exports. The country's dependence on oil remains high. Oil exports constitute about 60 percent of total export earnings, and the income from oil is a main source for financing the government's budget.

Sustained growth during the past fifteen years has raised the overall standard of living of the population. However, this high-growth period also has led to increasing inequalities in income, especially in the big cities, as well as in social status and in the distribution of political power, all of which are common phenomena in developing societies. A process of change in cultural values has also taken place; the society has become more open and therefore more sensitive to external influences.

On balance, the economic progress achieved during the last fifteen years has brought about new, bigger, and more complex problems. However, sufficient ca-
abilities are present to counteract them. This chapter describes the race between the problems that have emerged and will continue to emerge in the process of development and the development of capabilities in the society to overcome those problems. I think Indonesia has a fighting chance to win this race. In the process Indonesia undoubtedly will experience some social unrest, but it will not necessarily lead to a social revolution capable of destabilizing the ruling government.

ECONOMIC PROBLEMS AND THEIR IMPACT ON NATIONAL STABILITY

It was only in 1982 that Indonesia began to feel the implications of the global recession. The growth of the country’s gross domestic product plummeted to 2.3 percent from an annual average of 7 to 8 percent in the period 1979–81. The Indonesian economy, in particular its industrial sector, remained stagnant up until the end of 1984. It is expected that recovery will take place by the end of 1985, provided that the price of oil can be sustained and the industrialized countries, in particular the United States and Japan, maintain a strong economic recovery while resisting protectionist pressures at home.

In addition to these external factors, Indonesian economic development will be affected by a host of internal factors. Since early 1983 a series of bold government measures have been undertaken in an effort to adjust to lower oil prices. Among those measures were the devaluation of the rupiah by about 27 percent; reduction of petroleum products subsidies through a 50 percent increase in domestic prices; postponement of major capital-intensive, heavy industrial projects, which have high import components; policies to increase nonoil exports; partial liberalization of the banking sector; reform of the tax system; and gradual liberalization of the economy as a whole, in which the private sector is to assume a greater role.

The results of these measures have been mixed. In macroeconomic terms significant improvements have been achieved: the balance-of-payments position has been strengthened, and inflation has been kept at the one-digit level. Implementation of development projects, however, has suffered from bureaucratic red tape, partly due to centralization of decision making, including centralized procurement. In addition, the so-called informal sector, which absorbs high numbers of unskilled labor—especially in urban centers—has suffered from the rationalization policies enacted by the government.

To sum up, the main economic problem faced by the country in the short term is uncertain global economic development. In addition, internal uncertainties regarding implementation of government policies have aggravated these conditions.

National stability, however, would not be threatened if the targets of the current development plan (Pelita IV) could be achieved, namely, 5 percent real growth rate in GDP per annum, in which resources are allocated in order to ensure the next generation of sufficient employment opportunities. Scarce resources must be used much more efficiently than before. This suggests the need for rationalization of the public sector; a greater role of the private sector through the creation of linkages and stronger cooperation between the big, medium, and small enterprises; further
strengthening of the cooperatives in rural communities; and support for the informal sector as a means to absorb labor in the urban areas.

Further restructuring efforts are necessary to increase the country’s ability to export nonoil products. Industries will have to assume a bigger role in exporting finished and intermediate products, such as textiles and garments, wood products, cement, fertilizers, and petroleum products. Overcoming protectionism in many markets will become a major task for Indonesian exporters. Nonetheless, it is equally important to develop trading houses to market products in new, more difficult markets abroad. The development of new export items, in particular those relating to agroindustrial activities, is also called for. There are a number of obstacles in this field, which need to be overcome. These include land acquisition policies, the relationship between estates and smallholders, and appropriate credit policies.

The worst-case scenario regarding external economic developments features oil prices dropping to $20 a barrel, protectionism remaining severe, and unresolved debt problems in the Third World. Indonesia would still be able to survive economically because of its large domestic market, a greatly improved performance of the agricultural sector in the provision of food and an industrial structure which, despite its weaknesses, is able to provide for the necessary basic products, such as clothing as well as fertilizers and cement.

It seems, however, that the political system that has been developed so far and will continue to evolve would enable the country to prevent internal disintegration as a result of any prolonged economic hardship. Furthermore, the present government under President Soeharto has shown the ability to overcome national crises, as exemplified by the bold policies taken in 1983 in response to uncertain external developments. In comparison to the situation in 1965, Indonesia today has reached a certain level of resilience in various fields. It has developed political institutions supported by a growing middle class (comprised of the military, the bureaucracy, professionals, and businessmen), as well as by a majority of the people living in the rural areas.

SOCIOPOLITICAL PROBLEMS AND THEIR IMPACT ON NATIONAL STABILITY

National stability cannot be achieved through economic development alone. In fact, the very success of economic development brings about new and more complex problems of the distribution of income and political power. These add to the already difficult problems caused by disparities among the different regions, ethnic groups, races, and religions. The question is how far the country’s elite, which supports the present government, is aware of the complexity of the problems and realizes the need for social and political development to overcome them. An equally important question is whether the main political institutions can effectively deal with these problems as well as continuing the present system of government by mobilizing the support from the same coalition.

Formally speaking, the important institutions in the country are the People's
Consultative Assembly, the House of Representatives, the executive branch, and other such constitutional institutions. However, the importance of other political institutions, namely, the armed forces, the ruling party (Golkar) and the other political parties, the corps of civil servants, mass organizations, academic institutions, and the mass media, as well as the business community, lies in their ability to influence the constitutional institutions to accommodate changes in the society.

**The Armed Forces**

The generation of 1960, or the “generasi Akabri,” is expected to take over the leadership of the Indonesian armed forces by 1988. As distinct from the revolutionary generation of 1945, the generation of 1960 consists of graduates from the military academies. This generational change has raised some questions with regard to the future unity of the armed forces and their ability to perform a sociopolitical role as part of their “dual function.”

The dual function—the armed forces in both a defense and a sociopolitical role—originated with the revolution during 1945–50 that led to the creation of the armed forces, composed of freedom fighters, which are the acknowledged co-founders of the Republic of Indonesia.

Observations suggest that the generation of 1960 is more united than the 1945 generation, which to a large extent reflected the diversity within Indonesian post-revolutionary society. The armed forces’ role in political affairs has matured, as illustrated by its ability to adjust its mode of participation in the last three general elections. The armed forces remain committed to a smooth process of political development, but their support for Golkar has become less direct. In the general elections of 1982, as distinct from the 1971 and 1977 elections, the armed forces were no longer involved in election campaigning and other such activities. In a sense, this less direct sociopolitical role reflects the politically more stable environment prevailing today. This change in the mode of political participation does not imply abandonment of the concept of dual function or alteration in the pattern of civil-military relations, on which consensus continues to exist throughout the nation.

In general it can be said that the generation of 1960 is more professional than its predecessor. It retains an interest in the sociopolitical development of the country as a result of the educational system of the military academies and experience gained through territorial activities assigned to young officers. The greater professionalism of the armed forces has made its members more compliant and in that sense has created a more united armed forces. This development has been reinforced by the recent simplification and streamlining of the structure of the armed forces.

With this greater professionalism it can be expected that in the future more emphasis will be given to the armed forces’ defense role. This shift in emphasis will be accelerated if it is felt that the threat to Indonesia's national security in ten to fifteen years is no longer solely internal in nature. If this is the case, Indonesia's
defense requirements will change, and the doctrine of total people's defense will no longer be sufficient. This would not necessarily mean, however, that the armed forces would "go back to the barracks."

The Corps of Civil Servants

The establishment of Korpri, the corps of civil servants, in the 1970s was necessitated by the very weak bureaucracy that existed following Indonesian independence. The Dutch colonial administration had not formed an efficient corps of indigenous civil servants as the British did in their colonies. The bureaucracy formed during the brief Japanese occupation was subject to serious fragmentation in the 1950s and 1960s because of the continuous struggle for power among the political parties.

The technocratic and bureaucratic style of the New Order government has enabled Korpri to become a strong entity. Many view this development with great concern, feeling that the Indonesian bureaucracy has become very strong, but also too rigid and too closed as well. This has resulted in a regimentation of society by bureaucracy, which in the course of time has become less accountable and less sensitive to aspirations from below. Thus, the very behavior and practices of the bureaucracy threaten the successful implementation of the government’s policies. Bureaucratic corruption has been identified by public opinion polls as the most serious threat to the country. Unsuccessful efforts to deal with this problem tend to undermine governmental credibility.

In a paternalistic society, such as present-day Indonesia, it may not be easy to change the status and role of the bureaucracy. Neither is it conceivable that the spoils system practiced during the era of liberal democracy from 1950 to 1958 will be reintroduced. Instead, two other major sociopolitical forces in the society, the armed forces and Golkar, will be required to function as a counterbalance to the dominant role of the bureaucracy. Otherwise, the country will end up with a bureaucratic state, which would become self-defeating.

Golkar and the Other Political Parties

In 1984 a process of consolidation was witnessed within Golkar, organizationally as well as in terms of its leadership. Organizationally, the registration of members and a program for cadre training have been implemented. The new leadership has been given the task of streamlining Golkar's partnership with the armed forces and Korpri.

The aim of the present consolidation is to establish an independent and mature Golkar capable of fulfilling the following three tasks: (1) mobilizing mass support and participation in national development programs; (2) channeling the people's aspirations and opinions; and (3) controlling the government apparatus.

These tasks are not easy because an independent Golkar must function simultaneously as the main support of the government and maintain its relevance as an
organization representing the people. It is hoped that if Golkar can perform this dual role successfully over the next ten years or so, it could take the lead in defining the rules of the game of a Pancasila democracy (a democracy based on consensus building), which in essence is based on popular sovereignty adapted to Indonesia's cultural values and political traditions.

The two other political parties, the Partai Persatuan Pembangunan (PPP; in English, the United Development Party, a Muslim party) and the Partai Demokrasi Indonesia (PDI; Indonesian Democratic Party, a merger of non-Muslim parties) face essentially the same challenges as Golkar. Their position is not as difficult as that of Golkar—which must rally support for the government; however, the PPP and PDI have not advanced much in their consolidation efforts partly due to the more limited facilities they received from the government and the armed forces compared with those granted to Golkar.

The other political parties, however, have an advantage over Golkar because historically and traditionally they are based on a more effective group solidarity. Popular support for these political parties is significant. As shown in the latest general elections, the PPP and the PDI were able to mobilize about 30 percent and 10 percent, respectively, of the total vote. The question regards the role of these political parties in a Pancasila democracy, in which they have fair opportunities to participate in national development efforts and eventually also to participate directly in the government.

Meanwhile, both political parties will need to resolve their internal problems. These originate from internal dissatisfaction on the part of the younger generation with the continuing domination by the older generation. These problems are also the result of the process of merging various parties into these two political parties, the PPP and the PDI, and the recent required acceptance of Pancasila as the sole principle (asas tunggal) of all parties.

The PPP, formed by a merger of Islamic parties, is faced with the question of whether or not to open up the party to non-Muslims, which would alienate many of its traditional supporters. Adoption of Pancasila as the sole principle of the PPP probably will not change the structure and operations of the party in such a drastic fashion as to alienate its rank-and-file. A second internal problem of the PPP is the limited support for its current leadership, which originates mainly from one group, namely, the former Partai Muslimin Indonesia (Parmusi). If this leadership fails to prove that it can serve the interests of the broader constituency, the next general elections may see a weakening of the PPP, a development that would not be in the interest of the nation. A weakening of the PPP could result in the emergence of alienated groups seeking alternative ways and means to make themselves heard, often through radical methods or by the use of force. History has shown that these kinds of movements come and go and express themselves differently from time to time. Occasionally, as in the case of the Darul Islam movement, the demand explicitly expressed was for the creation of an Islamic state. At other times, enforcement of Islamic law among believers has been sought through government legislation. With the adoption by the political parties of Pancasila as their sole guiding
principle, the government hoped that religion would no longer be employed for political purposes. In the past, religious issues have frequently been used to mobilize the masses to express antigovernment sentiments. The recent riot in the densely populated area of Jakarta harbor, Tanjung Priok, is a case in point; religion was used as a vehicle for expressing dissatisfaction with the socioeconomic conditions, which resulted from government polices favoring economic rationalization.

The PDI has not been able to resolve the problems arising out of the merger of ideologically diverse parties. Of them, the Partai Nasional Indonesia was the largest and historically most important. However, the PDI has not been able to adjust to new realities, losing its traditional support base within the government bureaucracy. In addition, it has since suffered from personal rivalries within. Nonetheless, the PDI has a role to play in the development of a mature party system in Indonesia. It has been suggested that Golkar and the other two political parties represent the entire spectrum of political aspirations in the society, with the PDI the populist party on the one end, the PPP as the conservative party on the other end, and Golkar a moderate party representing professionals and functional groups.

Other Political Institutions

Mass organizations are also required to adopt Pancasila as their sole principle. Initially, this proposition was rejected by the many youth or student and religious mass organizations, since it was seen as an attempt to eliminate plurality of mass organizations and community life in general. The proposition to introduce Pancasila as the sole principle for all political parties and mass organizations originates from the 1945 generation, which intended to bequeath a national system based on Pancasila, a means to safeguard the nation from serious political rupture in the future. While the intentions are noble, a rigid implementation of this proposition could lead to the creation of a monolithic national system with all its dangers. In addition, a formal acceptance of that proposition by all political and mass organizations does not automatically guarantee that political and ideological conflicts may not arise in the future.

Mass organizations functioned in the past mainly as extensions of the political parties and were directly involved in the political and ideological struggle. This subordination was gradually repudiated as part of the New Order's political philosophy. Mass organizations were to become independent entities, and the aim was to enhance professionalism and functionalism of mass organizations in Indonesia.

Parallel to the above development, the political role of students and universities has undergone change. The universities no longer are places for practical politics. The mass media's role, which is based on a code of ethics involving some self-restraint in reporting sensitive issues that could lead to conflicts in the society, is perhaps not an ideal one, but it has been performed successfully so far. The Indonesian mass media may ultimately emulate the Japanese one, which even with
its freedom well understands what not to report for the sake of Japan’s national interest.

The private (business) sector can play an important role in political life. It constitutes the core of the emerging middle class in a developing society, which usually becomes the bearer of democratic ideas. The Indonesian private sector is still weak, despite its remarkable growth during the last decade as a result of new economic opportunities. The role of the private sector in Indonesia’s development often has become a source of controversy due to its racial connotation. The government and a growing subset of the society have come to the fore to resolve this problem.

One the one hand, the government has devised policies to encourage the process of assimilation and integration of Indonesians of Chinese origin. On the other hand it has introduced measures to strengthen indigenous entrepreneurs, among other things by linking their business activities with the established ones, mostly managed by the state or Indonesian Chinese.

CHANGES IN CULTURAL VALUES AND THEIR IMPACT ON NATIONAL DEVELOPMENT

At issue at the present time is how to develop a new national solidarity to replace the older one, which emerged out of nationalism and national revolution under the leadership of the 1945 generation. Japan provides an example of a successful transformation of its national solidarity to adjust to the new realities, in which modern corporations have taken over the role of traditional groups. Japan’s experience cannot be repeated. However, Indonesia’s own history has shown its ability to adapt to and to absorb new cultural values from without. The Javanese culture has been in the forefront of the acculturation process, but it has been able to preserve its essential cultural traits. Javanese culture continues to dominate in Indonesian society as a whole, partly because the majority of the population are Javanese and partly because they dominate in the government. It remains to be seen whether the Javanese culture has the ability to adapt itself fast enough to the need for cultural transformation toward modernization.

There at least are two important concepts of the Javanese that have often been referred to as obstructing the process of modernization. The first is the concept of harmony, which is adhered to by traditional entities such as clans, big families, and villages. Manifestions of this concept in the village context are, for example, the practice of consensus through deliberations (musyawarah untuk mufakat) and mutual help (gotong royong and tolong menolong).

The question is whether this concept can find its manifestation in modern, urban societies in the context of modern political parties and other new institutions, which are likely to be affected by the dynamics of rapid economic development and influenced by an international code of conduct based on Western values such as competition and individual accomplishment. Can this concept, in the wake
of these changes and influences, lead to the development of a new national solidarity?

The second is the concept of power, which basically recognizes only one, central source of power. This tends to be manifested in the centralization of power in Jakarta and in the hands of the government, namely, the executive branch.

The question is whether this concept can be applied when the society becomes more complex as a result of development. It is often thought that in order to be able to cope with more complex problems, the society needs a diversity of institutions, greater decentralization, and a greater role of the legislative branch, the political parties, and the private sector.

NATIONAL DEVELOPMENT AND INDONESIA’S FOREIGN POLICY

Indonesia’s active and independent foreign policy is bipartisan and has the support of a wide segment of the society. This principle implies that Indonesia preserves its right of self-determination and its right to make its own foreign policy choices to serve its national interest. It cannot be denied that Indonesia’s economic relations are predominantly with the West and Japan. In view of the importance of economic interactions and economic cooperation for Indonesia’s national development, occasionally it has made some foreign policy compromises. Overall, however, and despite such intensive relations with the West and Japan for the past fifteen years or so, Indonesia maintains a more or less active and independent posture. While the national leadership under President Soeharto is pragmatic in the implementation of policies, its foreign policy outlook remains heavily influenced by nationalist sentiments and experiences during the struggle for independence.

The implementation of Indonesia’s foreign policy under President Soeharto is diametrically opposite that of President Sukarno’s high-profile and revolutionary posture. To a large extent, this reflects the difference in personality between the two presidents.

Soeharto’s foreign policy is seen as being subordinated to Indonesia’s national development efforts. Some critics of Soeharto’s low profile would like to see a more active, even assertive, Indonesian role in international forums, such as the Non-Aligned Movement and the North-South dialogue.

The foreign policy initiatives of President Soeharto have been confined largely to the immediate region. A major goal has been improving relations with Indonesia’s neighbors by terminating konfrontasi and signing agreements on land and sea borders with most of Indonesia’s neighbors (except Vietnam and Australia). The second major foreign policy initiative has been to engage Indonesia in a regional structure, ASEAN, in order to regain the confidence of its neighbors. The stability of the immediate region is regarded as a prerequisite for the success of Indonesia’s national development efforts.

ASEAN has become the cornerstone of Indonesia’s foreign policy, and the success of ASEAN is seen by many observers as resulting from Indonesia’s low pro-
file within that grouping. In spite of its disproportionate size relative to other ASEAN countries, Indonesia, thus far, has not utilized its potentially greater weight in many respects. Given Indonesia's progress in national economic development, it is appropriate to expect that Indonesia will cease to adopt such a low profile. A more active and assertive role, indeed, may be more appropriate because of its potential as a regional power in East Asia.

It goes without saying that the incorporation of East Timor into Indonesia is not a reflection of a new Indonesian posture. In fact, the incorporation was forced on Indonesia as a result of internal developments in Portugal rather than as the result of a deliberate Indonesian initiative.

Recent initiatives, such as improving relations with the Soviet Union and the Eastern European countries, have been justified on the basis of a more "balanced" implementation of Indonesia's active and independent policy. The main objective here is to explore new markets and opportunities for economic cooperation. No drastic change in foreign policy posture is to be expected as a result of these new approaches since relations with the socialist bloc have been minimal.

Another issue of current interest is the possible effects of generational change in Indonesia's leadership on the country's foreign outlook. Observations suggest that the future leadership, both from the armed forces as well as civilians, does share essentially the same attitudes. On the one hand they will feel compelled to show the nationalistic tradition of Indonesia's foreign policy; on the other hand, they will become more internationally minded. The greater professionalism and education of future leaders may make them even more pragmatic and less ideological than the present leadership. There are immediate implications from this attitudinal evolution.

1. The future leadership's commitment to ASEAN may not be as high as that of the present one, which regards ASEAN as its baby. Future leaders will ask for concrete results and benefits from continued involvement in this regional structure.

2. If Indonesia's future economic performance declines relative to the 1970s, the future leadership may turn more inward. It may want to allocate less resources to foreign policy initiatives and more to improving the country's military capabilities, even though the external environment may have changed.

3. In spite of the fact that the threat assessments by the younger generation are not likely to differ from the present, there seems to be support for an improved military capability to respond adequately to a possible conventional military threat externally in the future.

Overall, however, no drastic changes in the leadership's foreign policy outlook are likely to take place. Both the People's Republic of China and the Soviet Union will still be seen as a potential threat. Japan's defense build-up, as it is currently designed, is not seen as alarming, despite some misgivings of a possible extension of its naval capabilities into Southeast Asian waters.

The attitude of the new generation toward the United States is more ambivalent. On the one hand, it recognizes the importance of the U.S. presence for the sta-
bility of Southeast Asia as well as the U.S. role as a partner in Indonesia’s economic development. On the other hand, the United States, as a superpower, has always created an uneasy feeling among Indonesian leaders.

CONCLUSIONS

The present Indonesian leadership recognizes the many challenges to be faced by the country in the future, not only in the economic field, but in the political, social, and cultural fields as well. Economic development continues to receive the leadership’s priority attention. President Soeharto has shown the ability to overcome difficult economic situations by taking painful but necessary policy measures. The implementation of those policies has become less effective over time, perhaps because of strong resistance by certain interest groups or by the bureaucracy itself. The 1970s saw a remarkable improvement in social infrastructure especially in education and health. This was made possible by the oil boom, and much effort will be required to continue to finance further achievements in these fields.

Political development has been seriously promoted by the government, largely as a means of guaranteeing future national stability. The government’s position has been strengthened considerably, and now it can afford to take a more relaxed and flexible attitude toward the country’s political development process. The country’s political infrastructure essentially has been established by now. President Soeharto and the 1945 generation sought to bequeath a national system based on Pancasila and the successful restructuring of the country’s formal political system during the past fifteen years. The political system that evolved during the New Order is now being tested with the gradual change in national leadership that is already taking place within the armed forces, the bureaucracy, Golkar and the other political parties, and mass organizations.

Whenever President Soeharto decides to retire from office, a succession problem with serious political ramifications is not likely to arise because the present coalition that supports Soeharto has become sufficiently established to control the transition.
7. Continuity and Rationality in Indonesian Foreign Policy: A Reappraisal

Donald K. Emmerson

In 1985, the Republic of Indonesia became forty years old—chronologically. Politically, the nation's age was better reckoned as "twenty plus twenty": It was in 1945 that Sukarno declared his country's independence. In 1965, six anticommunist generals were assassinated, triggering a chain of events that transferred power from Sukarno's Guided Democracy (or Old Order) to Suharto's Pancasila Democracy (or New Order). In 1985, Suharto was still in control.

The violence of the transfer, in which hundreds of thousands of real or suspected leftists were killed or imprisoned, and the sharpness of the differences between the new and old regimes, endowed 1965 with a near-universal reputation as the steepest watershed year in the already uneven course of Indonesian history since World War II. From the generals' deaths on the first of October\(^1\) to Sukarno's reluctant surrender of emergency authority to Suharto on the eleventh of the following March, so decisive and transforming were those 162 days in 1965-66, one is tempted to count the preceding years downward as "BC," or "before the coup," and subsequent dates forward as "AD," in the year of development—in reference, first, to what failed in October (or what succeeded in March), and second, to the dramatic turnaround from decay to growth that became the economic hallmark of the New Order.

If the domestic political, domestic economic, and foreign (economic and political) policies of the New and Old Orders are compared, it is on the first score that the two regimes are least dissimilar (Liddle, 1985). Although the internal political arrangements favored by Sukarno and Suharto differ in significant respects, in both types of polity power has tended to flow, relatively unchecked, from the top down

\(^{1}\) The October 1 date is used for convenience; the kidnapings and killings actually took place during the night of September 30–October 1.
and the center out. If the linchpin of Guided Democracy was Sukarno's personality, the backbone of the more durable New Order is the armed forces (Emmerson, 1978). Neither arrangement, however, can be considered democratic in a Western sense.

Under Suharto, Indonesia reopened its doors to foreign investment, rejoined the United Nations, and stopped confronting Malaysia—all radical departures from previous practice in foreign and domestic-economic affairs. However, in the domestic-political sphere, although he reversed Sukarno's accommodation of communism, Suharto maintained his predecessor's antipathy toward multiparty competition and militant Islam. Golkar, the electoral vehicle used by Suharto quinquennially to renew his mandate, dates back to the pre-1965 days when "functional groups" were seen as a way of transcending the divisive partisanship of political parties. Nor has the once-successful Muslim party, Masyumi, banned by Sukarno in 1960, been allowed to reorganize under its original name or leaders.

Viewed against the evidence for some continuity in domestic politics, the discontinuity between the foreign policies of the New and Old Orders is striking, and I too am impressed by the magnitude of the impact of 1965-66 on Indonesia's interaction with the world. But in this chapter I want to make the case for continuity.

Why bother? Why should readers of a volume focused on current policy be asked to reconsider the historical discontinuity of Indonesian behavior in world affairs? Why dredge up the Old Order in the context, so obviously different, of the New?

I will not make a grand plea for history over political science, although the shallow contemporaneity of so much of the literature on international relations and foreign policy tempts me to do so. Nor will I claim the "policy relevance" of pausing occasionally between scenarios and extrapolations for a look long backward, notwithstanding the sometimes tragic present-mindedness of American policymakers—in Indochina, for example, where the time-horizons of Hanoi's history-ridden Leninists still dwarf the four-year perspectives of successive administrations in Washington, not to mention the one-year field experiences of American troops during the Vietnam War.

I justify my focus instead as an aid to explanation. Without reference to continuity, change cannot be understood. The more radically and completely President Suharto is perceived to have broken on foreign policy matters with his predecessor, the harder it becomes to understand why.

Fundamental policy change can be said to involve the renunciation of goals in favor of their opposites, as, for example, in the replacing of Sukarno's "anti-Western nationalistic" foreign policy objectives with Suharto's "pro-Western economistic" ones. Cast in these terms, which are implied by so many Western perceptions of Indonesian foreign policy, "BC" versus "AD," the succession of regimes becomes a stunning national volte-face.

There, on the other side of the mid-1960s, Sukarno strives to make Indonesia a revolutionary anticolonial leader of the Third World. Intrigued by the Second
World, he abandons the First. He is a nationalist, an ideologue—flamboyant. Here, on this side of the great divide, Suharto works to make his country a responsible trading partner of the First World. Rejecting the Second, he ignores the Third. He is an internationalist, a pragmatist—sober.

If this be a caricature, that is my point. Apart from reducing structure to personality, such an exaggeration of the foreign policy differences between the two regimes confuses ends with means. The transformation of Indonesian foreign policy before and after 1965-66 is more accurately and usefully seen as a change in the means used to achieve an unchanged end: the security of the nation-state.

To recognize the continuity of security as a goal before and after 1965-66, I will argue, is to question the value of another widespread opinion: that the rationality of Indonesian foreign policy is much greater under the New Order, with its quiet, unassuming stance on international issues, than under the Old, when Sukarno strutted and blustered on behalf of the nonaligned.

In the 1980s, signs have accumulated that Indonesia's foreign profile has begun to rise. In January 1984, Indonesia hosted a conference of information ministers from nonaligned nations. In April 1985, on the thirtieth anniversary of the Bandung Conference, Indonesia symbolically reconvened that embodiment of Sukarno’s aspirations to lead the Third World, thereby stimulating talk that Suharto would like his country to become the next head of the Non-Aligned Movement. Also in 1984-85, an exchange of visits between Vietnam’s defense minister and the head of Indonesia’s armed forces suggested increasing restiveness in Jakarta with the basically pro-Thai, anti-Vietnamese line favored by ASEAN. If the argument in this chapter is correct, these developments are not anomalous, but result logically from the success of the New Order’s efforts to readdress the goal of security through economic means.

Suharto’s initially low profile abroad should not be misread. The rift of 1965-66 did not cause Indonesia’s leaders to lose interest in projecting their country’s influence onto a wider stage. The difference was one of means, not ends. By the mid-1980s, through economic growth and political stability (despite the oil recession and occasional civil disturbances), the New Order had finally acquired the wherewithal and self-confidence to become a regional or even a “middle-global” power, not rhetorically, following Sukarno’s formula, but substantively, after Suharto’s.

Economy-minded though Suharto and his technocrats have proven to be, they are not less nationalistic than their predecessors. The national security of Indonesia, differently approached, has been the overriding goal of both regimes. In this instrumental sense, the rationality of a raised profile, Sukarno’s or Suharto’s, should not be doubted merely because it meshes less well with Western interests than did

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2 As Jusuf Wanandi of the Center for Strategic and International Studies in Jakarta put it: “The world’s going to be hearing a lot more from Indonesia now” (Manguno, 1984).

3 Middle-global is a term that has been used, privately at least, by one Indonesian foreign policy maker to describe his country’s proper international role.
the more accommodative foreign policies of the New Order in its early-middle years.

**RATIONALITY AND FOREIGN POLICY**

Because a major meaning of *rationality* is "endowed with reason," which is a personal characteristic, it is natural to identify irrationality in foreign policy with the behavior of individual leaders. But *rationality* is also a Western construct, the product of Judeo-Christian and Greco-Roman traditions that have much less directly affected the thinking of non-Western peoples. Correspondingly, while the history of the West is not without candidates for mad-man status, it is easier for a Westerner to characterize as irrational the foreign policy behavior of what appear to be wildly deviant Third World personalities: an Idi Amin, a Muammar el-Qaddafi, an Ayatollah Khomeini (see, e.g., Rostow, 1984: 9)—or, more to my point, a Sukarno.

The use of outlandish characters drawn mainly from the Third World to exemplify irrationality in international affairs reinforces an assumption that while foreign policy rationality is a structural property of developed (Western) states, irrationality is specific to the personal leadership of more than a few underdeveloped (non-Western) ones. Such an assumption implies in turn that future reductions in the pathology of world affairs will depend in large measure upon the readiness and ability of underdeveloped nations in the Third World to adopt the advanced industrial-democratic systems that have minimized the emergence—or, failing that, have curtailed the power—of unbalanced leaders in the First.

The literature on international relations amply illustrates the personification of deviance from modern democratic rationality. Legg and Morrison (1971), for example, define foreign policy as "a set of explicit or implicit objectives with regard to the world beyond the borders of a given social unit and a set of strategies and tactics designed to achieve those objectives" (133). The authors note that

some goals and objectives are the irrational products of supernationalism, pride or national paranoia, anger and the desire for revenge, and the personality needs or obsessions of key decision-makers (particularly in states where decision-making power is highly concentrated). (167)

But the "rational model" is still a useful "general guide to how policies are made—under optimum conditions—in a modern society" (170–71).

If the United States approximates a modern society where optimal foreign policy conditions prevail, should one then discount the possibility that pride or paranoia characterizes, say, the intense hostility of the Reagan administration toward Sandinista Nicaragua? The persisting influence of emotions on American foreign policy belies the idea that supernationalism is a disease of the transition to modernity. If the structure of advanced industrial democracy is the best guarantee against megalomania in foreign affairs, how could Adolf Hitler come to power in Weimar Germany? And if irrationality is personality-specific, why did the presum-
ably advanced structure of decision making fail to redirect America's incremental steps into the quagmire of Vietnam?4

From the standpoint of more than a few Third World associates of the United States, including Indonesia, American policy at its worst has seemed irresolute, and that quality is surely not unrelated to the proliferation of interest groups and the institutionalization of checks and balances that mark American industrial democracy. To the extent that such a system is prone to deadlock, indecision, and inconsistency—as legislative and bureaucratic factions with divided loyalties struggle to thwart one another and as power is recontested and issues are redebated every other year in partisan political campaigns—the structural potential for irrationality in American foreign policy becomes hard to deny.

My purpose in making plain the double standard that tends to govern the measurement of rationality in foreign policy is not, however, to challenge that standard on its own home ground, that is, with Western examples. Instead, I want to question the conventional wisdom that the New Order has brought much greater rationality to Indonesian foreign policy, after the flamboyant unreasonability of Sukarno's approach to the world.

Rationality in foreign policy can be considered a property of, first, a leader; second, a system; third, a goal; or fourth, the relationship between a means and an end. It is in the fourth, means-focused sense that I want to make the case against overestimating the rationality of New versus Old Order foreign policy—an exaggeration that tends to project upon Indonesia the third, goal-centered notion of rationality as a property not of how a government does something but of what a government wants to do.

When Legg and Morrison (1971:167) refer to some foreign policy goals as "the irrational products" of extreme emotion, they illustrate what I am recommending against. By focusing on rationality as a relationship of method to objective, I hope to avoid the distortion involved in imposing upon Indonesia a rationality of goals—political stability, economic growth, ties with the West—that happen to be valued by a given observer, rather than a rationality of means that serve goals important to the observed. Finally, a concern with means in addition to goals, with process as well as intention, can help to highlight the often neglected domestic context of foreign policy—a particular advantage, it seems to me, when trying to understand the international behavior of a country as large and diverse as Indonesia.

The standard case for the rationality of the foreign policies of the New Order and the irrationality of those of the Old is not, of course, insensitive to means. But the sheer desirability of the goals imputed to the New Order tends to bias one's judgment toward approbation.

4 I do not reject absolutely the idea that "the system worked" (Gelb, 1971). But the system worked much more slowly, in terms of years, lives, or expenditures, than the case for rationality as a structural property would have led one to expect.
Thus, Suharto’s decision to abandon Sukarno’s campaign against Malaysia was rational not only because it facilitated the achievement of regional peace, but because regional peace is itself a rational objective. Whatever the net costs or benefits of their opposite decisions, Sukarno was being unreasonable when he withdrew his country from the United Nations, just as Suharto acted responsibly in reentering that body, because cooperation among nations, which the United Nations stands for, is itself a rational objective. By reopening Indonesia to Western aid, loans, and investments, Suharto acted rationally, just as Sukarno had been irrational in closing those connections, not only because Suharto’s policies raised the material welfare of the people, but because material welfare is itself a rational objective.

SECURITY AND REGIONAL ENTITLEMENT

From Sukarno’s point of view, the real threat to regional peace originated not in Jakarta and its opposition to the proposal to federate Malaysia, but from the proposal itself and its sponsors. His rhetorical excesses struck in Western ears a note of almost deranged obstreperousness that seemed to negate the very idea of regional peace, not to mention the destabilizing intent behind the infiltration of Indonesian military personnel into northern Borneo or across the Malacca Strait. But underneath the verbal bombast and the occasional raids associated in the 1960s with anti-Malaysian konfrontasi, or confrontation, lay security concerns that are still visible below the strikingly different verbal and behavioral surface of Indonesian foreign policy in the 1980s.

The object of one of those concerns was, and is, Singapore. By incorporating Britain’s major military base in Asia and by tying Indonesia’s neighbor economically and militarily to London, the Malaysian project appeared to legitimize and prolong the opportunity for big power intervention in the region, complicating the prospects for regional peace. Apart from the discomfiting thought that Malaysia might thus facilitate a latter-day “Singapore strategy” on behalf of imperialist interests, the “Chineseness” of the island raised the question whether the uniting of Sarawak and Sabah with Malaya, far from drowning Singapore in a Malay sea, might provide in the South China Sea a larger concourse for the pursuit of “Chinese” designs in the region, including expanded and potentially destabilizing access to Indonesia’s own ethnically Sinic minority. Finally, by opening the possibility that British or Malaysian troops could be used elsewhere in Southeast Asia, without prior consultation with Indonesia, Malaysia’s bilateral defense agreement with Britain appeared to diminish the scope of Indonesian responsibility for security in the region.

New Order foreign policy echoes each of these concerns. The concepts of “resilience” (discussed below) and ZOPFAN (Southeast Asia as a “zone of peace, freedom, and neutrality”), so firmly ensconced in the vocabulary of Indonesian foreign policy in the 1970s and 1980s, reexpress Sukarno’s desire to strengthen the
region's capacity to resist being drawn into conflicts between the superpowers.5

"The responsibility for the preservation of the national independence of the three
countries and of the peace and security in their region lies primarily in the hands
of the governments and the peoples of the countries concerned," agreed the lead­
ers of Malaya, the Philippines, and Indonesia in 1963 in the name of a regional
grouping to be called Maphilindo (Indonesia, 1964a:31; cited in Leifer, 1983:88).
Replacing "three countries" with "six countries," that statement could have been
made jointly by Malaysia, the Philippines, Indonesia, Brunei, Singapore, and Thai­
lanid in 1985 in the name of ASEAN.

Sukarno's opposition to Singaporean membership in Malaysia was scrupulously
nonracial. But Indonesian antipathies to Singapore's joining Malaysia did reflect,
especially in military circles, the fear that Singapore's ethnic make-up could facili­
tate the expansion of the overseas Chinese, or the expansion of China overseas—
and the suspicion that those prospects might entail one another to the detriment of
regional peace. Nor were such concerns alleviated in military minds by Singapore's
strategic position within a new state to be located astride the most heavily traveled
entrance to the Indonesian archipelago. Similar anxieties still characterize the
thinking of influential Indonesians, especially now that so many more generals
have become politicians.

I do not mean to belittle the significance of the shift in 1965-66 from Singapore
to Beijing as the overt object of Jakarta's hostility, nor to underestimate the depth
of rapprochement reached by Singapore and Indonesia within ASEAN. But the
riots that broke out in Indonesia in 1968 to protest Singapore's hanging of two
Indonesian marines for acts of sabotage committed during konfrontasi, Indonesia's
unwillingness to allow Singapore to produce small-horsepower engines for the ar­
chipelago's market, and the ethnic-Chinese Indonesians' continuing vulnerability
to sporadic violence all point to the persistence of racial anxiety as an underly­ing,
policy-relevant condition. Jakarta and Beijing are by no means so far apart as they
were in the wake of the bloody displacement of the Old Order by the New. But
until diplomatic relations are unfrozen, one can doubt the deracialization of the
"Chinese factor" in Indonesian foreign policy.

Lastly, when Sukarno interpreted regional peace in terms of a special Indonesian
responsibility for the security of the Southeast Asian neighborhood and implied for
his country a status commensurate with its massive size and resources, he struck
another note that would outlast his rule. Sometimes this implication was ambigu­
ously phrased, as in his assertion of Indonesia's right to be consulted on altera­tions
in the regional status quo and her "primary" responsibility, along with the Philip­

5 In reply, it could be said that Sukarno during konfrontasi was "pro-Soviet," and therefore that a
reduction in superpower penetration of Southeast Asia was not his goal. But apart from the evidence,
after the West Irian campaign, of coolness in Indonesia's relations with Moscow, while relations with
the People's Republic of China warmed, one must remember that in the 1960s the Soviet side in the
cold war was still grossly underrepresented in the region, especially compared with American bellig­
erency in Vietnam, such that the United States was at that time arguably the greater, or at any rate
the more immediate, threat to regional peace.
pines and Malaya, to protect regional security (Sukarno, 1963b:594). On other occasions, regime spokesmen were less circumspect, as when Sukarno’s minister of information defended *konfrontasi* in terms of the destiny of Indonesians, five and ten times respectively more numerous than Filipinos and Malayans, to become the “leading” power in Southeast Asia (Abdulgani, 1963).

This is not to exaggerate the parallels between ASEAN and Maphilindo. In 1985, ASEAN turned eighteen years old. In 1963, the idea of Maphilindo lasted barely two months—before wilting under the heat of Indonesian anger that the region’s potentially most powerful country had been unable to prevent the formation of Malaysia.

New Order foreign policies do, nevertheless, continue to evince what Michael Leifer (1983) has aptly termed a sense of “regional entitlement.” Illustrating the point are efforts of the Suharto government to legitimate and implement the Wawasan Nusantara, or archipelagic concept, a notion of maritime sovereignty that dates from the 1950s, entails a major expansion of Indonesian boundaries, and could be used to withhold from Singapore the one thing that island’s continental shelf-locked economy cannot do without: trade.6

Consider, finally, the official rationale behind the forcible incorporation of eastern Timor into Indonesia in 1975-76. As the army newspaper *Berita Yudha* explained in August 1974, more than a year before the invasion, Indonesia did not want the ex-Portuguese colony to become “a possession or an instrument in the interests of big powers which, without us being aware enough to avoid it, could disturb our neighborhood at a moment’s notice” (cited in McDonald, 1981:194). Ten years earlier, in reference to Singapore, Sukarno’s press might have written the same thing—the main difference being that whereas Western capitalist-imperialists might be hiding inside the Singaporean Trojan horse, its impoverished Timorese counterpart contained a vacuum that could be filled by Marxist-Leninists in league with the Soviet Union or the People’s Republic of China (PRC).

Apart from the continuity suggested by these themes in Indonesian foreign policy, namely, an interest in *regional autonomy*, a sense of *regional entitlement*, and an *aversion toward enclaves* (lest these be used as stepping stones for interference by outside powers), it must be said that neither in word nor deed did Sukarno clearly favor regional war over regional peace. Just as his rhetoric during *konfrontasi* alternated between militance and moderation (cf. Sukarno, 1963a:275–77, 285; 1963b:593), so did his actions span the gamut from infiltration to negotiation.

And if the foreign policies of the Old Order were not consistently warlike, neither have those of the New been uniformly peaceful. If the forcible extension of Indonesian sovereignty across Timor could be said to have endangered regional—that is, international—peace less than Sukarno’s confrontation against Malaysia had, that was not because the former operation was conducted with less violence or damage. The seizure of eastern Timor turned out, on the contrary, to be far more

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6 For more on the maritime nationalism of the New Order, see Leifer, 1978, and Vertzberger, 1984.
sanguinary than Sukarno’s border raids had been, and its aftermath far more destructive.

In 1984, the already cool relationship between Indonesia and Australia cooled further (Weatherbee, 1985:196), while Indonesia-Papua New Guinea (PNG) relations reached a new low (Hewison, 1985:249, 255). In Canberra, responding to fresh reports of Indonesian repression on Timor, the left wing of the ruling Labor party urged Prime Minister Bob Hawke to take a harder line against Jakarta. In Port Moresby, the coalition headed by Prime Minister Michael Somare was under similar pressure from politicians angered by Indonesian transgression of, and the inflood of refugees across, the western border of PNG—events that reflected the Indonesian armed forces’ campaign against the Free Papua Movement (OPM) in Irian Jaya.

In the United Nations in October 1984, the foreign minister of Vanuatu warned against Indonesian expansionism in the Pacific area and condemned human rights violations in eastern Timor. He also condemned official violence in “West Papua” (Irian Jaya), which he said was not lawfully part of Indonesia and should be granted independence (Indonesia Reports [IR], 1984:20). In 1984-85, although the implications of the Melanesian independence movement on New Caledonia were unclear, they included the long-run possibility of greater opposition in the western Pacific to any future signs of Indonesian regional ambition.

On this score, too, the sharpness of the contrast between the high and low profiles of the Old and New Orders, respectively, warrants reappraisal. Vietnam’s wars against French colonialism, American intervention, and Cambodian resistance have kept Southeast Asia’s northern or “first” front almost continuously active for forty years. With the dismantling of konfrontasi in the mid-late 1960s, the region’s central or “second” front (Brackman, 1966) disappeared. In 1985, Indonesian relations with Malaysia and Singapore remained amicable, but it had become possible to imagine the opening of a new “second” front in southeastern Southeast Asia.

Imagination is one thing, observation another. There is no indication that Jakarta will “confront” its key southeastern neighbors, Australia and PNG, in the late 1980s the way it did its northwestern neighbor, Malaysia, in the mid-1960s. For colorfully militant rhetoric, President Suharto has no penchant whatsoever. In October 1984, Indonesian Foreign Minister Mochtar Kusumaatmadja said explicitly that Indonesia would not pursue a policy of “big brotherism” toward PNG (IR, 1984:21).7

But the reconciling of interests and disarming of suspicions—Indonesian, Australian, Melanesian, and Micronesian—are tasks whose performance will be required long after Suharto leaves office. Indeed, because ASEAN is a framework

7 A week later, President Suharto told the visiting sultan of Brunei that so long as the Indonesian state was based on Pancasila (loosely: religion, democracy, nationalism, humanitarianism, and justice), there would be no expansion in that direction either (IR,1984:28). Apart from their face value as reassurances, what is interesting about these statements is that Indonesian leaders felt called upon to make them.
for “north-central” cooperation that has no “southeastern” counterpart (none at least that includes Indonesia), because Indonesia’s economic growth gives her the wherewithal to implement a higher profile role in the region, and especially because tensions over Timor and with PNG implicate national security as seen from Jakarta, Port Moresby, and Canberra, tensions along this new potential second front are unlikely to disappear.

In 1983 and 1984, having criticized Indonesian policy annually since 1975, the U.N. General Assembly did not bring the subject up to a vote that Jakarta’s opponents might have lost. But the waning of international opposition to Indonesia’s treatment of eastern Timor should not be read as a sign that the PNG border controversy will also subside, any more than the completion of Sukarno’s campaign to restore western New Guinea to Indonesia “satisfied” him enough not to pursue konfrontasi. Although Timor has received greater coverage by Western journalists, concerned to expose the violation of human rights on the island,8 the New Guinean problem is potentially more explosive, directly involving as it does another sovereign country with its own internal politics, armed forces, and external friends.

In any event, barring the unlikely disruption of ASEAN, Indonesia should find it easier in the future to maintain better relations with Brunei, Malaysia, Singapore, and Thailand than with PNG and Australia, even as the controversy over Timor subsides. Demographically “dense” Lampung-Java-Bali stands in contrast with “sparse” Halmahera and Irian Jaya. Economically, the marine and mineral resources of the east remain underexploited compared with those of the more thoroughly settled west. Ethnically, the Malays of western-central Indonesia can be distinguished from the Melanesians of the extreme east.9 Even in religious terms, the force of initially Sumatran Islam, already attenuated on Java, fades to minority status among the colonially Christianized—Moluccan, Timorese, Irianese—peoples of the east.

This is not to personify Indonesia as driven southeastward by an appetite for Lebensraum. Rather it is to predict that any raising of Indonesia’s profile will almost certainly occur in response to a perception of domestic insecurity.

PERCEIVED INSECURITY AND ECONOMIC GROWTH

Perceived domestic insecurity is what konfrontasi in the 1960s, Timor’s annexation in the 1970s, and the border troubles with PNG in the 1980s have in common. Sukarno genuinely feared an imbalance of power detrimental to Indonesia. He had not forgotten that Singapore had been used as a haven by the rebel side in Indonesia’s civil war. Suharto genuinely feared that an independent leftist Timorese republic could become a base for destabilizing Indonesia, surrounded as the island

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9 Feith et al. (1985:4) portray the fears of Melanesians on both sides of the New Guinean border in frankly racial terms: “We are fuzzy haired and black. They [the Indonesians] are straight-haired and brown. We are few. They are many and they are after our land. We are in danger of being swamped.”
is by Indonesian waters, just as he genuinely fears that if it is not defeated, the Free Papua Movement could detach from his country the province of Irian Jaya.

This is not to justify Indonesian policies. A sincere fear need not be rational, and even if it is realistic, the actions to which it gives rise may be immoral—not to mention the rationality or the morality of the Malaysian, Timorese, and Papuan sides in these disputes. But the importance in all three cases of perceived insecurity highlights the role of domestic factors in foreign policy and suggests that a policy that seems irrational as an end in itself, expansionism, used by an observer to interpret and derogate an actor's behavior, may be rational as a means to an end, security, that is vital and legitimate from the actor's point of view.

Again, this is not to excuse let alone vindicate konfrontasi, the incorporation of eastern Timor, or the suppression of the OPM. I mean simply to emphasize what these policies have in common, in order to restore some proportion to the great divide of 1965-66, and to challenge the idea that the transfer of responsibility for foreign policy from Sukarno to Suharto entailed an exchange of goals, from aggrandizement to accommodation, rather than a reselection of means to achieve the same underlying goal: security.

It is here that the explanatory usefulness of continuity should become clear. From a conventional Western vantage point, the "irresponsible" invasion of Timor seems anomalous—Sukarnoistic—compared with the "responsible" international pragmatism of the New Order. From a perspective that acknowledges perceived domestic insecurity as a vital wellspring of Indonesian foreign policy, the anomaly disappears.

Under Guided Democracy, poverty, stagnation, and inflation, exacerbated by malign neglect, hollowed out the polity, creating a vacuum that invited foreign interference in alliance with local usurpers—or such were the perceptions of the generals who moved into the vacuum to install a military regime. The pivotal killings on October 1, 1965, which implicated the Indonesian Communist party, and in which the PRC was later said to have played a role, confirmed in the surviving generals' minds, and above all in Suharto's, the political dangers of economic disarray.

In the light of this precedent, domestic poverty and Portuguese neglect in eastern Timor created fear within the military elite that what the center had experienced in 1965 could reoccur on the periphery ten years later. In this sense, by galvanizing military takeovers, the decimation of army leaders by junior officers and leftists on October 1, 1965, and the declaration of independence made by the Revolutionary Front for Independent East Timor (FRETILIN) on November 28, 1975, played similarly catalytic roles. Much less dramatically, the aborted OPM-linked mutiny of Irianese in the ranks of the Indonesian army, planned for February 11, 1984, but leaked in advance, also invited emergency military measures. It is in this security-centered context that I think the most sense can be made out of my next topic: the New Order's priority on economic growth.

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10 Informative on the February affair and its aftermath are Feith et al., 1985.
It is not easy to explain the wholeheartedness of Suharto’s commitment to economic development. Does his interest amount only to a sincere desire, free of ulterior motive, to raise the material welfare of his people—a desire possibly accentuated by his own rather modest rural background? In focusing on the economy, has he simply continued the kind of work he became accustomed to doing in the army—quartermastering and procurement? Or has he plunged into development in order to draw the sharpest possible contrast between himself and his predecessor—and if so, why would he wish to do so, remembering that his career had hardly languished under Sukarno?

Then again, does the developmentalism of the New Order reflect not Suharto’s priority but that of the technocrats, who were given relatively free reign to rehabilitate and improve the economy, while the president concentrated on security as a separate and more vital need? Or was Suharto merely too weak to resist the priorities of Western governments and lending institutions, whose resources he had to have if his own government was to survive—an expedient Faustian bargain for the sake of the state?

Of these explanations, none fully convinces me. What they do not take into account is the likelihood that for Suharto and his military and civilian colleagues economic growth, whatever else it may have meant to them, was a way of reducing domestic insecurity. In this sense, the New Order has implemented the advice of Mohammad Hatta when he wrote (1953:449) that

> internal consolidation is the primary task. The [Indonesian] government must concentrate on the task of building up the nation, and it must show evidence of economic and social betterment if it is to offset the influence of agitation by radical circles.

Economic growth has not been the only means used by Suharto to establish and maintain domestic security. The Communist party and other “radical circles,” more Muslim than leftist since the 1970s, have been physically destroyed, ideologically curbed, or both. By the 1980s, the massive purges of the mid-late 1960s had given way to the periodic arrest of regime opponents and the requirement, legislated finally in 1985, that all social or political associations be based only on the credo of the Indonesian state—Pancasila. If economic growth was the carrot, the sticks were security crackdowns and pressure to conform.

While Pancasila validates religious faith, it does not specify Islam. Nor does it require Muslims to observe Islamic law. Repeatedly, since its formulation by Sukarno in 1945, the credo has been used to deflect and subsume the political aspirations of Indonesian Islam—another instance of continuity between regimes. That Pancasila should supersede Islam smacks of betrayal in the eyes of those Muslims who stand in the fundamentalist tradition of Masyumi, or whose passive identification with Islam has been activated by regime moves to depoliticize religion, or who have been part of the revival of religious feeling in the 1980s among younger Muslims in cities and schools around the country.

In 1984, such grievances were implicated in a series of disturbances, beginning

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11 For a case study of the relationship between development and security in Indonesian decision making, see Emmerson, 1983.
on September 12 in the port area of Jakarta when security forces fired into a crowd of angry Muslims and unemployed youths, killing dozens. In October, presumably in retaliation for the September incident, several bombs damaged commercial properties associated with Indonesian-Chinese tycoon Liem Sioe Liong, an ethnic minority Chinese and a business associate of the Suharto family (Habir and Rowley, 1983).

The series continued in January 1985, when parts of the world-famous Buddhist monument of Borobudur were blown up. In February, another non-Islamic symbol, the palace of the sultan of Surakarta, was burned. Other burnings and explosions ensued, and although some of these may have been criminal or accidental rather than political, they too pointed to Islamic resentment against the efforts of the regime to make Pancasila compulsory. Against such sabotage, the regime’s “stick” of repression—or, from the wielder’s viewpoint, self-defense—assumed increasing importance over the “carrot” of development. Economic retrenchment caused by falling prices for Indonesian oil had, in any event, reduced the government’s ability to use employment and business opportunities to co-opt its opponents.

Having said this, however, one must acknowledge that the New Order could not have lasted as long as it has without economic growth, to which Suharto can proudly point, and which has advantaged significant numbers of civil servants and property owners. These members of Indonesia’s burgeoning middle and lower-middle classes may criticize the system privately—sometimes not so privately—but their positions within it, their benefits from it, and their fears of its alternatives buttress the regime.

The economic rationale for domestic security is especially noticeable just underneath the surface of a concept that Indonesian spokesmen frequently cite to epitomize what General Suharto’s government is supposed to be all about: the idea of “resilience.”12 Resilience, or ketahanan, in its New Order usage, occupies semantic space somewhere between a purely military and a purely socioeconomic response to the underlying sense of national vulnerability felt by the leadership of the regime.

On the one hand, defense, or pertahanan, is essential to authorities who are mainly military men: The stronger the armed forces, and the stricter their vigilance against prospective foreign enemies, the greater the chance of keeping Indonesia domestically secure. But while the external-negative use of conventional deterrence to diminish threats from abroad is necessary, it is insufficient. Even a well-equipped and well-trained armed force cannot defend a vacuum. To paraphrase language that more than a few Indonesians have used, if the vessel of (formal) independence is to be protected, it must be filled with (actual) content. And the substantiation of sovereignty through national unity and domestic welfare is a task for which the military considers itself uniquely suited, given its background as a popular revolutionary movement against the Dutch.

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By this same logic, the leadership worries that unlimited diversity and unalleviated poverty could invite foreign interference—ideological, political, economic, racial, religious, even military. Hence the need for development, or pembangunan, definable in this context as a positive-internal strengthening of the New Order, not by ringing it with modern weapons but by giving Indonesians a concrete socioeconomic stake in its preservation. Or, to extend the less abstract terms of the "pretty girl analogy" reported by Weinstein (1976:42–45) to dramatize his elite informants' sense of their country's attractiveness and vulnerability to outside powers: To survive in a world of wolves, a girl can carry a weapon to discourage attackers; or she can make enough money to choose her friends; but her best long-term insurance lies in doing both.

In short, resilience in this special sense recommends the combination of defense with development. Generalized to include Indonesia's neighbors, as it often is in New Order foreign policy pronouncements, resilience implies that the autonomy of ASEAN rests not merely on the physical capacity of a member country to protect its borders but also on its economic capacity to imbue its population with material reasons to resist.

This blending of rationales is reflected in what might be called the "dual function" of ASEAN. Originally a socioeconomic grouping, and later obliged (by the fall of Saigon) to become a security community (Djiwandono, 1983:24), the association owes much of its success to the readiness of its members to tolerate, or at least not to test, the contradictions between its two roles. From this perspective, what explains the refusal of ASEAN's leaders to turn it into either a military alliance or an economic union is not their inability to get along with one another or to compromise their respective interests, but their realistic understanding that the autonomy of their organization depends above all upon the strength of its individual members. Resilience, like charity, begins at home.

RESILIENCE AND COOPERATION WITH THE WEST

The reliance of the New Order on Western aid, finance, and investment seems at first to run against the grain of these explanations. If desire for autonomy and fear of enclaves imply the prevention of big power interference, how can that end be served by a policy of keeping Indonesia open to the economic advisers, private corporations, aid-giving governments, and international financial institutions of the West? How can such ties encourage the sovereign national consensus connoted by the idea of resilience if they simply reinforce the "dualistic" character of Indonesia's economy by enlarging the gap between city and countryside and by creating or strengthening, on coasts and uplands, pockets of activity—commercial-industrial, resource extracting, energy making, agroindustrial, export-oriented—that become increasingly alien or parasitic in relation to the less developed hinterlands nearby? With the commitments of the Intergovernmental Group on Indonesia (IGGI) running around $2.5 billion annually and rising, how can Indonesia's avowedly "free and independent" foreign policies escape being compromised?
A preliminary answer is that they can’t. In economic terms, Indonesia is considerably more dependent on the United States than on the Soviet Union. Economic decisions taken in Washington—by the executive or legislative branches of the U.S. government, by the World Bank, or by the International Monetary Fund—matter far more to Indonesia than decisions on comparable topics reached in Moscow. In recent years, no ASEAN country except the Philippines has had a heavier burden of service on its official foreign debts (mainly to Western creditors) in terms of its exports or conducted a larger share of its foreign trade with the United States.  

Neither uniformly across issues nor consistently over time can Jakarta be said to have aligned itself with Washington against Moscow. But because American actions are economically so much more consequential to Indonesia than Soviet ones, the interests and viewpoints of the United States are more frequently and fully represented, as understood limits if not explicit choices, in the process whereby Indonesian foreign policies are made.

It is tempting to interpret this tilt toward Washington as the pursuit of an intrinsically rational goal: that it “makes sense” to be on good terms with the world’s most powerful economy. Similar logic underlies the temptation, in appraising the foreign economic policies of the PRC, to conclude that Deng Xiaoping has made them more rational by replacing Mao Zedong’s irresponsible goal of national self-sufficiency with the responsible one of international cooperation.

But these temptations should be resisted. There are times when self-sufficiency and noncooperation with the West can be entirely rational in the means-focused sense that such policies effectively further more important ends. During the Tokugawa period, Japan’s self-imposed isolation helped to unify its society, strengthen its identity, and thus to facilitate a kind of resilience without which that country’s adaptation to the modern era might have been much less successful—remembering how the nearby Qing dynasty’s internal weakness facilitated its dismemberment by Western imperialism. Seen as having tried to preserve national unity from the dangers of possible collusion between outside powers and insurgent domestic ethnoreligious or ideological enclaves, the Rangoon government resembles a prudent host not a crazy recluse—remembering the contributions of Maoist China and the U.S.-backed Kuomintang to the growth of northern regionalism and lawlessness. Conversely, although it is unpopular in the United States to say so, it “makes sense” for Vietnam to be pro-Soviet, for by relying on Moscow, Hanoi strengthens its primacy in Cambodia and its autonomy against the PRC—remembering that both objectives are more important to Vietnamese leaders than symmetrical non-alignment, in Sino-Soviet or Soviet-American terms, or than the kind of economic growth that Western aid and credits could have facilitated. Nor can Vietnamese policy be made to appear irrational by arguing that Hanoi’s intransigence is suicidal—that is, by invoking the rationality of a higher order goal—so long as Viet-

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13 See, e.g., D. Wise, 1985:8–9.
Nam retains primacy in Cambodia and defends itself successfully against the PRC, and those are things that Hanoi has managed to do, while maintaining internal control and even, in the 1980s, modestly increasing agricultural production.

To return to Indonesia, the apparent contradiction between the New Order’s “tilted” cooperation with Western powers as a means and autonomy and noninterference as ends can be resolved in several ways. First, Indonesia has benefited from the splintering of the two putative monoliths that once defined the locus of non-alignment: “the communist bloc” as against “the free world.” Just as ASEAN has taken advantage of the Sino-Soviet split to oppose the violation of Cambodia’s sovereignty, so has Indonesia welcomed Japanese investments partly to reduce its dependence on the United States.

Second, the oil boom did not significantly depress the priority assigned by Suharto and his technocrats to agricultural production and rural development. While sometimes undercut by mistakes and wastage, the government’s efforts in rural areas to expand and improve opportunities and infrastructure in agriculture, commerce, education, and transportation have helped to slow the “dualization” of the economy, not by putting rural interests first but by multiplying the interconnections between cities, towns, and hinterlands.

Third, Indonesia’s “tilt” toward the West has been as much a matter of style as substance. In this lies a practical application of what may seem to Western eyes a mysteriously Javanese kind of politesse. Indonesia’s carefully cultivated reputation as the “silent member” of OPEC (Organization of Petroleum Exporting Countries), for example, made it easier for officials in Washington in the 1970s to overlook their Indonesian counterparts’ share of the responsibility for higher prices at U.S. pumps.

Fourth, and finally, the New Order’s cooperation with the West has historical antecedents that are useful to recall. Then Vice President Mohammad Hatta, who conceived and elaborated the idea that Indonesia should have a “free,” “active,” and “independent” foreign policy, was more concerned in doing so to distance his country from the Soviet Union than from the United States or the West. It was in the context of his defense of negotiations with the Dutch and his attack on the notion that Indonesia should align itself with the Soviets, arguments aimed at the left wing of his own fledgling republic, that in 1948 Hatta argued against having “to choose between being pro Russian or pro American.” His government, he felt, “should be an active agent entitled to determine its own goal—the goal of a fully independent Indonesia.”

Five years later, Hatta was still steering “between two rocks.” But he had veered more closely to the Western one. Indonesia, he wrote (1953:445),

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14 Compare the case of another regional power, Nigeria, where oil became an excuse virtually to forget about agriculture, as a consequence of which in 1984 the Nigerians broke the unity of OPEC, the very instrument of their prosperity.

is bounded by the British Navy and the American Navy, which control the Indian and Pacific Oceans. But no one can say that Britain and the United States have evil designs on Indonesia. On the contrary, they are desirous of seeing Indonesia remain independent and become prosperous. Are they not the very people who hold that the infiltration of Communism can be prevented only by raising the economic level of the masses?

Five years later still, covert foreign support for the rebel side in their country's civil war enabled Indonesians to believe that the West did harbor evil designs against their country's independence, perhaps even against its territorial integrity. With the build-up of the campaign to recover West Irian (now Irian Jaya), Indonesian policy would begin to lean more toward the USSR as a source of military and diplomatic support, and later still, during konfrontasi, toward the PRC. Then, in 1965-66, the belief that the PRC had conspired with the Indonesian Communist party to overthrow the Indonesian government led the emerging New Order to restore to the definition of an "independent" foreign policy the slant that Hatta had given it.

Apart from reillustrating my emphasis in this chapter on the contribution of domestic vectors to the otherwise seemingly irrational zigs and zags of Indonesian foreign policy, the revival of Hatta's definition illuminates the logical fit between autonomy-serving resilience and economic cooperation with the West. Like those of Japan at an earlier time, the present leaders of Indonesia are using the West to develop an indigenous capacity to become more autonomous from the West. Without Western capital and expertise, Indonesian resources could not be exploited; without exploiting those resources, the receptacle (wadah) of formal political independence could not be filled with real economic strength; and without economic strength, Indonesia could not achieve national autonomy, let alone implement its sense of regional entitlement. The syllogism "makes sense."

Foreign policies based on this logic may or may not promote regional peace. In the case of Japan, if Tokugawa identity enabled Meiji reform, the latter facilitated Japan's subsequent militarization and seizure of Southeast Asia. If in the coming decades the PRC, following Chou Enlai's and Deng Xiaoping's precepts, can use its own opening to the West to achieve agricultural, industrial, scientific-technological, and military modernization, Indonesia's sense of regional entitlement could be seriously endangered.

This is a long-run reason why, contrary to what an American might expect, two politically anti-Soviet and economically "pragmatic"—in the sense of market-oriented—friends of the United States—Indonesia and the PRC—may nevertheless remain somewhat unfriendly toward each other; and why Indonesian sympathies toward Vietnam and antipathies toward the PRC are not "irrational" in the sense of being based merely and respectively on revolutionary pride and racial prejudice.

Similarly, and perhaps also surprisingly in the eyes of some Americans, the modernization of the PRC under more or less capitalistic auspices need not lessen Indonesian fears that the PRC will someday use its Southeast Asian kindred as a Trojan horse. The more embourgeoisé mainland society becomes, the closer the distance between its members and leaders on the one hand, and the already com-
mercially active overseas Chinese, or *hoa kiao*, on the other. In this sense, the more he succeeds, the more Deng will have reduced a discrepancy that once insulated the *hoa kiao* from then-Maoist manipulation. What matters is not that the PRC will fill or deploy such a Trojan horse, which seems unlikely, but that such treachery may be easier to imagine, depending upon the perceived width of the gap between indigenous and ethnic-Chinese Indonesians.16

In mid-1985, Indonesia had still not followed America's five-and-a-half-year lead in normalizing relations with the PRC. From the standpoint of the Reagan administration, this failure—and its corollary, an interest in cultivating Vietnam as a long-run hedge against Chinese expansion—was hard to understand, especially in contrast to the apparent rationality of so many other Indonesian policies. Domestic animosity against ethnic Chinese, always a factor to be taken into account in Jakarta on questions relating to the PRC, appeared to be the major exception to the general reasonability of Indonesia's low-profile, pragmatic, cooperative role in world affairs.17

Without minimizing the importance of deeply rooted racial feelings, I would only note that Suharto's and Deng's "New Orders" have both chosen the economic route to resilience. The longer the two countries remain on that path, the more they may find themselves in competition—for example, over Japanese and Western markets for oil, gas, and other resources, and over each other's markets for consumer and other manufactured products. In 1983, although the PRC's per capita gross national product was only two-thirds of Indonesia's, the Chinese economy appeared to have grown since 1979 almost twice as fast (D. Wise, 1985:6). Seen from Jakarta, the PRC seems to be breathing down Indonesia's neck. Nor will Sino-Indonesian rivalry be alleviated by Chinese progress toward specifically military modernization.18

16 The prospect of increasing convergence and collaboration between the PRC and the *hoa kiao* was drolly summarized by political cartoonist Morgan Chua on the cover of the November 22, 1984, *Far Eastern Economic Review*: An obviously ethnic-Chinese couple, she bejeweled, he with dollar bills visible in suitpocket and briefcase, pass by a large poster on a street corner that could be in Singapore. The poster shows a smiling Deng Xiaoping in a People's Liberation Army jacket and cap, pointing in the manner of Uncle Sam on recruiting posters in the United States during World War II. "OVERSEAS CHINESE," the poster announces, "YOUR COUNTRY NEEDS YOU."

Inside the *Review*, Buruma (1984) and Bonavia (1984) are careful not to underestimate the obstacles to PRC-*hoa kiao* cooperation. Apart from host-country sensitivities in Southeast Asia, there are those in the PRC who distrust their ethnic compatriots as opportunistic, while some among the latter are reluctant to build up their mainland investments for fear these could be seized in another Cultural Revolution. On the other hand, the longer Deng's policies and protégés remain in place and the longer the economy continues to rank among the fastest growing in Asia, the more the overseas Chinese will want to board the "China market"-bound bandwagon now.

17 On the other hand, as an Indonesian specialist on East Asia notes in reference to lingering suspicions in Jakarta that the PRC was behind the trauma of 1965: "It took the 'rational' Americans more than two decades, following the outbreak of the Korean War, to improve their relations with the PRC, and almost three decades before they established diplomatic relations" (Lie, 1983:92).

18 These long-term concerns should not be overdrawn. In mid-1985, the two countries appeared likely to reestablish direct trade relations and eventually to resume diplomatic relations. Much would depend on the relative strength in Jakarta of factions for and against normalization (represented by Foreign Affairs Minister Kusumaatmadja and Armed Forces Commander "Benny" Murdani, respectively), and on events in Cambodia, where Indonesian spokesmen remained uneasy over ASEAN's role in helping the PRC to "bleed" Vietnam.
CONCLUSION AND SELF-CRITIQUE

In thinking through the views expressed in this chapter, my purpose has not been to reverse the conventional (Western) contention that Suharto and his technocrats have increased the rationality of Indonesian foreign policy. I have tried instead to redress the imbalance in that standard assessment—by noticing and exploring some continuities and thus relocating Indonesian foreign policies in historical context as understandable, even reasonable variations on a few basic themes.

Yet I admit to having found it easier to reconstruct continuity by elevating the rationality of Sukarno’s actions to match and find extension in the widely accepted rationality of Suharto’s, rather than by lowering the rationality of the New Order to fit and extend the widely acknowledged irrationality of the Old.

This amounts to self-criticism of two kinds. First, by focusing mainly on the New Order not the Old, I have failed to explore the extent to which Sukarno’s policies were “irrational” in the means-defeating-ends sense of that term used here. Because of the much weaker autonomy of foreign policy from domestic political competition under Guided compared with Pancasila Democracy (Weinstein, 1976), answering this question presupposes analyzing internal developments from 1959 up to the watershed of 1965-66; how those developments constrained Sukarno’s choices; and how Sukarno himself, revolutionary in theory but conservative in practice, helped to make of Indonesian politics a tiger that finally not even he could ride.

Second, and more to the point in a chapter mainly about the Suharto years, I have not made a case for the means-focused irrationality of any of Indonesia’s current foreign policies. I may even seem to have implied that no such case can be made.

By way of speculation, therefore, if not self-correction, let me close by suggesting what I take to be the one outstanding element of instrumental irrationality in the foreign policies of the New Order: that their goals require the enlistment of domestic policies on their behalf; that such policies are often absent; and that some of the domestic policies being pursued undercut those goals. If domestic and foreign means to the same end undermine each other, irrationality exists, at least at the level of the governmental system that includes and is supposed to coordinate domestic and foreign affairs.

I have in mind above all the goal of national security, in whose name so much has been justified. Ends are not fixed points in space, to be approached by rational means or moved away from by irrational ones. Actors, ends, and patterns of extranational behavior are often, even typically, vague, multiple, contradictory, changeable—and unkind to the chessboard metaphors through which more than a few Western geoschategists have tried to reorganize international politics into clearly bounded, ruled, and resolved contests between black and white.

Especially indeterminate is a goal as broad as security. How secure is secure? Does domestic opposition indicate that the system is insecure? Or does the insecurity lie in the inability of the authorities to tolerate opposition? Do the au-
torities use the presence of domestic insecurity to justify their right to rule, and, if so, are not the goals of regime survival and domestic security actually in conflict?

The New Order has furthered the security of the nation and of itself through foreign and domestic policies that are rational in promoting growth, reducing absolute poverty, enlarging and co-opting a middle class, and improving national defense. Indonesia in 1984 was more "resilient" than it was in 1964.

Yet the authorities' imposition of conformity to Pancasila, their coercion and manipulation of the Islamic opposition, their failure so far to institutionalize Golkar, and their inability to shed a reputation for corruption through collusion with cukong, or ethnic-Chinese financiers, such as Liem Sioe Liong—these weaknesses in domestic policy move the goal of security farther away, either by furnishing students, Muslims, and other groups, especially in urban areas, with reasons to dislike the regime, or as reflections of a tendency among the more vigilant stewards of the New Order to define security too strictly, and thus to push the objective beyond their own ability to reach it.

Such a judgment makes more understandable the previously cited violence in late 1984 in Jakarta: the shooting of angry Muslims by Indonesian security forces and the bombing of cukong-related businesses. If the shooting triggered the bombing, as appears to have been the case, domestic security was diminished by the effort to restore it.

In the first draft of this chapter, completed in December 1984, I wrote that these events in no way herald an imminent end to the regime. But precisely because my conclusion is less apocalyptic, and thus less urgent as a reason for reform, it is more disturbing: that the bombings will probably be followed by other incidents, which will also be caused in part by the regime's efforts to prevent them.

By mid-1985, additional fires and explosions had fulfilled this prediction, and Pancasila as an obligatory basis for association had become law. The contents of the vessel of Indonesian independence were still not about to erupt, but they were being stirred up, by the authorities as well as their opponents.

Apart from the evidence of restiveness in eastern Indonesia, it is in Muslim circles that the New Order has been, and will probably continue to be, least able to translate economic growth into political loyalty. With the withdrawal of the Nahdlatul Ulama from the semiofficial opposition Development Unity party (PPP) and the regime's "success" in erasing from the PPP's banner the image of the holy stone of Mecca, or kaabah, one can ask whether the government has, perhaps unintentionally, undercut the possibility of peaceful dialogue with political Islam.

By helping to fragment the Muslim opposition and to drive its largest component out of the political arena, the authorities have reduced their own chance of having an authoritative Muslim partner with which to discuss security questions. If the PPP is deprived of Muslim symbols, opened to non-Muslim members, and
prevented from legally organizing and representing political Islam, Golkar may be able to lift its share of the vote from something less than two-thirds in previous national elections to as high as three-fourths in the one scheduled for 1987. But how much of that victory will be won because of decisions by disillusioned Muslims not to vote at all? And how many Muslim militants will have been driven underground, to violence, for lack of an above-ground outlet that might have vented their frustration?

For all of the many achievements of Indonesian foreign policy, resilience remains a necessarily domestic project. The challenge in the future may not be to make Indonesian foreign policies work better, but to make the country’s domestic and foreign policies work better together to achieve national aims.

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The interface between domestic politics and foreign policy is a very timely topic for the Third US-ASEAN Conference. On the part of the United States, it has been observed that Reagan’s assumption to the presidency in 1981 signaled a return to a foreign policy reminiscent of the Cold War period. In the case of the Philippines, in the seventies the Marcos regime inaugurated a foreign policy popularly known as “development diplomacy” which sought to link foreign policy with the country’s national political and development objectives. In 1984 it was indeed appropriate to look at Philippine “development diplomacy” to evaluate how well it has served its declared objectives, in the light of the political and economic crises the country has faced, the worst, many agree, since the end of World War II. This paper will attempt to address the interface between domestic politics and foreign policy in the Philippines focusing on “development diplomacy” and try to evaluate where this type of foreign policy has led the Philippines. A tentative statement on the current state of Philippine-American relations will also be made.

PHILIPPINE-AMERICAN RELATIONS:
A BACKGROUND TO PHILIPPINE FOREIGN POLICY

It is extremely difficult, if not wholly impossible, to deal with Philippine foreign policy without beginning with the country’s relations with the United States. This necessity stems from the fact that as a former American colony, the Philippines reacquired its independent status in 1946 wrapped in a web of “special ties” with the mother country, a web some of whose strands continue to bind the child thirty-eight years after the restoration of its independence. The two main strands of this web of “special ties,” while distinguishable, cannot be easily disentangled. Special economic ties are bound with special politico-military ties, and the interaction between parent and child has been bedeviled by this web.
Special economic relations were outlined in the Philippine Trade Act of 1946. Among other provisions, this act gave American citizens parity with Filipinos in the exploitation of natural resources and in the operation of public utilities. It also extended the period of free trade between the two countries for eight more years, or until 1954. By 1954 there would be gradually diminishing American preferences in the Philippine market until 1974, when mutual preferences in each other’s market would end.

These provisions constituted the so-called Parity Amendment to the Philippine Constitution. Such an amendment was necessary because the constitution originally had reserved the exploitation of natural resources and operation of public utilities to Filipino nationals. The United States thought that American businesses would not invest in the Philippines after the restoration of independence in 1946 unless they had parity rights in certain areas of economic activity, and so it sought to remove the obstacles to the creation of a favorable climate for American investments by making the restoration of independence conditional upon the adoption of the Parity Amendment. The enactment of the Philippine Rehabilitation Act and the payment of war damage and war veterans’ claims so vital to the postwar reconstruction of the country were also thrown into the bargain.

As it turned out, parity did not significantly influence the growth of American investments in the initial postwar period, but it was bitterly resented by Filipino nationalists ever after. Typical of this resentment was that expressed by Vicente G. Sinco, Commissioner for Foreign Relations under President Sergio Osmeña and one-time president of the University of the Philippines.

That portion of our Constitution which limits to Filipinos the right to develop the natural resources and to operate the public utilities of the Philippines is one of the bulwarks of our sovereignty. . . . It is written into our Constitution so that it may neither be the subject of barter nor be impaired in the give-and-take of politics.

Our natural resources, our resources of power and energy, our public lands, and our public utilities constitute the material basis of our national existence. In the hands of aliens over whom the Philippine Government does not have complete control, they may be wasted or misused.2

In 1954 the Laurel-Langley Agreement (LLA) amended the Philippine Trade Act to provide greater benefits to the Philippines. The United States gave up de facto

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2 As cited by Salvador P. Lopez, “New Directions in Philippine Foreign Policy,” lecture delivered under the auspices of the Department of Political Science, College of Arts and Sciences, University of the Philippines (Quezon City: UP Law Center, 1975), p. 4. Ironically, since 1972 the Philippine government of Mr. Marcos presided over the waste and misuse of such natural resources and public utilities by its Filipino cronies.
control of the Philippine peso and agreed to have a faster reduction of American preferences in the Philippine market than of Philippine preferences in the American market. The LLA also fixed the end of official trade relations to July 4, 1974.

Special trade ties meant the continued development of the Philippine economy in the manner in which it developed during colonial times, that is to say, reflecting the classic model of metropole-colony economies. The Philippines specialized in agricultural commodity and natural resource exports which it sold to the United States; in turn it bought manufactures from the American market. Free trade further skewed this relationship between the Philippines and the United States.3 In spite of “special ties,” there was discriminatory treatment against certain Philippine exports which was detrimental to the Philippine economy.

The cases of two major Philippine exports to the United States, coconut oil and mahogany hardwood, illustrate such discriminatory treatment. Since the beginning of “special ties,” Philippine coconut oil was subjected to quota restrictions, tariff duties, and processing taxes which were applied neither to domestically produced competing fats and oils nor to imported competing oils, especially palm oil, palm-kernel oil (from Malaysia), and babassu oil (from Brazil). While the discriminatory treatment against Philippine coconut oil in favor of American produced vegetable fats and oils may be justified in terms of protection during the infancy of American industries engaged in producing these products, under the preferential reciprocity concept of free trade such protection is unjustifiable inasmuch as American products imported into the Philippines were not limited or restricted. The entry into the American market of imported oils like palm oil, palm-kernel oil, and babassu oil without similar restrictions constituted discriminatory treatment against Philippine coconut oil exports to the United States.

The LLA provided for an American full duty of 1 cent per pound, equivalent to US $22.40 per long ton, in excess of the duty-free quota. On this basis, the cumulative excess coconut oil exports from 1963 to 1974 cost the Philippines a total of US $46.6 million in tariffs paid to the United States, representing “the cost of inequitable treatment of coconut oil [vis-à-vis] palm oil, palm-kernel oil, and babassu oil imported into the United States”4 from Malaysia and Brazil.

The case of Philippine mahogany hardwood is much more complicated. Originally enjoying preferential tariff treatment on the basis of the LLA and classified under the favored “other hardwood” category, in 1960 Philippine mahogany plywood and veneer were reclassified under a separate tariff line with their own rates of duty (20 percent ad valorem and 10 percent ad valorem, respectively). Such a reclassification of Philippine mahogany plywood and veneers from the “other hardwood” category was not justified because Philippine mahogany was comparable to a

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number of hardwood species retained in the "other hardwood" category in terms of usage, botanical characteristics and geographical origins. Most of them come from developing countries in Asia such as Malaysia and Indonesia. The change in the basis for computing the rates of duty for the subject Philippine products was not valid either and, in fact, violated the Laurel-Langley Agreement. Such action was undoubtedly discriminatory.\textsuperscript{5}

Apart from trade ties, the Philippines was related to the United States as a beneficiary of American Economic assistance, largely administered through the United States Agency for International Development (USAID). From 1946 to 1973 this aspect of Philippine-American relations underwent four phases: (1) postwar relief phase (1946–1948), during which the total amount of economic assistance was $256.7 million, (2) Marshall Plan phase (1949–1952), $564.2 million, (3) Mutual Security Act phase (1953–1961), $286.0 million, and (4) Foreign Assistance Act phase (1962–1973), $514.6 million.\textsuperscript{6}

The Bell Trade Mission was sent by the United States to the Philippines in 1950 in response to the increasing fiscal difficulties of the latter which were compounded by the Huk insurgency. The Bell mission's report was highly critical of Philippine economic policies especially in the fields of taxation, where collection was poor and thus yielded little tax revenue, and labor, where minimum wage and other laws for the protection of labor were lacking. Yet the Philippines accepted the report as an opportunity to initiate changes into the economy. Because the American commitment to contribute to sustained economic growth was made conditional on wide-scale reform in the economy, the Bell mission is often cited as the beginning of American use of economic assistance as a means of intervening in Philippine domestic affairs.\textsuperscript{7}

On the whole, economic assistance had a significant impact on Philippine economy. Its most notable achievements have been the development of Filipino local initiative, the effective implementation of the Systemic Program for Rural Economic Assistance and Development (SPREAD), which packaged "miracle rice" technology and led the Philippines toward self-sufficiency in rice in 1973 for the first time in a very long time, and the model land reform project in Nueva Ecija province, which subsequently became the basis for a nationwide agrarian reform program under martial law. The perceived success of these programs is reflected in the increase in the USAID program in the Philippines within the context of declining worldwide aid in 1971.\textsuperscript{8}

Special ties in the politico-military field are outlined in the Military Bases

\textsuperscript{5} Ibid. p. 87.
\textsuperscript{6} Thompson, Unequal Partners, Table 1-3, p. 15. For a detailed analysis of Philippine economic conditions and development policies from 1945 to 1958, see Frank H. Golay, The Philippines: Public Policy and National Economic Development (Ithaca, N.Y.: Cornell University Press, 1961), p. 58f.
\textsuperscript{8} See Thompson, Unequal Partners, Table 1-3, p. 15.
Agreement, the Military Assistance Pact, and the Mutual Defense Treaty. In theory, these agreements were supposed to serve the security needs of both countries on a mutual and equal basis. Toward this end, the Military Assistance Pact sought to sustain the security relationship and to build up Philippine internal security capability. During the four phases of military assistance (which corresponded to the economic assistance phases) the Philippines received $72.6 million, $80.2 million, $218.2 million, and $338.5 million, respectively. Military advice had been provided by the Joint United States Military Advisory Group (JUSMAG), while the Mutual Defense Board was set up with top Philippine military officers, the American commanders of Subic Bay Naval Base and Clark Air Force Base, the American ambassador, and several others as members to symbolize the American attempt to treat the Philippines as an equal partner. The board has no real power, however, and is peripheral to American policy.

In various international fora like the United Nations, the Philippines dutifully played the role of a loyal client state during the period of the Cold War. It sent a Philippine contingent (Philippine Expeditionary Force to Korea or PEFtOK) to Korea during the crisis in 1950; it voted on critical issues in the United Nations on the American side. So complete was its identification with the United States that for many years the Philippines suffered from a serious identity crisis among Asians and representatives of other less-developed countries (LDCs). Its participation in the Bandung Conference in 1955 must, therefore, be seen within the context of a search for Filipino identity and an effort to achieve Filipino identification with Asia. Nevertheless, the ties that bind proved difficult to sever.

Like the economic ties, politico-military bonds were increasingly viewed as skewed in favor of the United States. To this day, the military bases at Subic Bay and Clark represent, depending on one's political persuasion, either a deterrent against or a magnet attracting external aggression. Political rhetoric surrounding the bases issue abounds in Philippine political and diplomatic history. The fate of politicians had sometimes been decided on the basis of their position regarding the bases, and relations with the United States in general.

Military ties have been a major source of difficulty between the two countries, with many Filipinos resenting what they perceive as the ambiguity and weaknesses of the Mutual Defense Treaty. The relevant provision in the Mutual Defense Treaty reads: “Each party recognizes that an armed attack in the Pacific Area on either of

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10 Thompson, *Unequal Partners*, Table 1-3, p. 15.
the Parties would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes."\textsuperscript{11}

The Philippines interpreted this provision to mean that any attack against it by a third party entitled it to American protection, especially in the light of its claim over North Borneo against Malaysia in the years that followed the conclusion of the treaty. However, in 1968 the United States explicitly stated that in its view the Philippines was not so entitled in the event of a war with Malaysia. This was clearly a case of cross-purposes very much like the case of the American alliance with Pakistan under CENTO.\textsuperscript{12} The Mutual Defense Treaty was construed by the Philippines as a guarantee against external aggression of whatever kind and from whatever source, but the United States had a particular Communist target in mind. Actually what the above-cited provision meant was that protection was a matter reserved for further negotiating if and when aggression occurred. As an American analyst has pointed out, "It is fair to note that even as ambiguous a commitment as this was unprecedented in US diplomatic history."\textsuperscript{13}

The perceived one-sidedness of the agreements constituting the foundations of Philippine-American military relations was to plague the partners in years to come. This led a highly respected Filipino diplomat and former president of the University of the Philippines to write in 1975:

In retrospect, one can only lament that American policy makers like McNutt seemed to be more interested in securing parity rights for Americans and in ensuring American control of the greatest possible number of military bases in exchange for minimum war damage payments and Filipino veterans' claims, than in assisting a war-ravaged ally to rehabilitate its economy and rebuild its educational and cultural institutions.\textsuperscript{14}

It is evident that Philippine-American relations so far had been influenced by domestic politics: parity rights, security relations, and acceptance of American economic assistance were governed largely by domestic politics. The restoration of independence was largely sought by Filipino leaders before and after World War II. They accepted the parity amendment, the Military Bases Agreement, and military assistance in order to serve this end. The Mutual Security Pact was also shaped in part by the Huk insurgency. Economic assistance from the United States was governed initially by the need to reconstruct the war-damaged country and subsequently by domestic imperatives of security and national development.

\textsuperscript{11} Hearings before the Subcommittee on U.S. Security Agreements and Commitments Abroad of the Committee on Foreign Relations, U.S. Senate, 91st Congress, First Session (September-October 1969), Part I, p. 348.

\textsuperscript{12} In Pakistan's view, India was the potential aggressor, while in American strategical calculation, SEATO was created to contain Communist expansion in Southeast Asia.

\textsuperscript{13} Thompson, Unequal Partners, p. 8.

\textsuperscript{14} Lopez, "New Directions," pp. 4–5.
RATIONALIZING PHILIPPINE FOREIGN POLICY

The success of the martial law regime in rationalizing Philippine foreign policy (in terms of making foreign policy serve domestic political and economic needs, especially economic policies and relations) has been pointed out as one of its most important achievements. While this may be true to some extent, such a claim tends to gloss over the fact that before September 1972 there had already been attempts by the first Marcos government to rationalize its economic policies and relations. The chief stumbling block to successful implementation was the politics of the two-year election cycle, which made politicians more concerned about their political future than about the national interest. Politicians contracted political debts to get themselves elected and had to pay them after elections were over. Such repayment often led to corruption and mischanneling of resources to the "pet projects" of political creditors rather than to projects of national benefit. Another stumbling block to rationalization was the class composition of the political elite, most of whom came from wealthy land-owning and industrial families whose interests would be hurt by rational economic policies such as the achievement of greater equity, for example. The Philippine congress was also famous for obstructing administration programs, its relationship with the presidency often being competitive rather than complementary.15

The land reform policy of the government illustrates this predicament. Following the Bell Trade Mission of 1950, Robert Hardie, who had worked in the postwar land reform program in Japan, wrote a report that was objective and factual, but unfortunately arrogant, about agrarian conditions in the Philippines. The hostility his report generated among the public became political capital for politicians in congress to whom land reform was anathema because they were landowners themselves. Land reform was thus killed as a policy.

In 1955 it was revived under President Magsaysay's initiative. Using his political clout which, in retrospect (with the exception of Marcos) he had more of than any Philippine president since 1946, Magsaysay got congress to pass a land reform bill, however reluctantly and only in the closing hours of the special session.16 The program outlined in the bill was weak because congress had altered the administration's proposals by making it possible for landlords to subdivide, and hence to retain, their estates.

During President Macapagal's time, 1961-1965, another land reform bill was passed, but as it failed to provide for a land tax it was equally weak. President Marcos was not really interested in following the program through during his ini-


tial years in Malacañang Palace. But in time he learned the political uses of the program well.

For rhetorical effect Marcos would proclaim numerous districts ‘land-reform areas’, but nothing was done to implement the program. As he often told his confidantes, Marcos was more interested in productivity. Also, the enormous financial support with which he had won the election left some important political debts to be paid. Nor was Marcos high on social consciousness, as one AID official put it. But circumstances called for another real try at land reform. Promptly after Marcos was re-elected in 1969, a massive reaction set in against him, for the venality and arrogance of his campaign, and the lack of reform initiated in his first administration. Social reform then became politically more useful.\textsuperscript{17}

AID developed a small land reform program intended to have a demonstration effect. It found, amid the growing popular disillusionment, “a small number but highly influential group of technocrats with no particular loyalty to the system as it operates at present or to the present occupant of the presidential office.”\textsuperscript{18} One of them was then Undersecretary of Agriculture Arturo Tanco, Jr. AID director Thomas Niblock and Tanco began to work together; they chose Nueva Ecija province, locally called “the rice granary of the Philippines.” Marcos was so opposed to the project that one embassy official said they had to “stuff it down his throat” to get it going. The program was successful. Not surprisingly, after martial law was imposed on the Philippines, Marcos perceived the political efficacy and economic necessity of an extensive land reform program. He used the Nueva Ecija pilot project as his model,\textsuperscript{19} but it was never replicated with equal success.

As with land reform, the Philippines tried to rationalize its trade policies and relations before the martial law regime of 1972. This was in preparation for the end of “special ties” with the United States in 1974 when the LLA would terminate.

Since the 1850s the United States had been the Philippines’ principal trading partner, even surpassing Spain when that country was in control of the islands. Throughout the postwar years up to the early 1960s, the United States remained the most important trading partner of the Philippines. This situation began to change after 1960, as Japan increased its trade, later to become a leading trading partner of the Philippines. Filipino hostility against the Japanese originating from the Japanese occupation of the islands during World War II continued to dissipate as Japanese reparations poured into the country and introduced Filipinos to Japanese products, and as Japan developed into an industrial giant. Also, the end of the LLA was drawing near—the Philippines had to diversify its trading relations. Toward this end, the Philippines began to normalize relations with Japan. Consequently, while in 1960 Japan supplied 26.4 percent of Philippine imports, by 1967

\textsuperscript{17} Thompson, Unequal Partners, p. 60.
\textsuperscript{18} Lewis Gleek and Harold Koone, “Land Reform in the Philippines,” USAID Spring Review, June 1970, p. 77. Many of these technocrats occupied important positions in the Marcos cabinet. Most of them were educated at the Harvard Business School, and nearly all were American-educated.
\textsuperscript{19} Thompson, Unequal Partners, p. 61.
its share of the market increased to 28.9 percent, while that of the United States declined from 42 percent to 34.1 percent. In 1970, for the first time in Philippine trading history, its total foreign trade with Japan exceeded that with the United States, the total amount being $765.6 million and $755.1 million, respectively.\(^{20}\) This record was repeated in 1973 and 1975 when Japan again took the lead from the United States.

The Philippines also sought to attract new foreign investment. The two major sources in the past had been American and Chinese, the latter chiefly from overseas Chinese nationals permanently, sometimes illegally, residing in the Philippines. Nevertheless, the investment field was dominated by American business, for two principal reasons. The first had to do with the advantages enjoyed by American citizens as a result of parity rights and the LLA. The second had to do with the failure of past Philippine presidents to have congress approve a peace treaty with Japan, the country that had sufficiently recovered from the war and from which investments should logically originate because of the complementary nature of Philippine and Japanese economies and their geographical proximity. Understandably, the Japanese felt insecure about investing in a country with which their government was still technically at war.

To attract additional foreign investments with which the economy could be developed, the Philippine congress passed in 1967 the Investment Incentives Act (IIA), the first of a series of such acts. The 1967 IIA provided that it was the declared policy of the state

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\text{to encourage Filipino and foreign investments \ldots in projects to develop agricultural, mining, and manufacturing industries \ldots increase exports, bring about greater economic stability, provide more opportunities for employment \ldots to welcome and encourage foreign capital to establish pioneer industries that are capital intensive and would utilize a substantial amount of domestic raw materials, in joint venture with substantial Filipino capital whenever available.}
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\(^{21}\)

In addition to constitutional guarantees of certain basic rights to every individual, the IIA explicitly granted the following rights to be enjoyed by all investors:

1. repatriation of investments
2. remittance of savings
3. remittance of payments in contractual obligations
4. freedom from expropriation
5. freedom from requisition, except in the event of war or national emergency, with guarantee for just compensation.\(^ {22}\)

There were also some general incentives to investors such as protection of patents and other proprietary rights as well as capital gains exemptions.


\(^{22}\) Ibid., pp. 99–100.
One of the main criticisms leveled against this act had to do with incentives to foreign investors; the nationalistic concerns of congress, reflecting the economic interests of Filipino private enterprise, confined investments to "pioneer" industries as opposed to "preferred" industries, which were reserved to Filipino investors. The stimulation of "pioneer" industries by foreign firms that came into the country under the IIA developed import substitutes and served only the domestic market. In spite of the incentives for export industries the latter did not develop to any significant degree. In the view of Gerardo Sicat, a former director-general of the National Economic Development Authority (NEDA),

American business worries over the future of Philippine-American relations after 1974 are largely bred by the special preference given to American enterprises operating in the Philippines. Having been encouraged by the pattern of incentives which is largely Philippine market-oriented, American interests became concerned about their future status, about the retail trade law, and other matters relating to their operation in the Philippines. If the investments which had been attracted were largely export-oriented, the problem of special status which worries American business interests in the Philippines would have been a very minor one.

The IIA set up the Board of Investments (BOI) as the planning and implementing arm of the government. Its broad objectives relating to foreign investments are to encourage domestic and foreign investments in agricultural, mining, and manufacturing enterprises and to welcome foreign capital to establish "pioneer" industries. The BOI prepares the Investment Priorities Plan (IPP) in January of each year for presidential approval. The IPP lists "preferred" and "pioneer" areas of investment; they change every year to suit domestic economic requirements.

The IPP intended to attract foreign investments in import-substitution industries, but balance of payments difficulties and wider economic concerns required the development of export-oriented industries. Hence in 1969, congress passed Republic Act (RA) 5490 which created the Bataan Export Processing Zone (BEPZ) whose development was planned in six stages: (1) light industries, (2) automotive and related industries, (3) heavy industry, (4) shipbuilding, (5) an expansion phase, and (6) construction of an airport. Before 1972 the speed of development in the zone was very slow, again because of political bickering and obstructionism in Congress.

In 1970 Congress passed RA 6135, called the Export Incentives Act (EIA). It gave to firms selling at least 50 percent of their products to foreign countries the following incentives: "(1) a tax credit equivalent to all sales, specific, and import taxes on the raw materials and supplies used in export production . . . , (2) a deduction of part of the firms' export revenue from taxable items for five years, and

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23 For example, tax exemption for "pioneer" industries extended up to 1981, while for export industries, there was a shorter tax exemption period. Sicat makes a comprehensive analysis of the IIA and its impact on Philippine industry and trade. See also Robert S. Baldwin, Foreign Trade Regimes and Economic Development: The Philippines (New York: Columbia University Press, 1975), pp. 74–75.


(3) an exemption from export taxes.” In spite of these incentives foreign business circles still considered the Philippines a high risk investment area largely because of political instability owing to the rise of radical groups: the organization of the Communist Party of the Philippines (CCP) and its New People’s Army (NPA), and the emergence of the militant Moro National Liberation Front (MNLF) in the late 1960s. In addition, it was thought that the Philippines offered little profitability for investments, and its bureaucratic red tape and corruption were well-known. A correspondent of a leading Asian economic journal summed up the Philippine investment situation in August 1972 in terms painful to Filipinos.

The country’s foreign investment incentives legislation can be best termed a misnomer since there are myriad investment fields into which foreigners are simply not permitted. And in the areas in which they are, the level of Filipino participation must rise at such a rapid rate that in most instances joint ventures are just not worthwhile. Coupled with this of course . . . Well, Manila is Manila. If you’re seriously thinking of getting serious about investing in the Philippines, be sure to carry a nice fat wad of crisp $100 bills at all times. Gentlemen, you will need it.

In the field of political-security relations with the United States, the Philippines before 1972 was able to obtain certain important gains. The number of military bases in the country was progressively reduced so that by 1971 there were only five out of the original twenty-three that remained under operational use by the United States. In 1966 the original 99-year lease of the bases was reduced to 25 years. However, the thorny issues regarding sovereignty over the bases and the extent of American commitment to defend the Philippines against aggression remained outstanding during the period. The Philippines also joined SEATO in 1954 both out of its alliance with the United States and out of its own perception of a Communist threat due to the Huk insurgency which had been at that time only recently curbed.

Marcos’s first term of office also saw the beginning of the reversal of Philippine policy vis-à-vis the socialist countries. Although the idea of establishing diplomatic and trade relations with all countries regardless of ideology was earlier advocated by prominent Filipinos such as Claro M. Recto and Salvador P. Lopez, the formalization of this idea began only during Marcos’s first term as president. The travel ban to socialist countries and travel restrictions of nationals of these three countries visiting the Philippines were relaxed in 1967. In 1968 Marcos initiated the policy of trading with Eastern Europe after indications both from the private and public sectors of the desirability of such policy. Congress itself passed a law making it a policy of the Philippines to trade with countries with which it had no existing diplomatic or consular relations.

The Philippines’ search for an Asian identity and regional cooperation led it to join the Association of Southeast Asia (ASA) in 1961, the Malaysia-Philippines-

26 Baldwin, *Foreign Trade Regimes*, p. 75.
Indonesia (MAPHILINDO) grouping in 1966, and the Association of Southeast Asian Nations (ASEAN) in 1967. The Bangkok Declaration on the temporary character of foreign military bases in the region and the Kuala Lumpur Declaration on the establishment of a Zone of Peace, Freedom and Neutrality (ZOPFAN) in Southeast Asia have guided Philippine position in the renegotiation of the military bases agreement with the United States.\(^{28}\)

These early attempts to rationalize Philippine foreign policy were also influenced by domestic politics among other factors. Economic cooperation with the United States to develop a viable land reform program was necessitated by Marcos's recognition of the negative public reaction to his reelection after a term of office characterized by the lack of meaningful reforms. While Japanese trade and investments were deemed desirable, these could not proceed normally because of the failure of the government to conclude a peace treaty with Japan. Congress eventually did so in 1956, and concluded the first Treaty of Amity, Commerce, and Navigation in 1974, thus paving the way for the fostering of mutually beneficial relations between the Philippines and Japan. Finally, the widening of relations to include those with socialist countries was dictated by practical considerations. With the end of the era of "special ties" under the LLA the Philippines had to expand its trading partners if its targeted economic goals were to be realized.

**DOMESTIC POLITICS AND "DEVELOPMENT DIPLOMACY"**

By the early 1970s, sufficient justifications existed in the Philippines for a change in domestic politics that would allow for alterations in foreign policy. Relations with the United States continued to be based on old foundations that were seen as clearly inimical to the growth of political self-reliance and economic initiative. Changes in these relations were difficult to achieve, however, given the unsalutary and competitive executive-legislative relations in the Philippines. Relations with ASEAN states remained unsatisfactory partly because of Philippine identification with the United States. Those with the Communist countries could not be normalized easily because of congressional opposition. Outside government a climate of political instability and a general breakdown of law and order prevailed, compounding the negative images and realities associated with doing business in the Philippines and with its government. Martial law sought to change all of these (and much more to be sure. But that is another story).

The declaration of martial law on 21 September 1972 is a landmark in Philippine political history. It signalled the end of the Second Philippine Republic (the first was the short-lived republic inaugurated in 1898 by General Emilio Aguinaldo and promptly terminated by the American occupation of the Philippines in 1902). Martial law also marked a change in the decision-making process in the country by centralizing power in the hands of the executive. It put an end to pluralist but

\(^{28}\) Ingles, *Philippine Foreign Policy*, pp. 27–29.
obstructionist politics by dismantling the congress. This gave Marcos a flexibility in policy making unparalleled in the history of the country. Martial law did not end corruption in government, but it made it more costly for government officials to engage in corrupt practices, at least earlier during the period as discovery would mean speedy dismissal from government.

Under martial law government reorganization was undertaken to provide efficiency in government operation. An effort was also made to change the bad image abroad from which the Philippines had suffered and which in part accounted for the relatively low levels of foreign investments coming into the country. A good indicator of some success in this area was American official behavior vis-à-vis the Philippines. In Washington, from an environment characterized by contempt for the Philippines, "where every day was dump-the-Philippines-day," there emerged a situation in which State Department officials became concerned with helping the martial law regime succeed in building political stability. There were two reasons for this change. First, it was thought to be good for American image to keep its former colony afloat at a time of national ferment over American policy in Southeast Asia. Second, officials in the State Department looked at the martial law technocrats as the most professional group that any Philippine executive had ever put together. Thus, American assistance to the Philippines accelerated at a time when such aid was declining worldwide.

Martial law facilitated the implementation of Marcos's seven postulates of foreign policy which he announced during his first term of office: national interest, resistance to Communist aggression, reverence for the rule of law, support for the United Nations, friendship with peaceloving states, increased regional cooperation, and economic development. The policies that were required to meet these goals were easily adopted under martial law because of the centralization of power and decision making.

Economic development was central in Philippine foreign policy of the Marcos era. Economic development was seen as the key to national self-preservation, since it is crucial in resisting Communist aggression and since regional cooperation is linked to economic development. Economic development required both internal and external efforts; hence, foreign policy was shaped to serve economic development goals. The achievement of the government's national development plans, the successful attraction of foreign capital, the expansion of trade, and the inflow of foreign loans required the cooperation of foreign governments and their investors. "Development diplomacy" was developed to serve these ends. The secretary of foreign affairs, Carlos P. Romulo, echoed the president's call for a development-oriented foreign policy to fulfill domestic demands. For this purpose the Department of Foreign Affairs was to undertake the following tasks: the promotion and diversification of exports to both traditional and nontraditional markets, the de-

29 Thompson, Unequal Partners.
30 Ferdinand E. Marcos, "Our Foreign Policy," speech delivered on President's Night, Manila Overseas Press Club, February 24, 1968.
velopment of new markets to generate additional export earnings, and the increase in the existing capital structure through substantial infusion of foreign loans and investments to continue the pursuit of Philippine economic development.\(^{31}\)

Some of the highlights of this policy include the Philippine decision to participate in the Tokyo Round of Multilateral Trade Negotiations in 1973 preparatory to its accession to the General Agreement on Tariffs and Trade (GATT). Previous to this time the Philippines was not interested in joining GATT because of the preferential treatment extended to Philippine goods in the American market under the LLA. But as the end of the LLA approached, the Philippines decided to accede to GATT to enable its exports to compete in world markets on far more favorable terms than if it were to renegotiate a bilateral trade treaty with the United States. In fact, one study shows in great detail that the concessions obtained by the Philippines from advanced trading partners during the Tokyo Round far outweighed those it yielded to them.\(^{32}\)

The Philippines also adopted the recommendations made by the Philippine Consultative Group, a body formed by the International Bank for Reconstruction and Development (IBRD) in April 1971. The adoption of these recommendations assured a steady flow of aid to finance its long-term economic development plans (the first plan foresaw a six-year period of integrated national development with agrarian reform, industrialization, electrification, government reform, and population control as its components).

As already noted, in 1974 the Treaty of Amity, Commerce, and Navigation was signed with Japan, paving the way for the entry of large sums of Japanese investments into the Philippines. In that year it was estimated that 24 percent of new direct foreign investments (DFIs) in the Philippines came from Japan.\(^{33}\) A new treaty was signed by the Philippines and Japan in 1979 during Prime Minister Ohira's state visit to Manila. This treaty recognized the Philippine right to extend trade preferences to its ASEAN partners and provided for a system of prior notification in the event of restrictions and prohibitions on trade in products of special interest to the other party. Japan undertook to improve the access of Philippine traditional and nontraditional exports to the Japanese market in order to remedy the chronic trade imbalance unfavorable to the Philippines.

In the 1970s Japan became the Philippines' second largest trading partner, the second highest foreign investor, and the second biggest source of foreign loans. It also accounted for the biggest share of the Philippine tourist trade. In the spring of


1984 Japan was one of the first countries to respond to the Philippine economic crisis by making available a substantial amount of commodity loan in spite of the political sensitivity involved in any such cooperative efforts with the beleaguered Marcos government.

With regard to the United States, the Philippines extended concessions to American citizens and firms doing business in the country. Three principal problems in this regard were addressed: (1) the uncertainty of the Philippine political climate tending to discourage the expansion of business activity, (2) the land issue concerning the future of real estate ownership by American nationals after the end of the LLA and parity in 1974, and (3) the ambiguity of the definition of “retail trade” under the Retail Trade Act.34

In the case of the land issue, on 19 August 1972 the Philippine Supreme Court ruled in a landmark case that William Quasha, a successful American lawyer permanently residing in the Philippines, could not continue to hold valid title to his land, which was situated in Metropolitan Manila's millionaire's row, beyond 4 July 1974. Marcos promptly assured all Americans in the same predicament as Quasha that the Philippines would compensate them for any loss of property incurred under the same circumstances. In June 1974, barely a month before the end of the LLA and parity, he declared that the question of American land ownership would be suspended until 25 May 1975 and that American firms holding land in the country would be given until that time to submit land divestment plans to the government.35 They had one of three options: (1) to sell their land to Filipino nationals or to the Philippine government, (2) to donate it to Philippine institutions, or (3) to rent it from those to whom they had either sold or donated it. First National City Bank of New York donated a piece of land to the University of the Philippines as part of its land divestment scheme,36 but by 1977 many American firms still had not come up with a land divestment plan. American citizens permanently residing in the Philippines were assured their retention of a maximum of 5,000 square meters of real estate for “a reasonable period of time.”37 The government has since been involved in escheat proceedings against American landholders who failed to avail themselves of the three options under the land divestment scheme.

Marcos also sought to clear the way for the re-investment of American profits through a June 1975 decree defining “retail trade” to exclude the following types of business activity:

1. sales by manufacturers and processors to industrial and commercial consumers who use the products bought to render services to the general public and/or to produce goods that are, in turn, sold to them

34 The Retail Trade Act sought to protect Filipinos engaged in the retail trade against Chinese merchants who competed with small Filipino “sari-sari” store owners, hurting the latter by their strategy of brisk sales at small profit. But as it developed American firms became involved because of the ambiguity of what constituted “retail trade.”
35 Business Asia, 13 June 1975.
36 University of the Philippines Newsletter, 10 January 1977, p. 1.
37 Business Asia, 13 June 1975.
2. sales by hotel owners or hotel keepers operating restaurants, irrespective of capital involved provided the restaurants form part of the hotel business
3. sales by manufacturers or processors to the general public of products manufactured by them provided the company capital does not exceed P5,000
4. farmers’ sale of their products

The uncertainty of the Philippine political climate was perceived abroad as having been remedied by martial law. Such a perception is most graphically illustrated by American support for the regime given the latter’s authoritarian character and the former’s ideological commitment to democracy. It has been alleged, amid Washington’s official denial, that the United States gave its blessings to Marcos’s decision to put the country under martial law. While the future may tell whether this allegation is in fact true or not, the available circumstantial evidence pointed out by some observers seems persuasive. For example, there has been an overall increase in the amount of assistance extended by the United States to the Philippines since 1972, with American support making a quantum leap since that year. USAID assistance alone totaled $154.9 million in 1973, compared to $62.7 million in 1972. Security assistance increased from $137 million for 1966–1970 to $204 million for 1971–1975, and in 1976 alone it was $63 million. The Philippines continued to remain a major recipient of MAP and International Military Education and Training (IMET) assistance even if under the 1974 Foreign Assistance Act its military forces, empowered by martial law and authoritarian rule to arrest, detain, investigate, and try civilians suspected of criminal or political offenses, were not entitled to receive American arms and training. American business circles also approved martial law. This approval is typically expressed in the following remark made by an American businessman in Manila in 1974: “This country was at the bottom of our Asian investment list three years ago. Now it’s a leader.”

Multilateral support for martial law in the Philippines may be evidenced by the phenomenal increase in the inflow of resources from multilateral institutions. From a modest level of about $20 million at the end of the 1960s and less than $70 million in 1971, these multilateral flows, obviously giving a vote of confidence to the martial law regime, rose to more than $105 million in 1973 and to nearly $520

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38 Ibid.
39 See, for example, Raul S. Manglapus, Philippines: The Silenced Democracy (Maryknoll, N.Y.: Orbis Books, 1976), and Primitivo Mijares, The Conjugal Dictatorship of Ferdinand and Imelda Marcos I (San Francisco: Union Square Publishers, 1976). Allusions to this effect are also made by Thompson, Unequal Partners.
43 Cited by Patrick, “Banking on the Marcos Method.”
million in 1975, a 2,500 percent increase in the level of multilateral flows for the development of the country within six years. Data from the Organization for Economic Cooperation and Development (OECD) from 1969 to 1975 show that the Philippines received an increasing amount of official development aid (ODA) from 1972 (up from $128.33 million in 1971 to $215.31 million in 1972) to 1975 ($455.46 million).

Among the foreign business circles, the reaction to martial law was reported by Business International thus:

In the foreign business community, the question most asked is not, when will the Philippines return to democracy, but what would happen to the New Society if President Marcos were no longer at its helm? The clear implication is that foreign businessmen prefer the present order and that their chief worry is the possible demise of the President.

Policy decisions regarding foreign investments, now centralized in the hands of Marcos, were made systematically and speedily. By decree the president banned labor strikes, lockouts, and demonstrations. In his hands the government launched a campaign to attract foreign investments by liberalizing the IIA and the EIA, by strengthening the BEPZ, and by propagandizing through the monthly economic report, *The Philippine Prospect*, business opportunities among foreign investors and international businessmen. It also sought to attract regional offices of international companies operating in Asia and the Pacific to make Manila their headquarters. The Philippines' controlled press carried on the campaign rigorously, pointing to the advantages of the city and the outlying metropolitan areas over Hong Kong, such as cheaper rents, a highly educated and English-speaking labor force, lower wages, good transportation and communication facilities, a well-developed banking system, "the best peace-and-order condition in the whole region," liberal entry-exit rules for foreigners, liberal capital repatriation and profit-dividend remittance rules, and minimum bureaucratic red tape. The result was that by the end of September 1974, 31 companies had registered with the Philippine Securities and Exchange Commission to qualify for these incentives. Twenty-four of these were American firms; there were no Japanese applicants. In June 1976 there were 28 applicants, chiefly Japanese, including large conglomerates such as Mitsubishi Electric.

The BEPZ made steady progress toward full completion under martial law. A November 1972 decree allotted P450 million (the rate of exchange being P6.7:$1) for development and placed the BEPZ under a corporation with an annual budget of P250,000, a capitalization of P200 million, and with authority to borrow up to

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44 Thompson, *Unequal Partners*, Table 1-3, p. 15.
P300 million locally and $100 million from abroad.\(^49\) By August 1976, 32 businesses operated in the zone with an investment of P1,500 million, the largest of which was a Ford car body stamping plant worth $39 million and employing 300 workers. The zone exported $2.5 million worth of goods every month, 20 percent of which came from Ford. The zone employed 10,000 Filipino workers in the 32 factories, and another 8,500 laborers in the construction of the zone itself.\(^50\)

The Philippines also sought to augment foreign currency available for alleged national development efforts by raising the ceiling on foreign borrowing by presidential fiat. During Marcos’s tenure the Philippines became a major debtor of international financial institutions; by 1984 its total foreign debt exceeded $26 billion. Since 1982 the government has had to seek periodic and regular restructuring of its foreign debts with the World Bank and a consortium of more than three hundred foreign banks.

The Philippines also broke into new markets as diplomatic and trade relations opened with socialist countries and as it moved closer to Arab countries. Trade with socialist countries grew from almost nothing before martial law to $35.4 million in exports and $21.3 million in imports by August 1973. The absence of diplomatic relations with China until 1975 did not prevent the growth of trade with that country. From 1972 to August 1973 the Philippines sold $28.7 million worth of goods to China and bought $19.9 million.\(^51\) After the opening of diplomatic relations in June 1975, exports were valued at $23 million and imports at $50.8 million for fiscal year 1975 alone.\(^52\) Oil constituted most of its imports from China.

There were two principal reasons for a reversal of the Philippines’ Middle East policy after 1972. Formerly pro-Israel, since the early 1970s a clear shift in Philippine foreign policy had taken place. The first reason for this shift was the oil crisis of 1973, when the Arab oil-producing states systematically used oil as a political weapon to bring a solution to the Middle East crisis. The second reason was the eruption of the Muslim secessionist movement in Mindanao about which the Muslim Arabs expressed tremendous concern. Closer relations with Arab countries were indicated by the growth in the importance of trade with Saudi Arabia and Kuwait, and by the large loans that the Philippines obtained from the Arab Middle East. Until 1972 trade with Saudi Arabia and Kuwait was unilateral in favor of the Arab countries. In 1973 they began buying Philippine exports, and by 1975 Saudi Arabia’s purchases amounted to $3.3 million, Kuwait’s, $1.3 million. Philippine imports from Saudi Arabia, chiefly oil, grew from $16.4 million in 1969 to $389.8 million in 1975; during the same period imports from Kuwait grew from $25.4 million to $152 million. By 1975 Saudi Arabia had bested in sales the traditional European trading partners of the Philippines such as West Germany and


Great Britain. By early 1977 Middle East loans to the Philippines had risen to $72.28 million, more than half of which came from Saudi Arabia and Kuwait.

The importance of the Middle East countries as a Philippine labor market cannot be overemphasized. In Saudi Arabia alone there were an estimated 178,193 Filipino laborers, both skilled and nonskilled, between 1975 and 1980. Philippine construction companies have also been involved in earning precious foreign exchange in support of Philippine national development efforts. Laborers working in the Middle East and elsewhere remit, on a compulsory basis, 70 percent of their salaries to their families in the Philippines, who are paid their equivalents in Philippine pesos. The government uses foreign exchange for paying for its imports and servicing its foreign loans contracted for alleged national development purposes.

"Development diplomacy" also led the Philippines to allow a degree of interference in Philippine internal affairs by the Islamic Conference. It allowed the Islamic Conference to mediate the Muslim secessionist problem in the southern Philippines, which led to the conclusion of the Tripoli Agreement between the Philippines and the then head of the MNLF, Nur Misuari, allowing the establishment of autonomous regions in areas in Mindanao where a majority of Muslim Filipinos reside. Malaysian, Indonesian, and Bruneian support within the Islamic Conference accounted for the temperate character of the conference's attitude toward the Muslim problem in the Philippines and toward the Marcos government itself.

Political-security relations with the United States remained good throughout martial law and until 1983. The military bases agreement was reviewed twice, in 1979 and in 1983, providing the Philippines with military and economic assistance for a five-year period each time renegotiation took place. Through the efforts of American congressmen, the amount of economic assistance in the compensation package was increased following the assassination of the former senator Benigno S. Aquino, Jr. On the other hand, the American government also took some steps—cancellation of the projected visit of Reagan in November 1983, official statements calling for an impartial investigation of the Aquino assassination, a more adequate succession mechanism through the restoration of the vice-presidency and clean and honest parliamentary elections in 1984, among others—that seemed to indicate a desire gradually to distance itself from the beleaguered Marcos government.

The Marcos government, despite its unhappiness with American pressure, could not divorce itself from American support, especially military aid. It reportedly used Clark Air Force Base and Subic Bay Naval Base for counterinsurgency operations against the NPA and the MNLF. American military support, moreover, was

53 Ibid.
55 Ingles, *Philippine Foreign Policy*, p. 128.
evidenced through such programs as the United States Public Safety Program, the Military Assistance Program, and the Foreign Military Sales Program, as well as through American commercial arms sales as has been documented by Washington's Institute for Policy Studies.\footnote{Klare and Arnson, Supplying Repression.}

"DEVELOPMENT DIPLOMACY": A TENTATIVE ASSESSMENT AND SOME CONCLUSIONS

"Development diplomacy" was conceived as the foreign policy most appropriate to Philippine national political and economic needs. It led to a widening of Philippine foreign relations with as many countries as were perceived necessary to support these needs. In some instances, "development diplomacy" led to the reversal of traditional Philippine foreign policy, such as in the case of the Middle East. "Development diplomacy" also opened up the Philippines to foreign investments, attracting an array of multinationals to enter the country through various investment incentives, such as strike-free zones, low wages, and the like. Consequently, many Filipinos, especially in the labor sector, viewed the government as serving the interests of foreigners even against Filipino interests. The military has been used to suppress strikes in the BEPZ, for example.

The success of the Marcos government in soliciting foreign loans began to exact its toll on the population through the harsh terms imposed by the International Monetary Fund (IMF) as a condition for a stand-by facility to help the Philippines service its foreign loans. These foreign loans had been publicized as necessary tools in achieving national development goals. However, a recent study shows that these loans went to (1) infrastructure development projects not affecting the Filipino masses, (2) big bureaucracies like public corporations many of which were exempted from government audit, (3) waste and inefficiency, (4) inflation and fiscal instability, (5) debt servicing, and (6) lobbyists (otherwise known as cronies) who were responsible for a large amount of capital flight. About 53.5 percent of the total foreign debts went to debt repayment during 1972–1983. Poor financial management by the government exacerbated the problem.\footnote{Leonor M. Briones, "The Debt Crisis: Who Borrows? Who Pays?" lecture delivered at a symposium on International Debt Crisis: Focus on the Philippines, Malcolm Theatre, UP College of Law, Diliman, Quezon City, 6 July 1984.} It may be added that authoritarian decision making facilitated these maladies.

"Development diplomacy" attempted to inaugurate an era of independence in Philippine foreign policy guided by the country's own perception of its national interests. According to one expert:

One outstanding fact about the new foreign policy structure is the remarkable interlinkage that has been forged between Philippine domestic or "internal" policy, and foreign or "external" policy. These two components of what may be termed as the Philippine "national" policy form a harmonious and integrated whole. Philippine

57 Klare and Arnson, Supplying Repression.
foreign policy . . . has its well-springs in Filipino life, history and traditions. It is founded on vital national interests, needs and purposes, as Filipinos envision them in their own natural lights.59

In this specialist's view, the Philippines gained stature in the eyes of other countries because of the new foreign policy. This policy helped in restoring peace in the southern Philippines, in getting the Philippines exempted from the international oil embargo begun by the Arabs in 1973, in developing dynamic regionalism through ASEAN, in stimulating economic growth during the 1970s, in widening trade, cultural, and investments and foreign borrowing relations, and in restructuring relations with the United States.60 While some of these gains may have been considered salutary in the 1970s, by 1983 many of the ill effects of those policies began to be felt by Filipinos across numerous sectors of the population and contributed to the growing unpopularity of the Marcos government.

Philippine-American relations continued to have the difficulties usually associated with the political-security dimensions of such relations; such difficulties were exacerbated by domestic politics. Perceived continuing American support for the Marcos government generated anti-Americanism among militant Filipinos and even among some moderates in the country. The reported use of Clark Air Force Base as a staging point for counterinsurgency operations in Luzon added to such anti-American attitudes. The deeply-divided opposition also split over the issue of the bases. Since the outcome of domestic political competition, especially beyond the Marcos era, would be certain to affect the bases in particular and over-all relations with the United States in general (except possibly in the event of a rightist coup or one in which Marcos's "cronies" continued to hold power), militant groups in the Philippines remained convinced that American intervention in the Philippine succession game was imminent, official statements to the contrary from the American embassy in Manila notwithstanding.

With the accession of the presidency of Corazon Aquino, many of the equations have changed. Nevertheless, domestic politics will demand continuing reliance by the Philippine government on American goodwill. American assistance cannot be replaced by another source. American goodwill is also required for America's partner in Asia, namely Japan, to continue its friendly policy toward the Philippines. Such a statement can probably be generalized to apply to most of the Philippines' diplomatic partners, especially those that extended economic concessions and political support to the Marcos government over the years. More than ever, Philippine diplomacy faces an acid test during the next several years. The Philippines will have fewer bargaining chips to play with. It is a tall order for even the most talented and fortunate leader. Domestic politics will most certainly shape, perhaps even to a greater extent than they have in the past, present and future Philippine foreign policy.

59 Ingles, Philippine Foreign Policy, p. 206.
60 Ibid., pp. 206–211.
9. Philippine Domestic Politics and Foreign Policy

Larry A. Niksch

THE REGIONAL STAKES

Writing in the *Asian Wall Street Journal* of June 26, 1984, Jusuf Wanandi of Indonesia’s Center for Strategic and International Studies extolled the political development and stability of the ASEAN countries. Wanandi pointed to areas of growth, including the emergence of political parties, stronger governmental institutions, economic vitality, and improved internal security; but for each one, he noted the exception of the Philippines.

The Philippine exception has developed into a crisis with deep implications for Southeast Asia and the role of the United States. The Philippines is the linchpin of American involvement in Southeast Asia. This is well understood militarily because of the U.S.-operated military bases there. The bases are, of course, the only physical American military presence in the region today and would be the focal point of any future build-up of armed strength.

The political factor may be less well understood. The Philippines is the United States’ closest ally in Southeast Asia, and the historical and cultural bonds extend beyond the treaty relationship. Preservation of these ties is an integral part of the American rationale for involvement in the region. Philippine membership in ASEAN reinforces U.S. links to the regional grouping.

Revolution and/or radicalization in the Philippines would push the United States back militarily from Southeast Asia. It would destroy part of the rationale for involvement in the region’s security. The impact on American attitudes would be deep. The post-Vietnam doubts about the political stability of the noncommunist states would be revived on a longer term basis. Confidence in American policy would again be shaken. Members of Congress and media analysts would undoubtedly pose the question: If a country that had forty years of American tutelage and strong U.S. backing could not develop viable political institutions, how can U.S. support for other Southeast Asian governments have positive results either for
the countries concerned or for U.S. interests? Further American withdrawal from Southeast Asia probably would be the result with an attendant increase in U.S. reliance on the People's Republic of China to check Soviet penetration—in short, the Vietnam syndrome renewed.

A turn toward communism by the Philippines undoubtedly would result in Manila withdrawing from ASEAN. The reaction in the other ASEAN countries no doubt would reflect declining confidence in the United States. ASEAN might hold together, but its unity could be threatened if governments and ruling elites over time began to reexamine existing ties with the major powers.

A key question would be whether or not a communist Philippines would align with the PRC or the Soviet Union. Despite the Maoist orientation of the Communist Party of the Philippines, there appear to be at least three circumstances that could push a communist Philippines into the arms of the Soviet Union. First, the strongly ideological and anti-U.S. bias of the Communist party is not likely to make today's PRC attractive to a communist regime. Second, such a regime probably would face open resistance when it put into place radical, social restructuring measures at home. Consequently, the regime might be forced to turn to Moscow for assistance in order to maintain its rule. Third, the Communist party could seek arms from the USSR before coming to power if additional weapons would have a decisive effect on its struggle with the Philippine government.

The Soviet Union undoubtedly would seize upon such an opportunity to gain a foothold in the Philippines. The Soviets have shown a low-keyed but growing interest in the Philippine situation. Moscow has not extended material aid to the communist insurgents, but it is in a position to do so if the Communist Party of the Philippines should turn to it. The Soviets are playing a waiting game at this stage, but they could be expected to seize opportunities that would arise in the future. One should not doubt that the Soviets see Subic and Clark bases as potential prizes. At a minimum, Moscow would view the loss of these facilities to the United States as a net plus for the Soviet position in the Western Pacific.

These scenarios do not cover other forms of possible political change. A change of government under moderate leadership would not likely disrupt the basic elements of Philippine foreign policy. New basing arrangements with the United States are likely, especially after the current agreement expires in 1991, but Manila's alignment with the West and membership in ASEAN probably would remain intact. The problem for the United States and friends of the Philippines in Asia is how to influence a changing internal situation toward outcomes conducive to their interests.

THE ELEMENTS OF DETERIORATION

The Philippine situation can be termed a crisis for two reasons. First, the problems are multifaceted, involving political polarization and turmoil, economic decline, a classical insurgency, and a breakdown of governmental institutions. Second, current trends in each is adverse to stability. Individual problems feed upon one another, and the result is general deterioration.
A crisis of this nature has numerous factors of origin. International economic conditions since 1979 have hit the Philippines hard in terms of inflation, rising current account deficits, and falling commodity prices. Geographic, cultural, and religious factors often work against successful economic development strategies, the creation of an integrated economic system, and reduction of population growth. Even in terms of climate, the Philippines is cursed with successive typhoons of devastating magnitude. Politically, tenacious groups such as the Communist party and the Moro National Liberation Front would tax the resources of most governments.

As serious as these factors are, the present crisis goes beyond them. It now is a crisis of government performance or, more specifically, of the Marcos system of personalized rule.

President Ferdinand Marcos has built a base of domestic support through maximizing the traditional political values of personal loyalty, patron-client relationships, and a system of rewards and patronage to supporters that extends down to the local level. The foundation of Marcos's support is his inner circle of associates. His wife, Imelda Romualdez Marcos, has political power in her own right as governor of Metro-Manila and minister of human settlements. Other members of the Marcos and Romualdez families occupy high posts in government and business. Close personal friends of President Marcos have gained prominent positions in business, and their enterprises have received massive government support. Some of these men are the political leaders of individual provinces. Eduardo Cojuangco, who controls the coconut industry, heads a powerful political family in Tarlac province. Roberto Benedicto, who heads the government corporation that controls the sugar industry, is a political leader in the western Visayas. Defense Minister Juan Ponce Enrile, Cojuangco's partner in the coconut trade, is politically important in Cagayan province.

Outside the inner circle, the key instrument of Marcos's authority is the armed forces. President Marcos has ensured the support of the armed forces by appointing those closely loyal to him to high positions. Marcos has tightly controlled appointments, promotions, assignments, retirements, and salaries within the officer corps. He has shown preference for officers from his home province of Ilocos Norte in northern Luzon, particularly in appointments to high positions in the Manila area.

Provincial governors, mayors, and other local leaders are predominantly members of Marcos's New Society Party (KBL). The funds and projects assigned by the central government are used by local politicians to dispense jobs and favors or for personal gain. In return, they give political support to the president and deliver votes for him at election time. The local politicians often are allied with local businessmen, another element of the KBL structure that offers support for President Marcos. The loyalty of these businessmen is rewarded by the central government through contracts or by keeping hands off their business operations. Despite the formal authority structure of the military, local politicians and businessmen frequently control the police, the Philippine constabulary, and the Civilian Home Defense Forces within their own region, enabling them to use the security forces as
instruments of political and personal control.

The system differs in important respects from other governmental systems in noncommunist East Asia, and the differences often result in weaknesses. Three differences stand out. First, a trained and relatively nonpolitical bureaucracy is lacking in the Philippines at the local level. President Marcos destroyed many of the oligarchical fiefdoms that existed prior to 1972, but they were replaced mostly with pro-Marcos political organizations more committed to political power and financial gain than to economic and social development of the general constituency.

Second, members of Marcos's inner circle have gained personal control over key ministerial and other governmental programs. This phenomenon is true of other systems in East Asia, but the degree of control in the Philippines case has been extreme with little accountability. Moreover, the power and influence of senior civil servants has been minimized. The sugar and coconut monopolies are only the most publicized examples of this practice.

Third, President Marcos has followed a policy of isolating his political opponents rather than co-opting them through the granting of some influence and participation in government. As a result, the "committed" segment of his support base has always been very narrow, confined to the inner circle and the top echelon of the military command. This committed element sufficed to maintain stability so long as other potential power centers like the business community and the Catholic church remained neutral or gave tacit support to the regime. This, of course, is no longer the case.

THE POLITICAL CRISIS

The most important meaning of the current political crisis is the erosion of President Marcos's base of support and the even broader base of stability. This slippage had been occurring for at least two years before the Aquino assassination. The assassination galvanized key sectors of the society (businessmen, professionals, and the Catholic Church) to oppose the Marcos government openly. The mass demonstrations in Manila and the charged atmosphere of the May parliamentary election pointed up the rise of opposition among these groups.

The emergent opposition demanded political changes in several areas including the investigation of the assassination, procedures for presidential succession, an end to government restrictions on the press, and election procedures. These pressures increasingly focused on the parliamentary elections scheduled for May 1984.

President Marcos made concessions on all these issues. His actions were coupled with the decision of a sizable bloc of the political opposition to participate in the election and the organization of a nationwide citizens poll watching effort. The result was an election more open and competitive than past ones. Candidates identified with the opposition won some 60 of the 183 contested seats (Marcos appoints seventeen additional members). Opposition members of the previous parliament (Batangg Pambansa) numbered no more than fifteen.
The results of the election had several meanings. The noncommunist opposition kept itself alive, restored its credibility, and gained legitimacy. The opposition’s success prevented temporarily at least political movement into a polarization between the Marcos regime and the communists. The election allowed a peaceful outlet for the heightening popular discontent. Finally, the election hurt the political prospects of Imelda Marcos, whose pro-government slate of candidates lost heavily in metropolitan Manila.

On the other hand, President Marcos’s New Society Party kept a large majority in the Batasang Pambansa. The president’s own position was not endangered in the short term by the election results, and he retained his extensive legal powers.

In short, the election results did not settle key issues raised in the aftermath of the assassination. Moreover, the charged political atmosphere has continued. The election may represent a first step toward a restructuring of governmental institutions and a move away from personalized rule. There are, however, important conditions and caveats for any such movement. The most important are (1) the outcome of issues in dispute between President Marcos and the parliamentary opposition, (2) the ability of the noncommunist opposition to unify itself in the face of pressure from the communist-influenced left, and (3) the manner in which the investigation of the Aquino assassination is resolved.

Marcos, the Moderate Opposition, and Political Restructuring Issues

Since the May election, the opposition in the Batasang Pambansa has raised a score of issues in its criticism of the Marcos government, but two stand out as key factors in the Philippines’ political future over the next two years: (1) President Marcos’s powers under Amendment 6 of the constitution to issue decrees having the force of law, and (2) procedures governing future elections. The outcome of these issues will determine whether or not the political restructuring that began after the Aquino assassination will continue. This will be especially important for the future role of the Batasang Pambansa. These issues ultimately will influence the nature of the 1987 presidential election and the degree of legitimacy of whatever leader emerges from that election.

These issues constitute a vital test for the shaky unity and credibility of the conservative-moderate opposition, which has three elements. The first is the parliamentary coalition of opposition parties led by the United Nationalist Democratic Organization (UNIDO) and the Filipino Democratic Party-LABAN (PDP-LABAN). The coalition chose to participate in the May election despite the call for a boycott by other opposition groups. Leaders advocate a restoration of a Western-style democracy through peaceful alteration of the present system. UNIDO and PDP-LABAN leaders have stated a willingness to cooperate with President Marcos and KBL members of the Batasang Pambansa toward that objective. Their ultimate goal is to build a political base strong enough to challenge Marcos or a Marcos protégé in the 1987 presidential election.
Several hundred leading businessmen constitute the second element of the conservative-moderate opposition. Their leaders include Jaime Ongpin, president of Benguet Corporation; industrialist Jose Concepcion; and banker Victor Barrios. Organizational bases for the business opposition are the Makati Business Club, the Bishop-Businessmen’s Conference, and the Center for Research and Communication.

Businessmen helped to organize many of the demonstrations against Marcos in the Makati business district after Aquino was assassinated. In order to reduce the chance of Imelda Marcos’s succeeding her husband, they pushed for the constitutional changes related to presidential succession and the office of vice president. They also pressed for free elections in May and supported UNIDO’s decision to participate. Business leaders organized and financed the National Citizen’s Movement for Free Elections (NAMFREL), the nationwide poll-watching organization that received legal status as one of Marcos’s concessions. NAMFREL fielded over 150,000 volunteer poll watchers on May 14.

The business opposition has only tenuous ties with UNIDO and PDP-LABAN, although their political objectives are similar. Businessmen, too, look to 1987 with the aim of replacing Marcos.

The business opposition has closer ties with the third conservative-moderate element, the leadership of the Catholic Church, including Cardinal Jaime Sin. The church hierarchy dropped a policy of “critical collaboration” toward the Philippine government after 1980 and became more critical. Cardinal Sin came out openly in support of the political and business opposition after the Aquino assassination. He was instrumental in the establishment of Veritas, a newspaper for opposition views financed by business leaders. With Sin’s approval, clergymen played an active role in monitoring the May election through NAMFREL. He subsequently praised the election process, as well as its outcome in strengthening the opposition. Cardinal Sin has supported the opposition in the Batasang Pambansa, although he has advised UNIDO and PDP-LABAN to be moderate in their demands. He has said he would be available to mediate between Marcos and the opposition.

The conservative-moderate opposition has focused on Amendment 6, and the parliamentary coalition has called for its repeal. Business leader Concepcion has raised the issue of electoral procedures by calling for the restoration of NAMFREL’s legal status, which the Commission on Elections removed after the May election. One should anticipate that this issue will emerge fully in 1985 as local elections approach the following year.

The issue of Amendment 6 also has produced pressure on Marcos from within his government and the KBL, reflecting support for political change from these elements and a move to distance themselves from Marcos. Newly appointed Foreign Minister Arturo Tolentino has been part of a group of about thirty KBL members of parliament that pushed for reforms after the assassination. Tolentino has spoken out repeatedly for modification of Amendment 6, even in his present position. Prime Minister Cesar Virata has called for a review of the constitution in obvious reference to the amendment. Several other cabinet ministers reportedly
lean toward support for a change. Government and KBL proponents of modification presumably would favor a prohibition on the issuing of decrees while the Batasang Pambansa was in session or granting the parliament oversight or a veto power over individual decrees.

Marcos's policies and attitudes remain the most important caveat to the prospects for political restructuring. Events since the assassination indicate that Marcos will agree to such measures only when he is pressured from a number of sources: opposition demonstrations, the businessmen critics, reformist elements in the KBL, high levels of the U.S. government, foreign lending banks, and international financial institutions. The president has shown little willingness to lead in putting forth new measures and programs to deal with the political situation. His strategy seems to be one of slow, tactical retreat until the crisis blows over. His longer term goal appears to be continuation of personalized rule. He has stated recently that he will run for reelection in 1987.

Marcos's moves since the May election suggest a hardening of his attitude. He has said that he will not give up his decree powers, although he has pledged to use them with restraint in the future. Statements by government officials that Marcos does not plan to reimpose martial law serve to remind people of his power to do so. The government has moved to prevent or restrain street demonstrations in contrast to the permissive policy it followed from the Aquino assassination to the election. Another sign of a tougher line was the new cabinet appointed by Marcos in July. The new cabinet lineup differed only slightly from the old one despite speculation that there would be changes.

The ouster of PDP-LABAN leader Aquilino Pimentel from the Batasang Pambansa in October 1984 suggests a continued hard line by Marcos toward the conservative-moderate opposition. It is doubtful that the Commission on Elections would have issued the ruling without Marcos's direction or approval. It is especially noteworthy that Pimentel is viewed as a prospective opponent of Marcos in the 1987 election.

Salvador Laurel and Aquilino Pimentel, the heads of UNIDO and PDP-LABAN respectively, are prospective presidential candidates to face Marcos in 1987. Other opposition leaders also express an interest in opposing Marcos, and sentiment is building within the opposition in support of Corazon Aquino, the widow of Benigno Aquino. Mrs. Aquino has disavowed any interest in running, but she has begun to play an active role in opposition efforts to unify and agree on a single presidential candidate.

Marcos's harder line may stem from two factors. One may be his sense that pressures during the pre-election period, particularly from the United States, abated after May 14. The second may be the surprise of the election results to the president and his inner circle. Marcos's aides predicted prior to the voting that the opposition would win only twenty-five to thirty seats. His inner circle now may be advising him that further concessions would endanger his position in the 1987 presidential election.

The outlook for the political restructuring issues over the next twelve months
probably involves one of two scenarios. One is that Marcos would grudgingly agree to modifications of Amendment 6 and electoral procedures. He undoubtedly would make these only under heavy pressure from outside and inside the government and from the Reagan administration. Still, the gradual restructuring process would continue along lines sought by the conservative-moderate opposition and KBL reformers. Their position would be strengthened. Restructuring would open up presidential succession possibilities for 1987 and would weaken Marcos’s position in that sense.

Under the second scenario, Marcos would dig in and reject further concessions. He might crack down on the opposition in order to control rising protests over his rejection and to keep KBL reform elements in line. The conservative-moderate opposition would be the major loser in this circumstance, not only in relation to the Marcos government but also with regard to the other segment of the opposition, sometimes called the nationalist left, and certainly in relation to the communists. Marcos might also call a presidential election before 1987 if he feels that his position would be more vulnerable in 1987.

The Struggle Within the Opposition

The conservative-moderate opposition increasingly faces the problem of how to deal with a collection of groups and individuals that advocate a more confrontational approach toward the Marcos government. This so-called nationalist left is comprised of old politicians, human rights and social activist groups, student organizations, and certain labor unions. These groups advocated a boycott of the May election, and they have called for the overthrow of Marcos through mass civil disobedience.

Although rebuffed by the large voter turnout in May, nationalist left groups have made a comeback by taking the leadership in mass demonstrations that have occurred since July. These protest marches have become known as the “parliament of the streets.”

The nationalist left has been leaderless. A Coalition for the Restoration of Democracy, under aged political leader Lorenzo Tanada, provides an umbrella organization. Agapito (Butz) Aquino, younger brother of the slain senator, is the nominal leader with some personal following. Real power, however, lies in the individual groups.

Aquino and Tanada speak of unity with the parliamentary opposition, but the current trend in the nationalist left movement is the growing role of the Communist party and its front organizations. The “parliament of the streets” has become larger with the participation of these radical groups. Its slogans have grown more militant, and it is more prone to violence.

The noncommunist oppositionists have grown concerned by the rise of the communist-led left. Butz Aquino has stated an intention to loosen his ties to these elements, but the predominate view is to cooperate with them until Marcos is overthrown. Some, like Pimentel, believe that the “parliament of the streets” is a nec-
ecessary source of pressure against the government in the absence of movement in
the Batasang Pambansa. Pimentel has voiced the sentiment that the noncommunists
can keep the extreme left in check.

Other conservatives and moderates have joined recent demonstrations in order to
counter the participation of the leftists and to keep the protests peaceful. Demonstrations
now show two distinct factions identified by the color of banners (red versus yellow),
the slogans on signs, and their location in the marches.

The struggle for the soul of the opposition is intensifying among the conserva-
tive-moderate groups, Butz Aquino and his following, and the communist-led left.
The outcome at this juncture is uncertain. It will be heavily influenced by the main
actor outside the opposition spectrum: the Marcos government. Marcos's future ac-
tions will help to determine which faction gains the image of credibility to lead the
opposition.

THE COMMUNIST INSURGENCY AND MOVEMENT

The rise of the extreme left in the Manila demonstrations is the latest manifes-
tation of the growing communist movement. The Philippines now may be enter-
ing a stage in which political controversy and economic issues increasingly will be
viewed against the background of the communist insurgency.

The Communist Party of the Philippines (CPP) was created in 1968 when ad-
herents of Maoist ideology broke away from old-line communist and Huk leaders.
The CPP vowed an end to national capitalism, bourgeois democracy, multinational
corporations, and U.S. influence; and it proclaimed a "people's war." The party
formed the New People's Army (NPA) as its military arm. The NPA planned to
wage war in Maoist fashion, organizing and arming peasants in the countryside,
gaining "liberated areas," and eventually isolating the cities. The communists also
set up a National Democratic Front to organize specific segments of the popula-
tion, including urban groups. The Communist party began its insurgency in the
old Huk area of central Luzon but suffered setbacks in that region. It reacted by
moving into more remote regions where the government's presence was weaker.
Communist activity appeared in the Cagayan valley of northeastern Luzon, on
Samar island in the Visayas, in northern and eastern Mindanao, and in the high
mountains of northern Luzon.

CPP strategy has emphasized political penetration and organization building in
the town and rural areas. Political operations aim to establish political and admin-
istrative organizations in towns and barangays (the lowest grass-roots administra-
tive unit in the Philippines; a typical one consists of 200 to 1,200 people), win
recruits and support from the indigenous population, neutralize supporters of the
government, and eventually eliminate the legal government. The CPP seeks to pen-
etrate multiple locales, thus complicating the responses of the government and the
armed forces.

The communists employ a number of instruments and techniques in a typical
barangay. Tight unit organization is a key to establishing a presence and eventual
dominance. Members of the initial CPP team that enters a barangay may provide medical care and other forms of aid to poor villagers, while effecting a propaganda campaign to gain recruits and supporters.

As the CPP team broadens contacts and brings more people into its activities, a layered organization takes shape consisting of a permanent party branch; a revolutionary council; “mass organizations” of farmers, women, youth, teachers, etc.; and a local guerrilla unit. The CPP eventually challenges the legal authorities of the barangays and towns through intimidation, including the frequent assassination of officials. The legal authority either disintegrates or decides to cooperate with the new organization. Either way, power is transferred. In regions where the CPP/NPA has gained a strong grip, the political organizations provide the base for bigger guerrilla units for attacks on towns and military posts with the goal of securing more weapons.

The communist movement has grown steadily since 1980. Growth has occurred in the size of the NPA, the areas of NPA operations, and the size of armed guerrilla units. Another indication of its growing strength is the more open role of the National Democratic Front, a united front of activities.

There appear to be four factors behind the growth of the insurgency:
1. The remoteness of government, even local government, from people at the grass roots. Town governments often have small, poorly trained administrative staffs. Local law enforcement capabilities are weak. Financial resources for basic services are limited. The size and broad geographical expanse of towns limit contact between government and the citizenry. In some towns, there undoubtedly is corruption and links of officials to special interests.
2. Worsening living standards in practically every region, including falling real incomes, unemployment, lack of medicines and medical care, and malnutrition.
3. A rapid breakdown of the traditional social structures in places like Mindanao and Negros due to population shifts, the entrance into these regions of multinational corporations, and the collapse of basic industries such as sugar.
4. Communist organizations at the local level that are skilled in penetration, establishing links with people, and convincing people that the government is responsible for worsening conditions and is unresponsive to their grievances.

The U.S. government estimates the current armed NPA strength at 10,000–12,000 as compared with 2,000–3,000 in 1979. The Communist party claims to have 20,000 full-time and part-time guerrillas, more than double the number in 1980, and 30,000 party members, a threefold increase since 1980. The CPP hints at a lower armed strength by stating that the NPA has only 10,000 rifles. Rank-and-file guerrillas appear to be peasants; but the leaders are young and well educated, often from urban backgrounds. Increasing numbers of leaders reportedly come from the immediate geographical areas of their activities.

General Fidel Ramos, acting armed forces chief-of-staff, stated on November 13, 1984, that the NPA had operations “in practically all 73 provinces.” The insurgents are active throughout the rural areas in the eastern two-thirds of Mindanao, dominate wide areas of northeastern Mindanao, and have dominated the coastal
city of Davao, the country’s third largest city, as well as smaller cities on Mindanao. A CPP-NPA organization is solidly entrenched on Samar, despite a drop in NPA guerrilla activity after 1980. The NPA has established a formidable presence in the Bicol peninsula in southeastern Luzon and in Cagayan province in northeastern Luzon. Military commanders have stated that the NPA has set up cells in the villages of Neuva Ecija and Balucan provinces in central Luzon. The NPA recently has been detected on the important sugar-producing island of Negros and the island of Panay.

The U.S. government estimates that the CPP has political organizations in 33 percent of the country’s 41,000 barangays. CPP political organizations are believed to control 12 percent of the barangays, meaning that the party can freely set up “mass organizations” and/or that the legal barangay authorities no longer function on a day-to-day basis. There obviously is a margin for error in these kinds of estimates, but the trend in the Philippines has been upward.

The scale of NPA military operations expanded early in 1983 when company-sized guerrilla units of 150–200 attacked army posts, police stations, and government offices in Mindanao. Attacks by units ranging from 50 to 300 have occurred regularly since then. The NPA hit large government projects throughout 1984, especially on Mindanao and on Cagayan province in northeast Luzon, destroying large quantities of capital equipment. Consulting firms in Manila promoting agribusiness ventures are now advising prospective investors to stay out of Mindanao. Testimony by officials of large companies in Mindanao indicate that many firms pay a “tax” to the NPA. NPA operations in Davao City have included extensive “taxation” and the assassination of over 50 policemen and security officials in 1984.

The emergence of the National Democratic Front after the Aquino assassination is another signpost of a stepped up communist-directed campaign. CPP agents infiltrated into Manila around the time of the assassination, originally to organize demonstrations against President Reagan’s planned visit in October 1983; but they switched to play a role in the antigovernment protests. CPP front organizations or groups influenced by party members proclaimed CPP slogans against “U.S. imperialism” and the “U.S.-Marcos dictatorship,” and these were visible throughout the postassassination demonstrations in Manila. As one of several examples, during a rally sponsored by the Nationalist Alliance for Justice, Freedom, and Democracy in November 1983, sizable portions of the estimated 35,000 cheered for Jose Sison, the founder of the Communist party, who was captured by the government in 1977 and is still imprisoned.

Since the May election, which the CPP reportedly viewed as a setback, well-organized CPP “composite units” have participated in demonstrations. Knowledgeable sources state that CPP cadre and sympathizers sometimes try to turn demonstrations violent but resort only to radical propagandizing in others.

The CPP’s publication, Ang Bayan, stated in December 1983 that CPP strategy had “entered the advanced substage of the strategic defense.” Information acquired from CPP and NDF documents and sources indicates that the new stage likely will
include a continued escalation of the bigger unit military attacks; continued geographical broadening of NPA activities including the targeting of Cebu island in 1985; operations of armed urban squads in other cities besides those in Mindanao—possibly including Manila beginning in early 1985; more NDF activities in Manila and other cities; selective involvement in the 1986 local elections through NDF-supported candidates; and the formation of tactical alliances between the NDF and individuals and groups in the nationalist left opposition.

Key objectives will be: (1) to continue to expand local political organization and recruit new members; (2) to weaken the government’s presence in areas of NPA activity and establish permanent administrations in such areas; (3) to spread the armed forces thin geographically, thus limiting its ability to respond effectively in key areas; (4) to acquire more weapons (the CPP would like 25,000 rifles) in attacks against government units in order to build up armed guerrilla strength; (5) to create the perception of the government’s vulnerability in the eyes of the populace; (6) to discredit the moderate opposition and co-opt and radicalize the other noncommunists; (7) to influence polarization between the government and the opposition, including possibly a Marcos crackdown, in order to open the way for the CPP to become the opposition; and (8) to further damage international confidence in the Philippine economy and thus prevent a recovery.

Knowledgeable Filipinos in and out of the government express concern over the CPP-NPA growth. Some speak of a revolutionary situation within five years in which the communists would pose a serious challenge for political power. Present political and economic conditions will accelerate opportunities for the CPP if they continue indefinitely. If the NPA increased the inflow of weapons, its armed strength would rise rapidly and could equal the size of the combat units the government is able to deploy against the guerrillas.

DISARRAY IN THE ARMED FORCES

The Armed Forces of the Philippines (AFP) found itself in a state of disarray at the beginning of 1985 because of two trends that have emerged in the last five years. The first has been the growing role of the AFP leadership as an instrument of the system of personalized rule and as an extension of that system. The second has been the AFP’s decline in the field as an effective instrument of counterinsurgency. The question arises as to whether the first trend has influenced the second. There is some reason to believe so.

The AFP has evolved into an instrument and extension of personalized rule in three respects. It has played a leading role in the enforcement of Marcos’s authoritarian system, including the control of opposition. It also physically protects the president and other elements of the government. The AFP command apparently has put considerable resources into the Manila area for this task.

Finally, Marcos has appointed an upper echelon of officers with the primary qualification of personal loyalty to him and his family. The top rung of the military establishment is predominately Ilocano. Ilocano military personnel are particularly
apparent in the Manila security network, the units responsible for protecting the president and government agencies. Nearly all officers and enlisted men of the Presidential Security Command reportedly are Ilocanos. Many officers and enlisted personnel in the Manila constabulary and Integrated National Police units are Ilocanos. These units are among the best trained and provisioned in the AFP.

General Fabian Ver emerged as the key commander at the national level after 1979. He is also the most controversial. He has been said to be related to the president, and he is personally close to Marcos and his wife. Ver rose rapidly through the ranks after Marcos became president in 1965, assuming the rank of brigadier general in 1971. He was appointed chief of the Presidential Security Command and head of the National Intelligence and Security Authority (NISA), the government’s chief intelligence and surveillance agency. Marcos named Ver chief-of-staff of the AFP in 1981. He remained director-general of NISA.

General Ver built up a cadre of followers in the Manila security network and NISA during the 1970s. This position has given him a key role in dealing with the political opposition and dissidents in Manila. Ver reportedly takes a hard line against making concessions to the opposition.

Ver’s position as chief-of-staff has given him greater influence over officers in the field. He has direct authority over regional commanders and reportedly has controlled most promotion decisions.

The status and apparently efficient operation of the Manila security network under Ver contrasts with the performance of the AFP in counterinsurgency. The AFP bears the brunt of the government’s campaign against the communists, and its problems are growing. The strategy of the government and armed forces is a reactive one to overt insurgent acts. It is mainly military in nature and serves to “keep the lid on the pot.” Town mayors form Civilian Home Defense Forces by arranging for the arming of citizens. The Philippine constabulary concentrates available units near the trouble spots. Finally, the army and marines deploy into the worst areas, sometimes with large numbers of troops.

Government and military officials talk about a broader counterinsurgency strategy to include dialogues with civilians; civic action such as medical care, well construction, and schoolhouse building; and economic development. The reality, however, is that these kinds of programs occur only sporadically.

The government and armed forces face several problems that they will have to solve in order to defeat the insurgency. The first is the inability of authorities at the local level to blunt the initial CPP penetration of barangays. This is due largely to weak police forces in terms of manpower, transport and communications, and intelligence capabilities; the broad geographical expanse of many towns; fear of the NPA; and fear of military units entering the towns.

Fear of the military is the product of a military-civilian relationship in which the armed forces have gained a bad reputation. Civilians constantly raise two issues: abuses of civilians and corruption. Their comments and other information point to a fundamental problem of the constabulary (PC): drunken behavior of PC personnel, checkpoint shakedowns of civilians, torture and execution of suspected guer-
rillas and supporters, and corruption. The Philippine marines, at least in the Davao area, have proved the exception, as civilians there commonly praise marine conduct. Nevertheless, the problem is severe and has alienated much of the civilian population. CPP propaganda in the towns and rural barangays now emphasize resistance to "militarization."

The training of troops is not uniform. The army and PC lack central training facilities. They conduct little retraining. The Civilian Home Defense Forces (CHDF) are inadequately trained if they are trained at all. Their recruitment standards also are suspect. A visit to Philippine towns leaves the impression that the unpaid CHDF often does not function.

The military suffers generally from inadequate resources. Commanders speak of having no transportation and not enough radios to equip platoons and squads on patrol. Food and clothing are in short supply. Medical care is minimal and is unavailable for troops in remote areas. Pay allows only a subsistence existence for military families. Commanders acknowledge that they lack the resources to conduct civic action programs.

The resources problem is eroding morale and contributes to military misconduct. One example: combat battalions lack food to provide field rations to units on patrol. The troops, therefore, often steal food from civilians.

The armed forces are in danger of being spread too thin if the CPP-NPA continues to expand its organization base and the level of violence. The AFP already concentrates forces to a dangerous extent on Mindanao. Nevertheless, in rural Mindanao and Negros, officials state that the military no longer can keep the lid on everywhere.

Implications of the Agrava Findings

Serious questions for the AFP have been raised by the ruling of the majority of the Agrava Commission implicating General Ver in the Aquino assassination. General Ver stands at the apex of the personalized system in the AFP. Many believe that his fate will have a decided impact on the political situation and the future command structure and priorities of the AFP. Official Washington is encouraged by Marcos's appointment of West Point-trained General Fidel Ramos as acting AFP chief of staff, replacing General Ver pending his trial related to the assassination.

Immediate change is not likely, however, despite the pressures. The Ver trial may be prolonged, as was the Agrava investigation. Ver in the meantime may continue as a behind-the-scenes authority in the AFP and an intimate confidant of President Marcos. Moreover, changes in the AFP high command undoubtedly will be influenced by general political trends that unfold in 1985. If Marcos follows his apparent feelings, he will not institute significant changes in the AFP. This could be the case even if he makes political concessions to the opposition, for he still might want to keep the present AFP leadership as a bulwark for his position.

If Ver is acquitted, Marcos could reinstate him or "retire" him into a lucrative
ambassador’s post or business position. If Ver is not reinstated, Ramos still would face a leadership structure dominated by people who have been viewed as loyal to Ver. They undoubtedly would look for signals from Marcos and Ramos concerning their future positions. Over time, some of them could shift their support to Ramos. Others could be retired, giving Ramos the opportunity to appoint younger officers to top positions.

Sentiment for change in the AFP reportedly does exist, especially among middle-ranking officers. Such officers have expressed lately more open discontent over the government’s failure to force the retirement of generals due for retirement and over the reports and charges of military involvement in the Aquino assassination. They have criticized Ver for mismanaging the AFP. A number of retired military commanders have spoken out against the government and have called for accountability in the death of Aquino.

The role of these critics, as well as that of the more competent field commanders, would be crucial in any restructuring of the AFP leadership. Aside from that scenario, the role of the middle-echelon officers is uncertain. Some may move into higher positions, but these would not be the critics if the present criteria prevail.

Observers should watch the mid-level ranks and the leadership during future crises in the AFP. Three crisis scenarios at least are possible over the next two years: (1) the death or incapacitation of President Marcos before 1987; (2) the reinstatement of General Ver; and (3) a substantial and highly publicized defeat of a regular military unit (company-sized or larger) at the hands of the NPA. All of these could produce a more overt political role by the AFP. Beyond this period, the key issue could be the relationship of a continued Marcos system with the AFP in terms of the government’s dependence on the military and the degree of loyalty from the AFP to Marcos or a successor from his inner circle.

ROLE OF THE ECONOMIC CRISIS

The integration of the political and economic crises in the Philippines has become extensive since the Aquino assassination and the Philippines’ inability to service its foreign debt. Changes in one are influenced to an important degree by changes in the other, and this intimacy points up the fragile nature of each situation.

The Aquino assassination did not cause the debt crisis, whose origins go back to events and policies of the Philippine government since 1979. The assassination did bring out the brewing discontent over the government’s economic policies. The bad state of the economy today generates more political opposition to the government and greater potential for turmoil. The economic impact in rural areas improves prospects for the New People’s Army. Political turbulence, in turn, erodes economic confidence and affects the decisions of key actors such as businessmen, foreign lending banks, and international financial institutions.

The features of the economic crisis are well known: an inability to service a $25 billion foreign debt, an inflation rate of over 50 percent, business slowdowns
and failures due to the lack of credit and inability to import, and mounting unemployment.

The outlook for future growth is not good. Gross domestic product in 1984 is expected to decline by 4.8 percent in real terms, according to the latest forecast by Wharton Econometrics. The outlook for 1985, when International Monetary Fund and debt rescheduling agreements are likely to be in place, is for zero growth—in short, an arrest of the decline but nothing more.

The longer range outlook is for marginal economic growth at least until 1989. Wharton projects that GDP growth could reach 3.5 percent in 1987 and 4.0 percent by 1988. Richard Buczynski, director of Wharton’s Pacific Basin Econometrics Service, warned in testimony to the Senate Foreign Relations Committee on September 18, 1984, that prospects for this modest recovery were tenuous. He stated:

Another severe export recession, mounting social unrest, and events on the political front could push the country into economic crisis in the future. Therefore, the situation will continue to be parlous even if the rescue package is finalized or apparent concessions are made by the Marcos regime.

The economic crisis has hardened opposition to the Marcos government, and this is especially true of businessmen. Business critics attribute much of the economic crisis to the “crony capitalism” phenomenon of heavy government outlays for projects and businesses run by Marcos’s close friends. Their past support of Prime Minister Cesar Virata has waned. Some businessmen now accuse Virata of errors and of a failure to stand up to President Marcos on economic policy issues.

A potential political problem stems from the estimated layoff of 60,000 workers, mainly in the Manila area, in 1984. The level of layoffs has fallen short of the predicted 300,000, but they are substantial enough to produce predictions of workers’ disorders. Urban workers have been relatively quiet politically and have not played a significant role in anti-Marcos demonstrations. However, their actions could be volatile if layoffs continue and high inflation further erodes real wages.

The political impact in the countryside has been less dramatic but may be just as important. U.S. officials estimate that 60 to 70 percent of rural inhabitants live in poverty. Commercial crop industries like coconuts and sugar have been depressed for several years. Coconut and sugar growers have started to complain about the government-sanctioned monopolies that control the purchase and sale of their products. Farmers and small businessmen reportedly are speaking out over the increased inability of the government to finance economic development programs in rural areas.

The rural problem may be the most fundamentally important for the Philippine economy, and the political implications are deep. Many of the reforms advocated by Filipino businessmen and groups like the Makati Business Club, the international financial agencies, and the Reagan administration address the depressed state of the rural economy. Some of the suggested reforms also hit at key segments of the Marcos system, such as the sugar and coconut monopolies.

Several issues exist with regard to revitalization of the rural economy, and most
fall under the heading of pushing wealth from the government and urban sectors into the rural areas. Philippine government policies often have done the opposite by subsidizing the government corporations, "crony capitalist" enterprises, and the urban sector at the expense of the countryside.

Philippine government policies toward the following issues will be important in the coming months:

1. *Price controls on rice and other foods.* The government has used price ceilings on food to subsidize the wealthier urban sector and keep the lid on urban discontent. Farmers have not received the full value of their production and have suffered in the high inflation economy.

2. *The status of the coconut and sugar monopolies.* Domestic and foreign critics as well as producers assert that the monopolies under Cojuangco and Benedicto and resultant taxes on producers like the coconut levy have cost producers (including hundreds of thousands of smallholders) billions of dollars in potential profit. Pressure for dismantling the monopolies has become heavy, but Cojuangco and Benedicto are key members of the Marcos inner circle.

3. *The rural credit system.* This was one of the most successful of Marcos' post-1972 reforms, but it reportedly has fallen into disarray in recent years.

4. *The rationalization of development programs.* Issues involve the government's bias toward the Manila area and Luzon in allocation of development expenditures, the degree of budgetary priorities toward rural programs as against other programs and subsidies (including the controversial programs of Mrs. Marcos). The rationalization in terms of the return on money spent is critical in view of the austerity conditions now imposed on the budget.

There are one or two encouraging signs on the issues of economic reform. The government has lifted price ceilings on pork, chicken, and eggs—though not on the main staple, rice. The budget of the government for 1985, while lower in terms of real spending overall, nearly doubles the allocation for agriculture from 2.8 billion pesos to 5.1 billion.

**OUTLOOK**

The theme of this chapter has been that the Philippine crisis is one of government performance or, more specifically, of the Marcos system of personalized rule. Nearly every current trend in the country is adverse to political stability, and signs point to continued deterioration.

Any government in the Philippines will have to do three things to become effective and turn the situation around. It must first gain the confidence of the public, including the centers of power and influence outside of government. The government will have to open up the electoral system further to restore competition. It also will have to compromise with the moderate elements of the opposition on the role of the parliament in relation to the president but without abrogating the powers needed by a president to govern in an emergency situation.

Second, it must formulate counterinsurgency policies that defeat the communist
threat. Such policies must address the need for competent security and law-and-order organizations at the grass-roots level. They must professionalize the armed forces and reduce considerably misconduct and abuses. They will also have to include programs to alleviate hardships experienced by civilians in insurgency regions as part of a program to change the image of the government.

Third, the government must reform economic policy with emphasis on rural and agricultural development in order to broaden the income base as a future foundation for growth. This will require shifts in priorities in financial allocations and a restructuring of institutions that deal with rural issues.

The Philippine government appears to lack these attributes in the present situation. President Marcos suffers from a severe credibility problem with key sectors of the public. He no longer controls events as he once did. Many observers may go too far, however, in asserting that Marcos is so damaged that nothing he does could restore his credibility and a more effective leadership role. Such assertions do not take into account the pragmatic political nature of the Filipino people and their basic patriotism. It should be remembered that Filipinos forgave most of the individuals who collaborated with the Japanese in World War II.

If this view of Marcos' relationship with the Filipino people is correct, then the issue becomes not one of unrestorable credibility but whether or not Marcos has the will to change course and put his efforts entirely into reversing the deterioration.

Marcos faces a dilemma in this respect. He could take a number of steps over the next eighteen months that would begin a restructuring of the system and would lessen tensions. These measures, however, would weaken elements of his power base. On the other hand, failure to move in this direction undoubtedly would result in continued turmoil and deterioration that in the end would destroy his system and many other institutions in the process.

Marcos probably has two options in terms of his future course. One is to use the available instruments to preserve the system of personalized rule, get reelected in a controlled election in 1987, and then begin to groom a successor from the Marcos family or inner circle. This could involve more repression before the 1987 election, as the opposition would take strong measures to prevent a controlled Marcos reelection. The CPP would step up efforts to co-opt and radicalize the opposition. The level of turmoil likely would be high. The AFP undoubtedly would assume a more overt role in controlling or suppressing demonstrations.

This option, nevertheless, appears to be favored by Marcos, judging by his recent actions. He still has sufficient power to pull it off. If this occurs, what would happen in the longer term? Marcos could benefit from good fortune such as an upturn in international economic conditions, favorable weather conditions for crops, and further splits among his opponents. Nevertheless, a continued deterioration is the more likely outlook. The economy would remain poor beyond 1987. Living standards for most Filipinos would either fall or would stagnate. Communist insurgency would spread, and the CPP could become the main opposition by 1990 as the noncommunist opposition crumbled and gave up hope for a moderate alter-
native. KBL reformists and technocrats would leave the government. A Marcos or Marcos protégé regime would become increasingly dependent on military support. The political role of the AFP undoubtedly would grow as would the politicization of attitudes within the officer corps.

The end of the 1980s may be near the outer limit that the Marcos system would be able to retain power. The probability of poor economic performance and rising communist insurgency would work against a Marcos or loyalist regime staying in power much longer than this because the basic rationale for the system would have eroded. The government's loss of support among businessmen, professionals, and the middle class would constitute another progressively weakening factor. Increased dependence on the military could create dangers of factionalism in the armed forces and threats to the regime from within the officer corps. A military coup could be a first-stage outcome; but if the rot had spread too far, a military regime would be only a prelude to a communist takeover.

Under the second option, Marcos would preserve the constitutional structure and powers of the regime. However, as a step toward political normalization, he would shift his base of power away from his inner circle and toward the more reformist elements in the KBL and the government. Men like Virata, Enrile, Tolentino, and Ramos would become Marcos's intimate advisers, replacing Mrs. Marcos, Ver, and Cojuangco. Their powers would grow commensurately. Viratea and other technocrats would obtain exclusive control over economic policies and budgetary allocations. Marcos would give Ramos a free hand to clean up the AFP.

This would pave the way for one of these leaders to succeed Marcos in 1987, utilizing the still formidable KBL machinery in the presidential election. Nevertheless, normalization would also require an opening of the electoral system to restore competition. This would limit the possibilities of outright vote fraud. Personalized electoral politics undoubtedly would continue through the practices of patronage and “vote buying” at the grass roots. However, the KBL and the opposition would have a more equal opportunity to play politics in the traditional style.

Such a normalization or transition would not end political controversy or satisfy the political left. It probably would attract the conservative elements of the opposition, however. It would lower the political temperature and would hurt the CPP's united-front strategy. A government elected in 1987 through such a transition would have more legitimacy with the public.

Moreover, the chances of a succession by a member of Marcos's family or present inner circle would fall considerably. Such a transition could result in improved governmental performance in budgetary and economic management and counterinsurgency. It could gain the confidence of the international financial and business circles and ensure continued financial support. If such a regime produced economic recovery, it could eventually gain credibility at home, which would reduce the level of political turmoil.

Marcos currently does not appear ready to embark on such a transition. He could change his mind, however, if he feels enough pressure from inside and outside the government and from the United States. An added incentive would be
some kind of guarantee that there would be no retribution against Marcos or mem-
bers of his family once he left office.

The intensifying struggle between members of the Marcos inner circle and refor-
mist elements in the government and KBL suggest the kind of scenario that would
occur if Marcos died or became incapacitated prior to the role of the other. The
centrist-technocratic faction has acquired more influence and prestige since the
Aquino assassination, and the Marcos inner circle (especially Mrs. Marcos) has
lost status. It is likely that some elements of the conservative-moderate opposition
would support the reformists. On the other hand, members of the inner circle have
ties to the AFP leadership; they could force a succession through repression of
opponents.

A centrist-technocratic group headed by someone like Virata or Tolentino likely
would govern similarly to that described in the second scenario of a transition. It
could allow more political competition, however, and seek greater accommodation
with the conservative-moderate opposition. A regime led by current Marcos loyal-
ists would be more exclusionist and would rely heavily on the military.

As stated previously, the stakes for the United States in these possible outcomes
are high. Future U.S. policy will influence the actual course of events.

U.S. POLICY

"The Philippines is the emerging crisis for the United States in Asia." One
hears that statement and similar sentiments frequently in Washington these days.
The situation in the Philippines was the only Asian issue to come up in the presi-
dential debates between Ronald Reagan and Walter Mondale. It was discussed in
response to the now frequently posed question of how should the United States
respond to the deteriorating situation in the Philippines?

The Reagan administration has been addressing that question in a policy review
that began before the U.S. elections. That process aims to produce a policy strat-
egy for 1985 and beyond.

The complexity of the issue for the United States stems from the multifaceted
nature of the crisis. Nevertheless, a consensus on key points seems to be emerging
in the U.S. government, the Congress, and among informed segments of the pub-
lic. The major points of the emerging consensus are:

1. The situation is serious and poses a threat to American interests.
2. Marcos's method of governing is a basic cause of the deterioration.
3. The Philippine government must carry out political, economic, and military
reforms before the United States could commit resources. There is no inclination in
the Reagan administration to break openly with Marcos, but opposition to more
aid to the Philippines without reforms has begun to run high throughout the U.S.
government and public.
4. Political reform should move the Philippines toward a democratic system.
Doubts about the competence of the Filipino opposition remain, but the stronger
feeling is that democratization is needed to provide a peaceful outlet for political
tensions and provide an alternative to the communists.
The unknown factor is the degree of willingness of the United States to commit material resources to the Philippines even if the government undertakes reforms. The high level of American interests puts pressure on the U.S. government to respond, but counterpressures not to act already exist and could grow too. Increased American involvement would undo the limited role in Southeast Asia adopted by the United States since the end of the Vietnam War. Undoubtedly, it would add another chapter to the domestic controversy over how to deal with political turmoil and leftist insurgency in “third world” countries.

The odds are, nevertheless, that the Reagan administration will choose an interventionist strategy. It appears to believe that the stakes are too high for nonintervention. Most of its actions since the Aquino death have been interventionist. From public statements by the U.S. ambassador in Manila to diplomacy conducted up to the level of President Reagan and Vice President Bush, the administration pressed after the Aquino assassination for a free parliamentary election in May 1984, a clarification of the presidential succession, and a full investigation of the Aquino killing. More recent signals have included the U.S. vote against a $150 million World Bank loan to the Philippines, President Reagan’s meeting with Cardinal Jaime Sin in New York, and the tough State Department statements directed at the Marcos government in response to the findings of the Agrava Commission.

Undoubtedly, diplomacy would be the key element of an interventionist strategy in the initial stage, and it would likely have three objectives: (1) to dissuade Marcos from cracking down on the noncommunist opposition; (2) to promote a continued opening up of the electoral process for local elections in 1986 and the presidential election in 1987; and (3) to influence moves that would professionalize and reform the conduct of the Philippine armed forces. These goals would be in line with those of the conservative-moderate opposition and reformist elements within the government. Most American pressure, therefore, would be directed at Marcos.

One issue in U.S. strategy toward the Marcos government would be the appropriate level of diplomacy. What direct roles should President Reagan and Secretary of State Shultz play? Should the administration dispatch a special envoy to talk to Marcos, as some have proposed? Should U.S. officials enunciate views in public?

The U.S. approach prior to the May elections suggests that Washington would opt for some high-level initiatives in order to reinforce the diplomacy of working level diplomats. Reagan’s letter to Marcos in March 1984, in which Reagan urged the “continued movement toward fully functioning democratic institutions,” was illustrative of high level private diplomacy. Other actions, such as the Reagan-Sin meeting and Vice-President Bush’s earlier meeting in Washington with opposition leader Salvador Laurel, contained a public, visible content.

High-level initiatives by Reagan may be necessary in the near future in order to disabuse Marcos of any notion that Reagan’s reelection will result in a decrease of U.S. pressure on the Philippine government. The Philippine government’s reaction to Reagan’s statement on the Philippines in the presidential debate and his reelection hints at a view that working level diplomats are not speaking for Reagan in advocating reform measures. An interventionist strategy could be set back if
Marcos acted on such a belief. The government's current effort to oust opposition leader Aquilino Pimentel from the parliament could be a warning sign.

Such a strategy raises the issue of possible steps beyond diplomacy, especially the commitment of material resources and assistance for economic recovery and counterinsurgency. Two requirements would appear essential for such steps. First, the Philippine government would have to ask for assistance beyond that already promised under the 1983 bases agreement. Second, the Philippine government would have to institute reforms.

The economic options of the U.S. government are limited since the foreign lending banks have the major responsibility in the Philippines debt crisis. One option is a massive expansion of the U.S. development assistance program beyond the current modest level of $40 million annually. Expanded development assistance would spread the current program outside Luzon. It would focus on rural Filipinos and would seek steady increases in food production, rising incomes for farmers, more access to clean water and health services, and the provision of infrastructure such as roads and electricity.

Given the magnitude of the Philippines' economic problems and the country's size and population, a program of several hundred million dollars or over $1 billion per year probably would be required. This kind of commitment has not been within the realm of U.S. thinking until recently. It remains to be seen whether the Reagan administration and Congress will be willing to bear the cost.

U.S. involvement in counterinsurgency would be the most difficult response of all. It hits at the heart of the Vietnam syndrome. The Reagan administration would have to focus on areas where it could render effective assistance and still retain support from Congress and the American public. The aim of U.S. assistance undoubtedly would be to help the Philippine military reform and professionalize itself. Effective U.S. aid would not appear to require the supply of heavy weaponry. Insurgencies are best fought with light infantry weapons. The use of destructive firepower by the AFP no doubt would add to the existing alienation between it and civilians.

Assistance would be most useful if it were directed toward the areas of lagging Philippine performance:
1. Training, especially the construction and operation of central training facilities
2. Provision of trucks, helicopters, and communications equipment
3. Provision of food, medicines, and clothing for military personnel, including members of local security units
4. Support for civic action programs: Civic action is not only a tool for building a cooperative relationship between the military and civilians in an insurgency situation, but it may constitute the only viable alternative for economic aid if the Philippine government's civilian development programs continue to falter and if the United States does not inject massive development funds.

An interventionist strategy carries risks in the Philippines and the United States. By no means would success be assured. There is the danger of a Filipino national-
ist backlash and domestic political controversy in the United States. This being said, the potential costs of nonaction seem to be pushing the United States more directly into the Philippine crisis.

The Marcos government is the major force that would block a more active U.S. role, if it rejects reformists policies. Time is starting to run short. One can lay out a scenario in which a continued deterioration through the 1987 presidential election would result in a U.S. decision to begin disengagement. Thus, 1985 looms a crucial year of decision in Manila and Washington.

THE ROLE OF OTHER EAST ASIAN COUNTRIES

The role of other noncommunist countries of East Asia has not been well publicized, but there has been one. It could be important in the future in several aspects, including influence on U.S. policy. A collective input undoubtedly would reinforce American initiatives in the Philippines and strengthen their credibility with the American public and Congress. A unilateral U.S. policy is a sure formula for controversy at home.

Financial aid and diplomacy are the two areas where other East Asian governments could act. A number of them have the resources to extend economic aid to the Philippines. Japan already is a major provider of aid. It has participated in bridging loans in the present crisis and has adjusted development assistance to help the Philippines finance needed imports. A Japanese contribution to any massive aid effort would be essential.

Australia also has economic interests in the Philippines and is a potential aid donor. South Korea contributed $5 million to a recent $80 million bridging loan ($45 million from the United States and $30 million from Japan). Taiwan reportedly considered a $100 million loan but decided not to proceed. The Philippines' ASEAN partners have not contributed so far, and their future action will have a decided bearing on the extent of collective assistance.

A diplomatic role would be more difficult for East Asian governments. Most advocate the principle of noninterference in the internal affairs of nations, and they would be reluctant to violate that principle in dealing with friendly neighbors. Pressure from these governments on the Philippine government with regard to political issues would appear out of the question. However, governments that extend economic aid could express their views to Manila on proposals for economic reforms. Even on the political problem, they could offer quiet advice and/or support to the Americans in bilateral discussions.

There has been much talk in the last five years about the Pacific community and the potential for collective action to address the economic and social problems of the Pacific rim. In the sense that a true community is based on mutual assistance to its members, the Philippines will test the potential for the concept.

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POSTSCRIPT

The fall of the Marcos government in February 1985 can be set against two key decisions that came at the end of 1984. First, the Reagan administration decided to launch sustained pressure in President Marcos for political, economic, and military reforms. Second, the noncommunist opposition decided to choose a single presidential candidate to oppose Marcos in a future presidential election.

These decisions had important results. The Reagan administration had little success in persuading Marcos to institute reforms, but U.S. pressure was a factor behind Marcos's decision to call a snap presidential election in February 1986. The United States positioned itself well to exert influence on the election, and it undoubtedly encouraged the opposition, NAMFREL, the Catholic Church, and the military reform group in the AFP to assert themselves in the electoral process. Opposition efforts to unify produced the emergence of Corazon Aquino as a credible opposition candidate in the election.

The election and the proclamation of Marcos as the winner sparked controversy that served as a prelude to the military rebellion which began on February 22, 1986. It also should be noted, however, that the rebellion apparently was a reaction to Marcos's plans to crack down in the Aquino camp and the military reformists.

Several factors lay behind the collapse of the Marcos government on February 25:
1. the actions of thousands of Manila citizens in heeding the call of Cardinal Jaime Sin to surround and protect the camps held by the rebels
2. the unwillingness of troops to fire on the civilians and the apparent unwillingness of Marcos to order artillery or air attacks on the rebel positions
3. the defection of key military units from Marcos
4. the Reagan administration's decision to support the rebels and use its influence in Manila on their behalf

In regard to the last point, the Reagan administration pressured Marcos not to use force against the rebels and to step down from office. U.S. personnel in the Philippines provided some direct logistical support to the rebels, and American officials reportedly pressured military commanders in Manila not to back Marcos.

The advent of the Aquino government has provided some breathing space in the Philippines' political polarization, but the fundamental elements of the internal crisis remain. The new government's primary need is to build its political credibility beyond the immediate post-Marcos period. It can do this by demonstrating a commitment to deal effectively with these issues and by achieving some short-term successes. A broad spectrum of Filipinos understand the crisis even if they sometimes disagree on solutions. Filipinos want positive messages from their government of awareness and concern over their problems.

154
10. Malaysian Domestic Politics and Foreign Policy: The Impact of Ethnicity

Shafruddin Hashim

The foreign policy of any country can be viewed within the context of that country’s domestic politics, historically as well as contemporaneously. In this way foreign policy as the expression of national interests and needs is located in and defined by the processes taking place within the nation. This is not different from the view that foreign policy is “a positive instrument in the promotion of the nation’s development or the sustaining of its political system.” It is even reasonable to view foreign policy as an extension of domestic policy. Thus, this chapter locates Malaysia’s foreign policy within the context of its domestic politics. It focuses especially on ethnicity and its possible impact on Malaysia’s foreign policy toward the People’s Republic of China.

GENERAL REMARKS

Peninsula Malaysia is a pluralistic society made up essentially of separate ethnic communities, the Malay, Chinese, and Indian. This neat division is blurred by the different patterns and bases of group solidarity and identification in Sabah and Sarawak. Here the critical line of cleavage is not between the non-Malays and Malays but between the non-Malay “indigenous” communities themselves. These two types of ethnic pluralism and the difference between them have in crucial ways influenced both Malaysia's domestic politics—the internal dimension of ethnicity—and its foreign policy—the external dimension of that ethnicity.

Ethnicity has always been and remains the defining characteristic of Malaysia’s domestic politics. This is expressed in the manner by which the constitution han-

dles the competing claims of the ethnic groups; how these groups are mobilized, politicized, and institutionalized through avowedly ethnically based political parties; and how public goods are allocated. Ethnicity has indeed captured the political center, sustained and nurtured as it has been by the pattern of coalition rule and politics as institutionalized in the form of the Alliance before 1969 and the National Front after 1972. With ethnic divisiveness so sharply ingrained within the social fabric and political process, shaking the very foundations of the political order in 1969, the quest for and the problem of national unity became all the more urgent and difficult. The legitimacy of the political order and the degree of authority the government enjoys depends on such unity. It has a bearing on the way with which the government of such an ethnically divided nation participates in the international arena, in that ethnic hostilities make it difficult for an already weak government to handle external pressures.

The ethnic dimension of Malaysian domestic politics has its roots in the British colonial administration when ethnic groups from China and India were urged to migrate to Malaysia but at the same time their separateness was reinforced by the administration. The Chinese and Indians migrated in large numbers. While initially transient, they gradually became permanent and thus relevant components of Malaya's and later Malaysia's domestic politics, especially after independence. Furthermore, these ethnic groups, especially the Chinese, because they make up between 40 to 50 percent of the population participate significantly in the political process. Their external origins, although by now blurred, remain crucial reference points in domestic politics, especially concerning their ultimate political allegiance and loyalty, and reflect their ethnic links as expressed by such populist terms as the "Chinese problem" and the "overseas Chinese." Thus, the problem of national unity must be handled, initially at least, by resolving the differences over the issue of citizenship. The fact that both Taiwan and the PRC view the overseas Chinese as mainland citizens and compete for the rights to grant Chinese citizenship complicates the Malayan resolution of the citizenship issue. The impact on the Malays has been to raise doubts about the Chinese' ultimate political loyalty and to fuel suggestions that the Chinese could be fifth columnists in the PRC's strategy of promoting world communist revolution.2

How government leaders view the international environment and its pressures is influenced by their perceptions and interpretations of past experiences and immediate demands. In Malaysia these were and continue to be shaped by ethnicity. The international environment and the pressures exerted are constantly changing, as reflected in the recognition of the PRC as a superpower and its ever-increasing participation in the global and regional politics of Southeast Asia. Malaysia's ability to respond to this changing international environment depends on the legitimacy of the domestic political order and the degree of authority that the government can assert. Its response, unavoidably, takes place only after the local Chinese are considered.

What follows is a discussion of Malaysia's foreign policy toward the PRC. It reflects three major phases: the period before rapprochement (1957–69), the period of rapprochement (1970–74), and the period after rapprochement (1975 and beyond).

MALAYSIA'S FOREIGN POLICY TOWARD THE PRC

Before Rapprochement, 1957–69

At independence (August 31, 1957) Malaya, small, militarily weak, and economically dependent on exports of several primary products to the industrialized West, still faced a threat to its sovereign legitimacy in the form of a communist insurgency led by the Malayan Communist party (MCP). This insurgency, while not supported by the majority of local Chinese, was largely Chinese in composition. They were locally recruited and encouraged from Beijing. Thus, there seemed to be an apparent link between communism, the PRC, and the local Chinese. This apparent “ethnicization” of the communist insurgency influenced the Malay political leaders' perception of the “Chinese problem.” Their perception—already influenced partly by the legacy of the colonial administration attitude, the Malay perception, and the Chinese display of outpost nationalism—defined the image they had of the Chinese community as one “that was difficult to control, susceptible to antiregime ideologies, of doubted loyalty, and yearning for the land of origin.”

Malaya's policymakers agreed with this image and believed that the apparent link among communism, the PRC, and the local Chinese was real. Tunku Abdul Rahman's statement to parliament in 1958 indicated as much:

There is no question whatsoever of our adopting a neutral policy while Malaya is at war with the communists. Only when we are certain that people here have become truly Malayan-minded and have set their minds on making Malaya their only home can the government declare our policy of neutrality. So long as this fight continues, I consider that we would be breaking faith with the people if this government were to enter into any form of diplomatic relationship with the communist countries . . . let me tell you that there are no such things as local communists. Communism is an international organization which aims for world domination, not by aggression if they can avoid it, but by the use of tactics and methods among the sons of the country to overthrow democracy and to set up in its place a government after the pattern of all communist countries.

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At independence there were two crucial national needs: defense and security and national unity or nation building. Both needs were intertwined. For the needs of security and defense the internal containment of communism was as crucial as the external containment of the PRC. The internal containment was substantially aided by the British under the Anglo-Malayan Defense Agreement (AMDA), which also provided the basis for achieving the nation’s security and defense needs. The external containment came in the form of a rigid anticommunist stance, as expressed by an anti-PRC foreign policy, backed by the AMDA. This rigid foreign policy resulted in Malaya’s dependence on and identification with the West. It seems that the needs of national unity and nation building required keeping the lid on ethnic tension through a policy of isolating the local Chinese from the PRC.

Prime Minister Tunku Abdul Rahman played a crucial role in shaping Malaya’s foreign policy toward the PRC. To a large extent, this policy reflected his pro-British and strong anticommunist views. With the end of the communist insurgency in 1960, it appeared that Malaya’s attitude toward the PRC had softened, as reflected in its voting for the PRC’s admission to the United Nations. However, its opposition to formal recognition of the PRC remained. Its suspicions of the PRC’s real intentions were fueled by its unprovoked armed aggression on India and strong support for Indonesia’s policy of konfrontasi against Malaysia.

Rapprochement, 1970–74

With a softening of its stand toward the PRC soon after the Indonesian confrontation evidenced by its support of the PRC admission to the United Nations,6 Malaysia appeared to have shifted from a two-China policy to a one-China policy with Taiwan a part of that one China.7 On October 29, 1971, at the General Assembly Malaysia voted for the Albanian resolution, which called for the PRC’s seating and Taiwan’s expulsion. The resolution was carried by 76 to 35 votes. This was followed soon after by a nineteen-man Malaysian trade mission to the PRC, led by Tengku Razaleigh, chairman of Pernas,8 to establish direct trade links with the PRC. This paved the way for unofficial negotiations on the formal recognition and establishment of diplomatic relations with the PRC. The PRC’s negotiating position was that diplomatic relations should be established, while Malaysia’s position emphasized the resolution of three outstanding issues9—the question of nationality and the status of 200,000 stateless Chinese in Malaysia, the PRC’s support of the outlawed MCP, and the question of Suara Revolusi, the Malayan Voice

6 See, e.g., Foreign Affairs Malaysia 3(2) (December 1970):57. Here Deputy Prime Minister Tun Ismail explained to the U.N. General Assembly the new Malaysian China policy.
7 See Foreign Affairs Malaysia 4(3) (September 1971):43–44.
8 Perbadanan Nasional (State Trading Corporation) is a government corporation established to play a key role in the implementation of the New Economic Policy (NEP), which was launched in 1971. The NEP has two main goals: to reduce the identification of ethnicity with economic functions and occupations and to eradicate poverty irrespective of ethnicity.
of Revolution radio broadcasts emanating from Southern China. The nationality issue was of crucial importance in the efforts to achieve national unity, and, accordingly, Malaysia sought the PRC’s firm commitment that it would not interfere in its domestic interethnic politics.

On May 31, 1974, after Prime Minister Tun Abdul Razak’s visit to the PRC, Malaysia and the PRC announced the normalization of relations and the exchange of ambassadors. At the same time Malaysia terminated consular relations with Taiwan. Thus, the principle of Taiwan as an inalienable part of the PRC was established, dual nationality was rejected, and the principle of jus soli was accepted by both the Malaysian and PRC governments. The resolution of the nationality issue was especially significant for Tun Razak, who emphasized that once the Malaysian Chinese became citizens of Malaysia, they were recognized by the PRC as having severed their ties with it. For the Malaysian Chinese, rapprochement was also significant because it indicated the willingness of the Malay-dominated government to acknowledge their cultural heritage and ancestral home. Their status and situation within Malaysia was also clarified. In this way rapprochement offered the Malaysian Chinese symbolic gratification.

The movement toward rapprochement—a revision of Malaysia’s outlook concerning its external interests—occurred within an international environment marked by several important events. First, the British withdrawal from Malaysia and Singapore forced Malaysia to reduce its dependence on the British and the West to meet its security and defense needs. Second, the ending of Indonesian konfrontasi and the accession of the Suharto-led military officers reduced the PRC’s role in Indonesia. Third, the United States disengaged militarily from Asia. Fourth, the PRC entered global and Southeast Asian politics as a recognized superpower. Fifth, there was increased Soviet interest in Southeast Asia. Finally, there was an emerging détente among the PRC, Japan, and the United States.

Domestic politics and ethnicity have influenced the movement toward rapprochement. Ethnic hostilities in 1969, essentially Malay-Chinese hostilities, shook the very foundation of the domestic political order. Two important consequences followed. First, the viability of the ruling Alliance coalition, the institutional expression and basis of interethnic compromises and cooperation as the vehicle for achieving political stability, was irreversibly destroyed. Second, since the Alliance coalition was conservative and pro-Western in Southeast Asia its destruction generated several new and challenging foreign policy options. Thus, the termination of the Alliance formula generated the search for an alternative to meet both the needs of domestic political stability and the challenges from the international environment.

In the wake of the 1969 interethnic hostilities Malay political assertiveness and confidence increased. The constitution was amended and other measures taken, including the formulation of a new national ideology (Rukunegara), with the aim

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of reducing the intensity of interethnic conflict and placing the original interethnic bargain beyond public debate and scrutiny. The now resurgent United Malays National Organization (UMNO) under a new set of leaders was also successful in fostering Malay unity through co-opting the main Malay opposition party, the Pan-Malayan Islamic Party (PMIP), into the National Front (NF) coalition government. This reduced the political distance between two historically antagonistic Malay parties, each with different, sometimes mutually exclusive, views about Malaysian society and the “Chinese problem.” Other opposition parties were also co-opted into the NF. The new regime was more Malay than any other since independence and had less to fear from its Malay constituency. Domestically, this represented a redistribution of political power toward the Malays. The government’s actions reflected an urgency and unambiguity in its definition and pursuit of Malay interests and priorities, as reflected in the launching of the New Economic Policy (NEP) and the Second Malaysia Plan (1971–75). This was an index of the Malay’s increased sense of political confidence. The political changes resulted in limiting local Chinese influence domestically, but rapprochement with the PRC increased Chinese influence externally.

The 1969 interethnic hostilities led to the termination of the Alliance formula. This paved the way for the reassertion of Malay political power, which in turn was unambiguously used to define and clarify Malay interests and priorities. However, externally, the termination of the Alliance formula meant a reduction of Malaysia’s dependence on the West. Rapprochement with the PRC is an expression of Malaysia’s increasing independence and creativity within regional and international politics, as manifested by its thrust toward nonalignment. This policy stance would not have been credible without rapprochement. At the same time, rapprochement could mollify the Malaysian Chinese and conceivably “may be intended to enable them to contemplate Malay demands for more material goods, catered to in the Malaysian second Five-Year Development Plan, with greater equanimity.”

Tun Abdul Razak’s visit to the PRC indicated his pragmatism in international politics; but more significantly, it was made in an election year and revealed the potential use of rapprochement to garner local Chinese support. The NF scored a convincing victory in the August 1974 elections. On the question of the PRC the interests of both Malays and Chinese coincided.

Beyond Rapprochement, 1975 and Beyond

Malaysia’s rapprochement with the PRC is on a sound foundation because of a reciprocity in respect and recognition of each country’s national interests. For Malaysia rapprochement indicates a creative and historic willingness to view the PRC, communism, and the local Chinese as separate entities. Previously, the PRC tended to be viewed largely through the medium of communism or the local Chinese.

At the same time rapprochement has clarified the status and situation of the local Chinese within Malaysian political life. In the long term, it will also tend to dampen suggestions that the local Chinese are the PRC's fifth columnists. The PRC had publicly disavowed all such intentions when relations with Malaysia were normalized.12

Malaysia-PRC relations, however, continue to be affected by the volatile climate of regional and international politics. Malaysia continues to be irritated by the PRC's reluctance to sever all links with the MCP, to stop Suara Revolusi from broadcasting, and to prevent unauthorized visits by Malaysians (mostly Chinese) to mainland China. The Malaysian government was further irritated when Deng Xiaoping referred obliquely to the unequal rights of the Malaysian Chinese.13

Fundamentalist Islam, as espoused by the new PMIP, is a potentially destabilizing element within Malaysian domestic politics due to its theocratic image of what Malaysian society ought to be. In fact, it demands revisions in the constitutional guarantees of local Chinese rights to a permanent and legitimate place in Malaysian life. The party is a potential source of domestic interethnic conflict, which if not curbed could reintroduce a new era of suspicion about all things Chinese. Equally potentially destabilizing to Sino-Malaysian relations could be fundamentalists' demands to reorder foreign policy along the lines of an exclusive international Islamic order. Fortunately, these fundamentalist demands as espoused by the new PMIP command only an insignificant national following. Therefore, the threat to stable Sino-Malaysian relations is neither immediate nor intermediate.

SOME CONCLUDING REMARKS

The foregoing analysis does not presume that ethnicity is the only force shaping Malaysia's relations to the PRC. However, in crucial ways ethnicity does influence the shaping of such relations. Three dimensions of ethnicity appear crucial in shaping such relations. First is the size of the local Chinese population, which influences the intensity of Malay fears of Chinese domestic domination. The size of the local Chinese in Malaysia permits them, more than in any other Southeast Asian country (except Singapore), to participate significantly in the domestic political process. Second is the extent to which Beijing's ideological outlook coheres with that of the local Chinese. Here the facts may not tally with perceptions. Malay fear and apprehension readily distort perceptions, especially in the historical context of prolonged doubt. The vanquished MCP, largely Chinese-supported and still conducting military action against Malaysia from across the Malaysia-Thailand border, is perceived as indistinguishable from the local Chinese. Third, the extent to which Malay policymakers and their followers are politically self-confident influences their outward perspectives.

12 See Foreign Affairs Malaysia 7(2) (June 1974):52–53.
The normalization of relations with the PRC severed the chains linking the PRC, communism, and the local Chinese. Now there were new possibilities for Sino-Malaysian relations. The importance of economic and trade, apart from political, ties has now been recognized in such relations. Nevertheless, Malaysia’s relations with the PRC remain a special case because not all restrictions on local Chinese visitors to the PRC have been lifted. The “Chinese factor” still influences present relations. Domestically, normalization should encourage the local Chinese to be more Malaysia-oriented while at the same time softening the alien stigma that had been so pervasively attached to the local Chinese. There is considerable change in the perceptions of local Chinese elites toward being more Malaysia-oriented.

Now the local Chinese’ political allegiance and loyalty to Malaysia are less of a public issue.

Malaysian diplomatic recognition and establishment of concrete links both political and economic with the PRC reflects several trends—the maturity and stability of the Malaysian polity, the increasing integration of the local Chinese, and a newfound sense of realism and “internationalism” in politics.

11. The PAP and the Nineties: The Politics of Anticipation

Chan Heng Chee

It is in the nature of societies that transmission of experience, of lessons, is never complete. . . . So how can I prevent another innocent, idealistic, even naive generation from wanting to do what are manifestly harmful and dangerous things and discovering it only too late? That they will have to learn. They have always reached the peak and declined. It is the nature of societies. But I see no reason why we should decline so quickly.

Lee Kuan Yew, November 20, 1984

In 1984, the Republic of Singapore expensively and stylishly celebrated twenty-five years of continuous People’s Action Party (PAP) rule. Historians may reflect upon the PAP era and chronicle 1984 as a major watershed in the party and Singapore’s history. Just as 1961 signified a metamorphosis in the PAP with the split of the communists and pro-communists from the moderate democratic socialists, thereby preparing the basis of a more genuinely multiracial party, so 1984 signifies a second metamorphosis in the party when the 1959 generation political leaders made way for the new guard, marking a recognition of the rapidly changing political landscape of Singapore. It was a year too when the Singapore electorate, for the first time since 1963, voted for an elected opposition in parliament at a general election, reaffirming the 1981 Anson by-election aberration and ending any future prospect of total PAP domination in the legislature.

The argument of this chapter is that in the last five years in Singapore, the preparation for the critical and smooth transition of political leadership from Lee Kuan Yew and the founding leaders of the PAP to a successor leadership has been the underlying rationale for major political and social policies introduced in the republic. These policies should not be viewed only as measures designed for the preservation of a party in power, though obviously their successful implementation will enhance the dominance of the PAP. They are equally—perhaps more forcefully—directed by Prime Minister Lee to preserving a kind of society, a set of
political values, which he and his colleagues have established over time and which have come to embody independent Singapore.

Increasingly, there are few detractors left on the question of the success of the PAP political leadership in the social, economic, and political transformation of Singapore. But questions still arise on the issues of continuity and the maintenance of the political system after the departure of Lee Kuan Yew. That the transition of leadership and the maintenance of the present system may not be without some challenges is signaled in the results of the December 22, 1984, general election, which was considered a watershed election, and the behavior of the electorate. This chapter also discusses the implications of the stunning results of the recent voting trends.

Measured by any quality of life index over twenty-five years, the material conditions for a stable polity in Singapore have been laid. It may be argued that through their successive social and economic policies, the PAP has created the prerequisites for a functioning constitutional democracy. In 1959 when the party assumed power, unemployment in Singapore was estimated to be at 13.2 percent, with the threat of a burgeoning youthful population entering the labor market at a rate of 50,000 a year. By 1983, the figure had dramatically declined to 3.2 percent, still, however, an increase from the figures of the previous two years, 2.95 percent (1981) and 2.6 percent (1982), a reflection of the slowdown in the business cycle. In fact, Singapore is presently considered to be suffering from a labor shortage, with foreign workers constituting 10 percent of the 1.5 million workforce.

The housing situation, which was appalling just after the Japanese occupation, has also been radically transformed. A Housing Committee study reported in 1947 that at the end of the war out of a population of 938,000 persons, 72 percent were housed within the central area; worse still, one-third of them were herded into 1,000 acres in the heart of the city with densities of 1,000 and more per acre. The colonial housing authority, the Singapore Improvement Trust, managed to accommodate only 8.8 percent of the population in public housing by 1959. It was not until the PAP established the Housing and Development Board (HDB) that an effective breakthrough was achieved in housing the masses. In 1983, 75 percent of the population was housed in HDB flats, with two-thirds of them as owner-

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1 The 1957 Census of Population reports an unemployment rate of 4.9 percent. However, economist D. J. Blake, working from this figure and Labor Department statistics, reports much higher figures in the following years: 11 percent (1958), 13.2 percent (1959), 13.5 percent (1960), and 15.3 percent (1961); see his "Employment and Unemployment in Singapore," in Crucial Issues in Industrial Relations in Singapore, edited by W. Ellison Chalmers (Singapore: Donald Moore Press, 1967), Table 4, p. 182.


5 Ibid., Table 2, p. 5.
Thus, in the twenty-five years of government, the PAP has created a property-owning working class, a rare development in new states, a critical measure to undercut extremist political appeals against the government and a definite stake in the political system for an immigrant population.

The educational base of the population has continued to expand and be upgraded. Whereas in 1960 there were 352,952 students enrolled at all levels of educational institutions, by 1982 the figure for the student population was 507,663. The sharpest increases in primary school enrollment were during 1964–68, the height of the baby boom, which decreased after 1978, a reflection of the new trend for smaller families. Secondary school enrollment increased 2.9 times and enrollment at the tertiary level was 3.2 times larger than the 1960 number. The general literacy rate for the population increased from 72.2 percent in 1970 to 84 percent in 1980.

The most significant developments in education lay, however, not in the numerical expansion of educational opportunities nor in the government decision to introduce technical education in 1960 to wean the population from an overdependence on entrepôt trade and concomitantly create the human resources for industrialization. Instead, it was the concerted attempt to use education as a socialization process and a means to integrate the multiethnic population into a pluralistic society.

In the fifties, when Chinese students rioted and demonstrated, it could hardly have been imagined that by 1981 the Chinese medium university, Nanyang University, the symbol of the preservation of Chinese culture in Southeast Asia, would merge with the English medium University of Singapore to form a tertiary institution teaching only in English, without any protest from the militant language lobby. In addition, in January 1983 the Ministry of Education announced the complete phasing out of Chinese schools by 1987 and the establishment of one national system of education with English as the primary language but also with an emphasis on the learning of the mother tongue and moral education (teaching of Buddhism, Hinduism, Islam, Christianity, Confucian, Sikhism, and world religions). The PAP strategy and Lee’s personal role in diffusing language as a political issue in Singapore have been documented elsewhere. There is no doubt, however, that the

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10 Chan Heng Chee, “Language and Culture.”
process of producing an educated population and a homogenization of values through a common education process is taking place. Data demonstrating the emergence of a large middle class in Singapore are hard to produce. The middle class is, after all, contextually and culturally defined. Some sociologists use single indicators while others favor composite indicators of education, occupation, housing, and lifestyle. If individual or household income is used as the measuring rod of class, the most striking observation is the surprisingly large number of people earning low incomes both at the individual and household levels. In 1983 the per capita indigenous gross national product was S$10,061. In 1980, according to the Census of Population, 65 percent of the working population had a monthly income of less than S$500 while 88 percent earned less than S$1,000 (see Table 1). Only 21,051 people, a mere 1.8 percent of workers, earned S$3,000 or more per month.

Table 1
Distribution of Employees by Income and Occupation and Mean Income by Sex, 1980

<table>
<thead>
<tr>
<th>Monthly Income (S$)</th>
<th>Total</th>
<th>Professional and Technical Workers</th>
<th>Administrative and Managers</th>
<th>Clerical Workers</th>
<th>Sales Workers</th>
<th>Service Workers</th>
<th>Agricultural Workers and Fishermen</th>
<th>Production and Related Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent of Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Below 500</td>
<td>65.0</td>
<td>15.9</td>
<td>1.2</td>
<td>60.8</td>
<td>70.3</td>
<td>81.6</td>
<td>91.6</td>
<td>77.1</td>
</tr>
<tr>
<td>500–999</td>
<td>23.0</td>
<td>37.3</td>
<td>21.5</td>
<td>31.6</td>
<td>20.8</td>
<td>15.4</td>
<td>7.7</td>
<td>20.0</td>
</tr>
<tr>
<td>1,000–1,499</td>
<td>5.6</td>
<td>20.8</td>
<td>20.9</td>
<td>5.7</td>
<td>4.8</td>
<td>1.8</td>
<td>0.2</td>
<td>1.8</td>
</tr>
<tr>
<td>1,500–1,999</td>
<td>2.4</td>
<td>11.4</td>
<td>14.9</td>
<td>1.2</td>
<td>1.8</td>
<td>0.6</td>
<td>0.2</td>
<td>0.5</td>
</tr>
<tr>
<td>2,000–2,499</td>
<td>1.2</td>
<td>5.1</td>
<td>11.1</td>
<td>0.3</td>
<td>0.7</td>
<td>0.2</td>
<td>—</td>
<td>0.2</td>
</tr>
<tr>
<td>2,500–2,999</td>
<td>0.6</td>
<td>2.4</td>
<td>6.7</td>
<td>0.1</td>
<td>0.3</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>3,000 and over</td>
<td>1.8</td>
<td>6.4</td>
<td>22.8</td>
<td>0.1</td>
<td>0.8</td>
<td>0.1</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td>Not stated</td>
<td>0.4</td>
<td>0.7</td>
<td>0.9</td>
<td>0.2</td>
<td>0.5</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Mean Income in S$

<table>
<thead>
<tr>
<th>Sex</th>
<th>Persons</th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>585</td>
<td>677</td>
<td>430</td>
</tr>
<tr>
<td></td>
<td>1,257</td>
<td>1,472</td>
<td>924</td>
</tr>
<tr>
<td></td>
<td>2,222</td>
<td>2,406</td>
<td>1,313</td>
</tr>
<tr>
<td></td>
<td>521</td>
<td>592</td>
<td>476</td>
</tr>
<tr>
<td></td>
<td>486</td>
<td>558</td>
<td>336</td>
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<tr>
<td></td>
<td>370</td>
<td>433</td>
<td>293</td>
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<tr>
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<td>326</td>
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<td>273</td>
</tr>
<tr>
<td></td>
<td>404</td>
<td>469</td>
<td>272</td>
</tr>
</tbody>
</table>


Neither does household income yield a picture of a large middle-income stratum. In 1980 the Census of Population reported that 73.3 percent of total households earned less than S$1,500 per month. The middle-income stratum was no
more than 27.7 percent of households (see Table 2). This is hardly an argument in support of an emerging middle class as a stable base for democracy, although secure and regular employment and decent housing are basic needs that have been met. A wider elasticity on income seems to be tolerated in the self-perception of life prospects and certainly, accessibility to a middle-class lifestyle expressed in the shift to the four- and five-room HDB flats is a reality within grasp for most Singaporeans.

Table 2
Private Households by Household Income and Number of Working Persons, 1980

<table>
<thead>
<tr>
<th>Monthly Household Income (S$)</th>
<th>Total</th>
<th>None</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5 or More</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>509,436</td>
<td>22,467</td>
<td>209,688</td>
<td>132,268</td>
<td>62,576</td>
<td>41,590</td>
<td>40,847</td>
</tr>
<tr>
<td>Below 500</td>
<td>127,012</td>
<td>22,467</td>
<td>92,298</td>
<td>11,341</td>
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<td>500–999</td>
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<td>1,000–1,499</td>
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<td>—</td>
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<td>—</td>
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<td>3,000–3,999</td>
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<td>—</td>
<td>4,210</td>
<td>5,037</td>
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<td>1,978</td>
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<td>4,000–4,999</td>
<td>8,575</td>
<td>—</td>
<td>2,546</td>
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<td>1,305</td>
<td>772</td>
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<td>5,000 and over</td>
<td>11,649</td>
<td>—</td>
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<td>—</td>
<td>1,898</td>
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<td>875</td>
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<td>1,605</td>
<td>1,778</td>
<td>2,332</td>
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<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Below 500</td>
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<td>44.0</td>
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<td>500–999</td>
<td>31.7</td>
<td>—</td>
<td>34.6</td>
<td>46.6</td>
<td>33.9</td>
<td>12.8</td>
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<tr>
<td>1,000–1,499</td>
<td>16.7</td>
<td>—</td>
<td>8.1</td>
<td>17.5</td>
<td>32.1</td>
<td>40.1</td>
</tr>
<tr>
<td>1,500–1,999</td>
<td>9.6</td>
<td>—</td>
<td>3.6</td>
<td>9.0</td>
<td>12.6</td>
<td>21.9</td>
</tr>
<tr>
<td>2,000–2,999</td>
<td>8.6</td>
<td>—</td>
<td>3.7</td>
<td>9.2</td>
<td>9.7</td>
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<td>3,000–3,999</td>
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<td>3.8</td>
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<td>4.8</td>
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<tr>
<td>4,000–4,999</td>
<td>1.7</td>
<td>—</td>
<td>1.2</td>
<td>1.9</td>
<td>2.1</td>
<td>1.9</td>
</tr>
<tr>
<td>5,000 and over</td>
<td>2.3</td>
<td>—</td>
<td>1.9</td>
<td>2.5</td>
<td>2.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Not stated</td>
<td>1.0</td>
<td>—</td>
<td>0.9</td>
<td>0.9</td>
<td>1.2</td>
<td>1.5</td>
</tr>
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</table>


In addition to creating the socioeconomic prerequisites for democracy, the PAP has fashioned a consensus on three inherently divisive political issues: (1) the ideological model of the political system—whether it should be communist or non-communist, (2) the constitutional option for Singapore—a separate independent
Singapore or one merged with Malaysia, and (3) the language question and with it the nature of the national identity of the republic.

Notwithstanding the decisive achievements in laying the foundations of a politically stable society, Prime Minister Lee and his senior colleagues have struggled over two facts and their implications for the long-term political future of Singapore. First, the founding generation of the PAP is exceedingly conscious of its eventual and inevitable departure from the political scene. Second, it notes the emergence of a new generation of voters every five years precisely at a time when it will not be around to shape and manage policies and politics. That these voters comprise young Singaporeans that were born after the PAP government had come to power in 1959 and that they are growing up without knowledge or memory of the early political struggles and economically different times is a cause of concern to the old-guard PAP leaders.

In each successive election since 1968, young voters grew in strength as a component of the electorate. In the 1968 general elections, those aged between 21–23 comprised 9 percent of the electorate; by 1984 first-time voters (aged 21–24 years old) numbered 215,000 or 14 percent of the electorate. By 1988 those aged between 21–43 is estimated to constitute 68.5 percent of the electorate.\footnote{The prime minister’s address in parliament on the passage of the nonconstituency members of parliament bill, in \textit{Straits Times}, July 25, 1984.} Their political behavior, as yet unestablished, is a source of concern to the ruling party.

Not only is the electorate dramatically changing in age composition, it is also changing in educational attainment and general expectations. For instance, in 1980 the census showed that Singapore citizens in the age group 20–24 years were better qualified than those between 25–29 years or those between 30–39 years (see Table 3). Not only are they better educated, a \textit{Straits Times} survey in 1984 turned up the interesting fact that 68 percent of a sample survey of young people between 21–24 years expressed a belief in the need for an opposition in parliament.\footnote{\textit{Straits Times}, December 4, 1984.}

Thus, in anticipation of the need for political succession and of the changing political base, Lee and his cabinet have introduced major policies to meet these two developments. After all, the PAP had succeeded in riding the crest of history until now and had become a centrist party, representing the aspirations of the widest spectrum of the electorate. In 1954 at its founding and until 1959 when it became the first all-elected government in self-autonomous Singapore, it mobilized anticolonial support, in particular the Chinese-educated students and teachers who had felt oppressed in a colonial system, and the working class, the poor, slum dwellers, and the unemployed, all of whom formed the bulk of the political base. Having captured their allegiance, the PAP set out to socially transform their lives. The successful delivery of material goods and employment resulted in popular support, despite the severe political conflict between the moderates and the left in the party and the difficult economic times of the early postseparation years. The well-
Table 3
Singapore Citizens Aged Five Years and over by Highest Qualification by Age Group (percentage)

<table>
<thead>
<tr>
<th>Level</th>
<th>20–24 Years</th>
<th>25–29 Years</th>
<th>30–39 Years</th>
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<tr>
<td>Nonstudents</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>No qualifications</td>
<td>9.7</td>
<td>14.1</td>
<td>28.4</td>
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<tr>
<td>Primary school</td>
<td>53.6</td>
<td>55.9</td>
<td>47.8</td>
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<tr>
<td>Secondary school</td>
<td>22.2</td>
<td>17.7</td>
<td>13.3</td>
</tr>
<tr>
<td>Upper secondary teachers/technical</td>
<td>10.0</td>
<td>8.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Tertiary</td>
<td>1.4</td>
<td>4.0</td>
<td>3.4</td>
</tr>
<tr>
<td>Others</td>
<td>0.1</td>
<td>3.0</td>
<td>0.24</td>
</tr>
<tr>
<td>Students</td>
<td>3.0</td>
<td>0.3</td>
<td>0.03</td>
</tr>
</tbody>
</table>


being and satisfaction of the exploited and oppressed enabled the PAP to gradually discard its socialist image with virtually no effect on its political support and contributed to building the hegemonic position of the party.

In the eighties, the PAP sees the tide of history propelled by the new generation of young Singaporeans and is resolutely preparing to ride the crest. If it should succeed in this objective, it would be ensured of maintaining its political position for the next decade. Consequently, policies in the political and social realm in recent years possess a coherence in theme when viewed as the politics of anticipation.

SELF-RENEWAL

The ability of political parties to survive as a major political force over time is contingent on three factors: the continued recruitment of political talent, the development of political leadership, and the acumen of political leadership to identify political situations and provide effective solutions.

Among the ASEAN states and the countries of the Third World, the PAP has enjoyed a dominance and consolidation of growth that is unequaled. Even in Malaysia, Indonesia, or Taiwan, the opposition is a factor to be reckoned with, and the leadership must take its responses into account when formulating policies. In Singapore the PAP leadership has been freed from such constraints for nearly twenty years. Consequently, they have enjoyed the luxury of planning for political succession where others are beleaguered with problems of political survival.

The PAP, which prides itself as a party concerned with long-range planning and realistic calculations, had as early as 1968 raised the question of the need to search for political successors in its selection of election candidates. Lee Kuan Yew was
then only forty-five, Goh Keng Swee fifty, Toh Chin Chye forty-seven, and S. Rajaratnam fifty-three, with the result that political recruits of that period were not seriously regarded in the succession plan. Indeed, what happened was the loss of a whole generation of men then in their early forties and late thirties, involved at the periphery of the PAP's early political struggles of the fifties but nonetheless part of it, too early to be political heirs, too late to be relevant in the eighties—men such as Wong Lin Ken, Chiang Hai Ding, Padma Selvadurai, Tang See Chim, and Hwang Soo Jin.

It was only during the 1972 general election and subsequent by-elections that Lee demonstrated his commitment to groom a corps of second-echelon leaders and his determination to push through a self-renewal policy within the party in the long-term interest of PAP continuity.

This decision has proved to be one of the most divisive internal party issues in recent years, causing open dissension between Lee and two of his senior party colleagues, Toh Chin Chye and Ong Pang Boon, and weakening the party organization at the branch level. Party veterans who had served the PAP for years found themselves completely overlooked for higher political service and overwhelmed by the influx of new cadres. The split in the party ranks had a devastating effect on the party machinery, explaining in part the loss of the Anson by-election to the opposition and poor party performance at the December 1984 general election.

Self-renewal in the PAP has been contentious on account of its rapidity, relentlessness, and method of leadership selection. Younger men and women deemed suitable for political leadership are fielded as candidates at the general and by-elections. A select few are subsequently appointed to political office as ministers of state and ministers. Incumbent members of parliament and even ministers are cast aside to make room for the new guard, who in nearly all cases made a sudden entry into the party, joining as members often months, weeks, or even days before they are nominated as electoral candidates. In February 1979, seven new recruits stood for the by-elections, after which two assumed ministerships immediately, and one a senior minister of state. In the 1980 general election, sixteen new candidates were fielded out of whom five were immediately appointed ministers of state. By May 1984 two of the five had achieved the status of full ministers. For the 1984 general election the PAP fielded its biggest number of new recruits—twenty-six—among whom was Prime Minister Lee's son, Brigadier-General Lee Hsien Loong. During the election campaign the prime minister gave notice that six were slated for higher office.

13 *Straits Times*, December 30, 1984. In a farewell letter to Ong Pang Boon on his departure from the cabinet, the prime minister acknowledged this widely known difference for the first time in public. Toh Chin Chye's candid interview with *Asiaweek*, September 7, 1984, also published his political differences.

14 The two ministers were very senior civil servants: Howe Yoon Chong, head of the Civil Service, who became minister of health, and Teh Cheang Wan, chief executive of the Housing and Development Board (HDB), who became the minister of national development. Tony Tan, an academic-turned-banker, was appointed senior minister of state for education.
The death of Hon Sui Sen, the minister of finance, in October 1983, the first PAP minister to die in office in twenty-one years, further fueled the urgency for self-renewal. At the same time, in October and November, Goh Keng Swee, the first deputy prime minister, and S. Rajaratnam, the second deputy prime minister, were hospitalized for serious health reasons, all of which pointed to the inevitability and imminence of leadership change.

The selection of the 1984 candidates by the PAP had another important aspect to it. In anticipation of the entry of over 215,000 first-time voters and keeping in mind the increasing youthfulness of the electorate, the ruling party sought to capture the young vote with younger PAP candidates. The average age of the twenty-six new candidates was thirty-eight, the median age group was thirty-five to thirty-six years, and the two youngest were thirty-two.

The self-renewal process is not confined to just the legislature and the cabinet; it has also reached the party hierarchy. As early as 1980, old-guard party leaders were retired to make way for the new, among them Toh Chin Chye, chairman of the party. The process of replacing the party leadership escalated in 1982 and 1984 in keeping with the changes taking place at the cabinet level. The Central Executive Committee (CEC) elected at the September 30, 1984, party conference comprised the following: Ong Teng Cheong (chairman), Tony Tan (vice chairman), Lee Kuan Yew (secretary-general), Goh Chok Tong (assistant secretary-general), Dhanabalan (treasurer), Ahmad Mattar (assistant treasurer), and eight other members—Yeo Ning Hong, S. Jayakumar, Tay Eng Soon, Wan Soon Bee, Lee Yiok Seng, Ch’ng Jit Koon, Ho Kah Leong, and Lau Ping Sum. Thus, apart from Lee, Ch’ng, and Ho, the entire CEC is made up of second-echelon leaders who have made it to the first echelon. Ho and Ch’ng are considered good grass-roots politicians who entered parliament in 1963 and 1968.

The method of leadership selection, which is dependent on patronage rather than competition, has worked to undermine the legitimacy and credibility of the designated successors both within and without the party. The fact that the PAP’s new leadership is primarily cast in the mold of technocrats has not helped. Charges that they lack political experience and political judgment abound, though few would disagree on their intellectual ability, integrity, and dedication. Because the patron plays such a major role in political mobility and because of the prime minister’s dominant personality, there is every constraint for the successors to act within safe parameters and little advantage to strike out independently. In any case, the dramatic departure of Lim Chee Onn from the cabinet in 1983 as minister without portfolio and secretary-general of the National Trades Union Council (NTUC), once considered a front-runner, is a harsh reminder against independent political ambitions.

15 The five were Yeo Ning Hong, S. Jayakumar, Tay Eng Soon, Wong Kwei Cheong, and Lee Yiok Suan. Yeo and Jayakumar have since become ministers.
17 Straits Times, July 30, 1983.
It is also a reminder of the hazards of self-renewal politics. The PAP method seems to favor a thorough talent-scouting at all levels for the brightest and the best, defined as individuals with outstanding academic achievement and a history of community service. It is nothing short of a thorough combing of the country to persuade men and women to enter politics.\(^{18}\) Gambles are made as certain men are tried for office. As Lee is left with fewer senior cabinet colleagues (remaining are only S. Rajaratnam and E. W. Barker), the attrition rate of political succession may have to slow down.

After the December general election, Lee designated two of the new-guard ministers as deputy prime ministers, Goh Chok Tong as first deputy prime minister and Ong Teng Cheong as second deputy prime minister. Lee has publicly announced his desire to leave the prime ministership when he is sixty-five, probably at the 1988 general election.

The Singapore prime minister has not confined his succession preparations to the political realm. The restructuring process has also been taking place in the civil service. In Lee’s mind succession and the passing of a generation are system issues. The success of Singapore has been made possible because of the close partnership between the PAP political leadership and the civil service, albeit politicized by the Political Study Center in the early sixties. Clearly, Lee would like to see this same fruitful relationship continue.

Consequently, paralleling his policy to groom younger ministers for the PAP, he has promoted a whole generation of young civil servants, in their mid- to late thirties, to permanent secretaryships so that the young ministers and the young civil servants can work in tandem and develop habits of cooperation under his tutelage to ensure a smooth transition at a later date. This has led to the stagnation of a generation of older civil servants in their mid-forties who have suffered the same fate as the politicians of their time. Indeed, given the PAP method of political recruitment, which is to select and thrust able young administrators into the political arena, there is no other choice. Many younger ministers were once subordinates of senior civil servants, and unless a restructuring of the civil service takes place to allow younger civil servants to rise to the top rungs of the administration, the minister/civil servant relationship will be a sensitive and difficult one to redefine.

**RESTRUCTURING POLITICAL INSTITUTIONS**

As in the case of most ex-British colonies, the Singapore political system is modeled after Westminster, except that the constitution prescribes a unicameral legislature and an appointed President’s Council for Minority Rights, which acts as an advisory body. Its functions are to consider and report on matters affecting

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\(^{18}\) A five-part series, “The Making of a Candidate,” a report on the selection process of the PAP, in *Straits Times*, June 3, June 10, June 17, June 24, and July 1, 1984.
persons of any racial or religious minority and to draw attention to any bill that is discriminatory against any racial or religious community.19

The political institutions of elections—the electoral system and the legislature—have had a tradition dating back to the immediate postwar period when the franchise was gradually extended and the nominated colonial legislature increasingly evolved to a fully elected assembly. In 1959 the PAP formed the first fully elected government in self-autonomous Singapore. Election to seats in the legislature was and is based on single-member district/plurality voting, in which the winner takes all. This system, which makes for stable government but works against the opposition and the representativeness of the system, has remained unchanged since it was introduced.

It was through this same set of institutions that the PAP was able to establish its political dominance in Singapore, first as the majority party from 1959–63 and then from 1968 onward as the hegemonic party with a 100 percent hold on the seats in parliament. The loss of one seat to the Workers' party in 1981 constituted a remarkable and historic victory for the opposition but did not change the political dominance of the ruling party. It did, however, create the opening wedge in a previously closed parliament. J. B. Jeyaratnam, the Workers' party member of parliament, demonstrated after fifteen years that the PAP was not invincible after all.

Therefore, the introduction of two bills in parliament in July 1984 by the PAP government—the Constitution of the Republic of Singapore (Amendment) Bill and the Parliamentary Elections (Amendment) Bill to provide for three opposition seats in parliament even if opposition candidates did not win in any constituency—represented a departure from established constitutional practice in the republic. From the beginning it represented one of the more controversial policies launched by the PAP in anticipation of political changes that would come with the rise of the new electorate. For a start three nonconstituency members of parliament would be appointed, under the acts, from among the best-polling opposition candidates, so long as they polled at least 15 percent of the votes cast in the constituency. Should one opposition candidate become fully elected, two nonconstituency members of parliament would be elected. However, these nonconstituency members would not be permitted to vote in parliament on any motion relating to a bill to amend the constitution, a supply or supplementary bill, a money bill, or a vote of no confidence in the government.20

Prime Minister Lee rationalized the introduction of the bills on three grounds. They were, first, to sharpen the debating skills of younger ministers and members of parliament; second, to educate young voters on the myth about the role of the opposition; and, third, to dispel suspicions of cover-ups by the government. The leading opposition parties, the Workers' party, the Singapore Democratic party, and the Singapore United Front, strongly opposed the proposal as a political maneuver on the part of the ruling party to contain the groundswell for an elected opposition.

in parliament. It was seen as a suggestion to the electorate that it was possible to have an all PAP parliament and the opposition as well, without highlighting that the opposition would be second-class members because of their terms of entry into and conditions of participation in parliament. Although Lee expressed the sentiment that "there should be a group of them [nonconstituency members] representing one party holding out the promise if they have any to an alternative government," thereby providing "serious debate, not frivolity and trivialisation of the whole debating process," few were convinced that the ruling party seriously wished to nurture a political alternative.

It is difficult to interpret the PAP disposition on the basis of public statements. At the very best there is genuine ambivalence on the question of a place of an opposition in the political system. The thinking of the political leadership has shifted in the light of the experience of the lone opposition member in parliament. Lee and the senior party leaders may be convinced of the utility of opposition as political training for the new-guard leaders who entered politics in a depoliticized Singapore. In early 1982, shortly after J. B. Jeyaratnam's entry into the legislature, S. Rajaratnam, the second deputy prime minister, said unequivocally:

The claim that an opposition would make the PAP government perform better is a pathetic and dangerous belief. It is a fallacy to think that an opposition MP enters Parliament to help the government perform better. The purpose of an opposition is to make good government as difficult as possible so that the ruling party would be thrown out in the future elections and the opposition voted in.

By April 1984, Rajaratnam's position had moderated. He publicly declared that an opposition in parliament was useful if it was sound and intelligent and that one-party government was not good for a long time. Lee himself, while addressing his responsibility to assist the development of a political alternative, also wanted to educate the young voters who "have no idea how destructive opposition can be. They feel they are missing something." Consequently, the amendment to introduce the nonconstituency members was to "provide them with some experience on the usefulness and the limitations of Opposition MPs." The election of two opposition candidates in December 1984 with respectable majorities has rendered the nonconstituency members a nonissue. It also demonstrated the failure of the PAP to stem the growing desire to see elected opposition in the legislature.

But more radical change was still to be considered. In April 1984, Prime Minister Lee expressed concern for the future management of Singapore's national reserves, on the occasion of a younger minister's walkabout visit to his Tanjong Pagar constituency. At the end of 1983, the sum for managing the reserves stood at S$19.8 billion, a far larger amount than that held by Australia or New Zealand and

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21 Ibid.
23 Petir, August 1984.
24 Straits Times, April 18, 1984.
certainly a uniquely healthy position compared with most new states, which are constantly in a state of financial deficit. The reserve fund built up since the PAP took over government in 1959 is managed by the Monetary Authority of Singapore (MAS) and the Government of Singapore Investment Corporation (GIC), a state private company, which acts as the vehicle for the external investment of the vast funds. The chairman of the company is Prime Minister Lee himself.

Subsequently, at the National Day rally Lee surprised his audience by revealing his plan to introduce an elected president. The elected president, so it is argued, would possess the moral authority invested by the electorate to prevent “spendthrift” governments—tempted to win votes the easy way—from squandering the nation’s reserves. Such a “blocking mechanism” was to be moved in the House after the general election. As it now stands, in the constitution, the president is elected by parliament to a four-year term. His prescribed duties, conventionally symbolic, include the appointment of the prime minister and his cabinet, ratifying legislative bills, and convening and dissolving parliament.

Even without a White Paper to delineate the final powers of the elected president, it is difficult to escape the conclusion that an elected president with the power to veto money and supply bills, which seems to be the intention, would mean a major revision of the Westminster model. There is also no guarantee that once created the elected president would not be increasingly empowered to be an arbiter in other spheres. Speculation was rife after the announcement that the first president would be Lee himself as such an arrangement would allow for the continued tutelage of the new team of ministers. Lee has categorically stated that he would prefer not to be the first elected president. His preference is for a trusted cabinet colleague who has worked with him in the past, with knowledge of financial matters, so that a new constitutional tradition of a prime minister working with an elected president would be established.

Clearly, Lee anticipates the pressures to be encountered by future governments, including PAP governments, to provide greater welfare measures, in view of the changing profile of the population, and is pessimistic that future governments can resist them. In his twenty-five years of political leadership he increasingly developed a critical and negative disposition toward the welfare state syndrome, attributing the loss of work ethic and productive drive, state financial woes, and an undisciplined population in Western countries to the sanctioned dependency on the state. The elected president has not yet emerged as a major political issue in the republic although Toh Chin Chye has argued publicly that it is impossible for any political leader to plan fifty years ahead. The Singapore Democratic party has also criticized the concept as a destabilizing factor for future governments while the Workers’ party sees it simply as a ploy to extend Lee’s tenure of power.

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27 Straits Times, October 12, 1984.
28 Interview with Toh Chin Chye, Asiaweek, September 7, 1984.
SOCIAL POLICIES FOR THE FUTURE

In a polity where immediate economic and social problems are regarded as under control and where the political leadership is as dynamic and active as the PAP government, it is inevitable that long-term planning and concern for the long-term scenario become the focus of attention. At the 1983 National Day rally in August, Prime Minister Lee addressed what has become one of the most controversial policies in Singapore in many years. Lee chose to highlight two trends, which in his view carry disastrous long-term consequences for Singapore's development, if left uncorrected.

The first trend was the tendency for graduate women to remain unmarried. The census data showed that 17.8 percent of the tertiary educated women aged thirty years and over were unmarried compared with 16.8 percent of women with an upper secondary education, 18.4 percent with a secondary education, 11.1 percent with a primary education, and 4.5 percent with no qualifications at all. The second trend was the increasing tendency for well-educated women, that is, graduate women, to have fewer children. On the whole, the mean average size of the family for graduate mothers was 1.7 children compared with 2 for mothers with an upper secondary education, 1.9 for mothers with a secondary education, 2.7 for mothers with a primary education, and 3.5 for mothers with no qualifications at all.

These emerging trends, typical of developed industrialized countries, were viewed with alarm by the prime minister on the grounds that "no other society has ever compressed this process into just over one generation, from the 1950s to the 1970s and have [sic] the first statistical evidence in the 1980 Census."

The fundamental issue troubling Lee has been the problem of raising manpower for state management in a small state. On another occasion, at a 1982 May Day rally, the prime minister singled out the quality of people as the most important factor responsible for the rapid development of Singapore. He constantly reminded his audience of the small population pyramid on which Singapore's pool of talent was built and that this pool had in the past been enlarged because Singapore drew from the Malayan hinterland. The fact that in 1959, only two of the nine PAP cabinet ministers were born in Singapore illustrates this dependence. Since Singapore's separation from Malaysia, the free flow of people along the causeway has been substantially arrested and with it Singapore's reserve supply of able leaders, professionals, and administrators. The second-echelon ministers and ministers of state in 1984 were all born in Singapore.

The Singapore government counteracted the reality of a shrinking pool by establishing two committees, one called PIPS (Professionals' Information and Placement

30 Ibid., p. 2.
Service) and another called CATS (Committee for Attracting Talent to Singapore),
to help recruitment for the private sector. The first yielded disappointing results,
though the second was reportedly more successful.

It was within this reasoning that Lee addressed himself to the highly sensitive
issue of the marriage and procreation of the well-educated, spheres which are con­
ventionally regarded as private. The reaction from a normally compliant people
was as never before. The great marriage debate and the nature versus nurture de­
bate were thus brought into the open. Angry letters from readers inundated the
columns of the daily newspapers. According to a Straits Times survey, of all issues
aired during the year, the great marriage debate drew the largest number of read­
ers' letters in 1983.

Many Singaporeans saw this line of argument as an elitist stance at best, an
attempt to stratify society on the basis of tertiary qualifications, and at worst an
attempt at genetic engineering. The vocal opposition failed to modify the policy of
the government, convinced that this was a correct exhortation for Singapore should
the island republic wish to see continued prosperity and dynamism in the twenty­
first century. In the end, the backlash revealed itself in the wide-based support for
the opposition attack on the elitist policies of the government at the 1984 gen­
eral election.

A Social Development Unit was set up in the prime minister's department, later
kept under wraps because of the unfavorable publicity, to facilitate social and mar­
riage opportunities for young men and women. Two accompanying measures,
equally controversial, followed relating to preferential treatment of children of
graduate mothers. On January 24, 1984, the Ministry of Education announced an
incentive scheme for educated mothers to have three children and more by accord­
ing them priority in admission to schools of their choice. In a society where
schooling is taken very seriously as a passport to future opportunities, resentment
against the principle of this class-biased policy was quickly whipped up, especially
when women with tertiary education formed only 1.3 percent of the female popula­
tion, or 14,515 women.

This same priority scheme would apply to the less educated if they underwent
sterilization after the first or second child. Further incentives were offered by the
minister of finance, Tony Tan, in the 1983 budget by way of an enhanced child
relief scheme to educate married women to encourage such women to remain in
the workforce and to have a second and third child. To make the proposal more
palatable, the minister of finance included not only graduate mothers but all
mothers with at least five "O" (ordinary) level passes, the acceptable pass stan­

33 Straits Times, March 29, 1984.
34 Straits Times, January 24, 1984.
35 Straits Times, March 3, 1984. Apart from the normal child relief, educated mothers can also claim:
(1) 5 percent of their earned income for the first child, (2) 10 percent of their earned income for the
second child, and (3) 15 percent of their earned income for the third child. In each case the max­
imum that can be claimed is S$10,000.
standard at the school leaving GCE (General Certificate of Education) “O” level examinations.

For a government that has traditionally dealt successfully with the problems of youth and a young workforce, the long-term scenario looks problematic. The PAP leaders have already grasped the problems of an aging population for the republic and the implications and pressures this bears on the present-day government. An official estimate shows that by 2030, 19 percent of the population will be sixty-five or more. This changes the population dependency ratio immensely. In 1947 there were thirty-four working persons for every aged person, but by 2030 the ratio of working persons to an aged person will be drastically cut to three. The unavoidable conclusion points to a demand for increased welfare services for the aged constituency, a reality the PAP government seems loath to face. The ideological basis of the party has imperceptibly shifted from the democratic socialism of the fifties and early sixties to socialism in the “final analysis,” a system of thinking that could accommodate state capitalism, company welfarism, elitism, and self-reliance.

Public policies to anticipate and avoid increasing state burdens in the future have thus been introduced. The Medisave Scheme, a national health plan, which has as its central idea self-responsibility for medical expenses, was implemented in April 1984 after more than a year’s discussion. Under this scheme, every working individual compulsorily sets aside S$5,000 from his Central Provident Fund (CPF), his social security fund, as his initial contribution if this amount is available. Thereafter, he is regularly expected to set aside 3 percent of his CPF contribution while his employer is expected to do the same into his Medisave Fund until the sum reaches the S$10,000 limit. This amount in the individual’s account is then available for use in defraying hospitalization costs for himself and his immediate family when necessary.

To prepare for the problems of an aging population, a Committee on the Problems of the Aged was appointed in June 1982 headed by the minister of health, Howe Yoon Chong, the former head of the Civil Service before his entry into politics. Although a fifty-four-page report touched on various areas including employment, health, the family, and leisure for the senior citizens, the most political and controversial aspect of the report turned out to be the committee’s recommendation that the withdrawal age for CPF (social security) be raised from the present fifty-five years to sixty years and later sixty-five years. Such a recommendation met hostility across the board, and in a hitherto depoliticized polity where feedback channels are few or highly structured, the media became the main channel of expression. The Straits Times ran a hot line for feedback, which was invariably adverse. All other language dailies reported the same opposition. At the NTUC Ordi-

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36 Straits Times, May 2, 1984.
nary Delegates' Conference held shortly after the release of the report, the trade unionists strongly opposed the proposal. The unexpectedly adverse reaction forced the government to postpone a decision on the report. PAP younger ministers were pressed to concede that further thinking and some modifications on the proposals were necessary.

In seeking to ensure the continued development of Singapore at the present pace, the PAP leadership chose to push through a set of unpopular policies within a period of fourteen months before elections. There were many other minor issues that gained special significance, such as the increase on the levy for foreign maids. This represented a departure from the usual PAP practice of observing a moratorium of a year to eighteen months on unpopular policies before going to the national polls. It was the politics of anticipation, with Prime Minister Lee seeking to discharge necessary but unpopular measures, utilizing his moral authority and that of the old-guard leadership before they leave the political scene.

Unfortunately, the popular response to the politics of survival is very different from that for the politics of anticipation. Harsh and unpopular policies introduced in the context of immediate economic survival, such as the measures considered necessary after separation from Malaysia and the withdrawal of the British troops, were better understood and tolerated. The population as a whole has been much less swayed by the necessity of controversial policies to ensure the prosperity and stability of Singapore in the twenty-first century.

On December 22, 1984, the Singapore electorate demonstrated their response to the multitude of policies by returning the first two opposition candidates in a general election since 1963 and by giving the ruling party its lowest percentage of votes since that election. The PAP garnered 62.9 percent of the votes, dropping some 12.6 percent points from their 1980 vote and losing close to 37 percent to a generally ragtag collection of opposition candidates. In view of the fact that a constant 25 percent of the electorate has always cast votes against the government at each election, at least half of the first-time voters must have supported the PAP. At this election there was also widespread disaffection with the ruling party, and voters over forty-five must have voted against the government on the CPF issue.

In the end, it was the sum of controversial policies, the style of government, and the perceived need for an elected opposition to check governmental excesses that lost the PAP support. The Anson by-election was a turning point for the opposition. Once the myth of PAP invincibility was broken, it seemed possible to change the pattern of Singapore politics.

Where will Singapore's politics now lead? There are four scenarios that come to mind. The first is the complete recapturing of lost ground by the PAP and a re-establishing of its former 100 percent hold on parliament. This would be exceedingly difficult, in fact unlikely, in view of the growing belief that parliamentary democracy is incomplete without an opposition. The second scenario is the development of a parliament still dominated by the PAP with an institutionalized presence of opposition members—anything from one to a dozen. This is the most
likely outcome in the middle term and even in the long term so long as the PAP does not lose its political acumen. Singaporeans on the whole are a pragmatic people, and they fully understand it is in their interest and Singapore’s interest, in the absence of a better alternative, to be governed by a PAP government.

The third scenario is the emergence of a serious alternative to the PAP, when elections become a true contest between the PAP and a second party for the right to govern. If this prospect comes about at all, it will be a long-term development and is contingent upon the ruling party’s tolerance. The fourth and the most disturbing scenario for Singapore is the drifting in future elections toward support for a fragmented opposition, many marginal seats, and the PAP’s winning by a smaller margin of votes and seats, immobilized in the interest of political survival. This final scenario includes as a corollary the possibility of a coalition government of other parties with the PAP in the opposition.

But what will actually happen will depend on how the PAP responds in the next four to five years. Prime Minister Lee has questioned the validity of the one-man-one-vote system when the election results showed that voters were prepared to give votes blindly to the opposition irrespective of the quality of the candidates or their party platforms. The response of the newly appointed deputy prime minister, Goh Chok Tong, was one of caution in changing a proven system. The main issue for political stability and continuity in Singapore is whether the PAP, led by the younger team of ministers now at the helm, with the prime minister acting as the final arbiter, can establish a new consensus with the people.

FOREIGN POLICY

Four permanent interests shape Singapore’s foreign policy. They are (1) the need for economic development and prosperity, (2) security from interstate conflict and tensions, (3) security from internal subversion and insurrection manipulated from outside its borders, and (4) avoidance of embroilment in big power conflicts and rivalries.

The conduct of Singapore’s foreign policy underwent its greatest change in the post-Vietnam era of Southeast Asian regional politics. Until then Singapore was content to pursue a low-key foreign policy “to establish friendly relations with as many countries as possible to minimize hostility and suspicion towards the republic.” After the Vietnamese invasion of Cambodia, the republic discarded its low-posture stance and became the most vocal if not leading ASEAN country at international forums arguing Democratic Kampuchea’s case. This support reflects Singapore’s perception of its own vulnerability to aggression by larger states and a determination to develop ASEAN into a protective shield in its own interest and for the interest of the region as a whole.

Notwithstanding Singapore’s commitment to see the establishment of a multipolar presence of medium and big powers to ensure regional security, the republic is

38 Lee Khoon Choy, “Foreign Policy,” in Socialism That Works, p. 106.
openly pro-West and pro-Japan. In particular, it is recognized for its unequivocal position that U.S. involvement in the region provides the only effective counterweight to a growing Soviet presence. At the present juncture of destabilization in Indochina, the United States is also seen as a major ally on the Kampuchean issue in as much as the Soviet Union is the ally of Vietnam. Singapore also looks to the United States as the main provider of military technology and economic technology. In 1983 U.S. importance to the Singapore economy was demonstrated by the fact that it was the largest foreign investor and trading partner.39

Whereas the People's Republic of China once posed a security threat from the ideological and cultural standpoints, today in an affluent, developed, and educationally restructured Singapore, the threat has receded. The Singapore foreign minister has put the revised perception this way: "We believe that because they [the PRC] are placing so much emphasis on economic development they have come to the conclusion that their resources must be directed to this end and not to the export of revolution."40 Nonetheless, some suspicion of the PRC lingers because of the latter's refusal to publicly withdraw support for communist insurgent movements in Southeast Asia. Since the Vietnamese invasion of Kampuchea, the PRC is viewed as a useful check on Vietnamese ambitions by applying pressure where it hurts—arming the Khmer Rouge forces and threatening retaliation. At the present moment, Singapore looks to the PRC for economic prospects, a place to sell its expertise and services: in rig building, oil exploration, construction, and industrial planning and management.

Singapore's perception of the role of Japan is perhaps the most relaxed of the ASEAN countries. The explanation for this attitude may be found in the pragmatism of an immigrant business community. In any case, Japan's economic presence in Singapore does not dominate any sector of the economy. Believing there is much to gain in development lessons, Lee Kuan Yew was among the first of Southeast Asian leaders to launch a "learn-from-Japan" policy, with the intention of importing Japanese management philosophy and industrial organization to the local scene. Singapore had previously floated the idea of a naval task force for the region involving noncommunist states with Japan as a member. The political leadership adopted a positive view on the military build-up of Japan and is not afraid of Japanese militarism, confident that the U.S. alliance with Japan will keep the latter under control.

However, Singapore's main foreign policy achievement, according to Foreign Minister S. Dhanabalan, has been "to overcome mutual misunderstanding, mistrust and suspicion which existed between the republic and Malaysia and Indonesia."41 The formation and successful functioning of ASEAN has enabled the full normalization of relations between the three countries previously at conflict. In

40 Straits Times, February 5, 1981.
41 Straits Times, June 23, 1983.
fact, as Singapore’s politics turns inward to prepare for the transition of leaders, its diplomacy has focused more heavily within the region. There seems to be a recognition by the top political leadership of Singapore, Malaysia, and Indonesia that the good relations enjoyed among the three states must be institutionalized beyond personalities in order to be lasting. Consequently, a steady exchange of visits has taken place by leaders, administrators, and the military of the three countries. In 1980 the Inter-Governmental Committee, a bilateral commission reporting directly to the prime minister’s office, was set up to look into the problems of cooperation between Singapore and Malaysia. Apart from the heads of governments, who have exchanged visits, second-echelon leaders of Singapore have been systematically exposed to their counterparts in the neighboring states.

Brunei, the newest member of ASEAN, has also received a fair share of attention. However, this relationship has not sprung up overnight. Prime Minister Lee established a warm relationship with the old sultan, Sir Omar Ali Saifuddin, as early as 1959, and when the Brunei-Malaysia currency split in 1973, Brunei dollars were pegged to the Singapore dollar.42 Singapore firms have been doing business in Brunei for a long while, and Brunei provides the Singapore armed forces with a training camp at Temburong. Brunei shares the same small state mentality as Singapore and feels it has more to learn from the more approximate situation. It is also another way of neutralizing the influence of strong neighbors.

Singapore’s foreign policy, which is primarily reactive to external events, will not in the stalemate of the big-power conflict in the region push for new initiatives on the Kampuchea issue unless the power equilibrium alters decisively. Its main attention will be focused on the nuances and shifts in policy of the major powers, both in their domestic and international contexts, to determine the overall impact on the security and economic environment. In the meantime, Singapore is likely to concentrate on building firmer bilateral relations with its ASEAN neighbors and in particular with those which immediately encircle the island republic.

The international outlook of the government of Brunei has been conditioned by the geopolitical circumstances of the minuscule but wealthy sultanate and, correspondingly, by a salutary experience of the interrelationship between domestic political challenge and external support. That experience had a profound impact during the course of the nineteenth century, but its modern expression dates from December 1962 when an abortive rebellion in opposition to Brunei’s joining the projected Federation of Malaysia served as the initial justification of Indonesia’s policy of confrontation. A further experience of external support for internal dissidence occurred during the mid-1970s when the government of Malaysia assumed a subversive role in a second attempt to subsume the sultanate within its federal structure. Although both Indonesia and Malaysia under different leaderships have reversed their policies toward Brunei, which they have welcomed as a regional partner within ASEAN, the legacy of those relatively recent experiences continues to inform the external priorities of the sole remaining ruling monarchy in Southeast Asia. On resuming sovereignty in January 1984, the sultanate of Brunei has sought to protect a traditional identity and a fragile independence, in part by sustaining access to external sources of countervailing power and by actively soliciting recognition and endorsement of its international legitimacy. There is thus a very clear and direct relationship between domestic politics and foreign policy in Brunei. The object of the latter is not only to secure the independence and integrity of the microstate but also to ensure that a traditional political system is maintained intact.

Brunei has long been concerned with the threat posed by external predators, who have sought to exploit internal dissidence. Indeed, the experience of the sultanate during the greater part of the nineteenth century was of considerable territorial contraction effected principally in favor of a British political adventurer who became Raja of Sarawak. Brunei retained a separate identity as a territorial vestige of a historical empire only through the imposition of official British protec-
tion in 1888. That model of colonial rule secured the residual integrity of the sultanate with the notable exception of the still-disputed district of Limbang, now in Sarawak, whose annexation by Raja Charles Brooke in 1890 split Brunei into two enclaves, connected only by a maritime bridge. That residual integrity survived Japan’s occupation during the Pacific War, while British protection, both formal and informal, continued uninterrupted, if diminished, until January 1984 when the transfer of the responsibility for external affairs restored the sultanate to full international status.

Brunei’s experience of recovering independence has been unique within Southeast Asia. It has also been indicative of an international outlook that has not changed in substance since Brunei’s government assumed responsibility for the conduct of its foreign policy. It was a reluctant aspirant for national liberation, resisting for many years attempts by successive British governments to cast it adrift politically. A fascinating illustration of that reluctance is the Treaty of Friendship and Cooperation concluded between the British Crown and the Sultan of Brunei in January 1979, which states in parenthesis on its title page that “the Treaty is not in force” and which contains in its text the statement that “this treaty shall enter into force five years from 31st December 1978.”1 Grace periods are associated normally with the repayment of debts. In Brunei’s case, a reversion to full sovereignty was delayed for five years, and that period of delay and preparation was a negotiated minimum. The government of Brunei actually sought a much longer extension of a quasi-colonial status quo because of an abiding sense of vulnerability.

In effect, when the Treaty of Friendship and Cooperation came into effect, it produced only a change of legal form rather than one of political substance. Under the terms of an earlier agreement in September 1959, Brunei promulgated a new constitution. Internal political autonomy was restored, leaving Britain with responsibility for external affairs and defense (including internal security) and retaining only a formal prerogative—never exercised—to advise the sultan on all matters connected with governing the state. That agreement was amended in November 1971 to remove that formal prerogative and remaining vestige of Britain’s control of internal affairs. The British government retained some responsibility for defense, excluding internal security, but only on a consultative basis corresponding to those diminished obligations assumed concurrently under the Five-Power Defense Arrangements, which superseded the Anglo-Malaysian Defense Agreement.

Only in external affairs was any formal derogation of sovereignty sustained. The amended agreement stipulated that “Her Majesty shall continue to enjoy jurisdiction to make for the state laws relating to external affairs.”2 But this external affairs power was never exercised in a policy-making sense, but only in a representative capacity. Decisions affecting the international status and affiliations of the sultanate were made, if by veto, in Bandar Seri Begawan and not in Whitehall.


184
Any derogation of sovereignty was freely tolerated by the government of Brunei. Ironically, independence was demanded by the putative colonial power, which wished to free itself of an entangling political embarrassment. It was resisted with vigor and diplomatic skill by the putative subject state. Irony was compounded by the difficulty faced by British Labour governments in trying to withdraw the battalion of Gurkha Rifles, which had been deployed continuously on a rotating basis in the sultanate ever since the abortive rebellion in 1962. An insistent demand to retain an alleged mercenary presence came from Brunei, and that insistence has born fruit in the form of the postindependence relationship with Britain.

Brunei's insistence on enjoying a measure of informal British protection is the direct consequence of its experience of external support for internal political challenge in the recent past by Indonesia and Malaysia. The political downfall of Sukarno and the attendant termination of the confrontation policy removed an immediate threat to the traditional system of royal family rule, but a lingering suspicion of Indonesia's intent has remained despite the transformation of the republic's political identity and international orientation, brought about by the advent and consolidation of President Suharto's New Order.

Moreover, if provoked by Brunei's revival of the Limbang claim, an active role was adopted by Malaysia in supporting proscribed rebels and in challenging the international status of the sultanate in the United Nations within only the last decade. That challenge was supported by Indonesia, as well as by the Philippines and Thailand, but not by Singapore.3

An uninterrupted process of reconciliation with its two former adversaries was set in motion after May 1978 when President Suharto and Prime Minister Datuk Hussein Onn met in Labuan and issued a joint disclaimer of ill-intent, indicating a willingness to welcome Brunei as a member of ASEAN when it became independent. Brunei has been an active party to such reconciliation, responding positively to regional initiatives, but has relied on more than expressions of goodwill to safeguard its security.

For Brunei, foreign policy has a prime domestic dimension. Its priority is to sustain the identity as well as the territorial integrity of the bifurcated microstate. That identity is conceived in terms of perpetuating a royal absolutist political system despite the degree of social change attendant not only on the immense wealth of the sultanate but also on the expansion of educational opportunity beyond the traditional governing class. There has been no indication of a desire for constitutional reform that might enable a return to a measure of popular political participation. Indeed, the elections of August 1962, in which the now proscribed Par-

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Ra’ayat secured all elective seats in the Legislative Council, are regarded by the royal family as an example of the dangers of democracy. All attempts since then by Britain’s Foreign and Commonwealth Office to encourage progressive democratization have been resisted, although elections for ten of the twenty-one seats in the Legislative Council were held in March 1965. Democracy has been identified with political instability and external intervention, a view reinforced by the experience of East Timor since April 1974.

It has been made quite clear in Bandar Seri Begawan that there are no plans for new elections and party politics or indeed to return to the terms of the 1959 constitution to replace the emergency powers introduced in 1962, which permit the sultan to continue to rule by decree. Just prior to independence, acting Chief Minister Pehin Abdul Aziz Umar (now minister for Education and Health) remarked: “We do not want to be ruled by laborers and taxi drivers. We want to be governed by those who know how.” At independence, the sultan, Sir Muda Hassanal Bolkiah, assumed the offices of prime minister and the head of Internal Affairs and Finance. His father, the former sultan, who abdicated in favor of his son in 1967, assumed the Defense portfolio; his brother, Prince Mohamad, became minister for foreign affairs; and another brother, Prince Jefri, became minister for culture, youth, and sports, as well as deputy finance minister. Government and politics in Brunei are very much a family affair, and the purpose of the sultanate’s foreign policy is to keep it that way.

The political status quo is maintained in part by employing the bounty enjoyed from the exploitation of oil and liquified natural gas to maintain an ideal welfare state in the form of free education and health care, subsidized loans for housing, cars, funerals, and pilgrimages to Mecca, sweetened further by an absence of an income tax. An awareness of the prospect of frustration among meritocratic commoners has been matched by a rapid indigenization of the upper echelons of government, while a measure of social control has been exercised by employing Islamic symbolism, which fundamentalist dissidents find difficult to use against the sultan, whose office combines religious and secular roles.

External defense and internal security are provided by the Royal Brunei Armed Forces (formerly Malay Regiment), founded in 1961 and trained and staffed in part by British officers and other loan service personnel. It is at present under the command of a British brigadier-general, himself subject to the authority of Brunei’s minister of defense. Concurrent with the conclusion of the Treaty of Friendship and Cooperation with Britain, there was a corresponding exchange of notes concerning in part the continued provision of assistance to the armed forces of Brunei by Britain. Although Brunei does not purchase its arms exclusively from Britain, it plays a continuing dominant role in training troops and in servicing equipment. In the sense that the external relationship with Britain is directly connected to the general efficacy of Brunei’s armed forces, it constitutes a source of countervailing power.

4 Daily Telegraph, December 29, 1983.
At the time of independence, Brunei's armed forces of some 4,000 men included two infantry battalions under local command, with a third in the process of formation. Supporting services consisted of an engineering and signals squadron, an armed reconnaissance squadron, and an air defense battery employing Rapier surface-to-air missiles. Equipment included sixteen Scorpion light tanks, two Sultan armored cars, twenty-four Sankey armored personnel carriers, and sixteen 81mm mortars. Air support took the form primarily of helicopter squadrons including gunships, while a small navy deployed fast patrol craft, three of which were armed with Exocet missiles.5

Given the propensity for intervention on the part of armed forces in new states, the well-equipped Royal Brunei Armed Forces constitutes a double-edged sword. Indeed, its capability is probably more suitable for launching a coup than in providing for external defense. There is no doubt that its officer corps is monitored closely for signs of political disaffection. At the same time its material needs are well cared for, while career prospects have improved with a reduction in the complement of British officers. But there is the prospect that dissatisfaction with the narrow absolutist structure of politics could engender dissent within the meritocratic strata of the bureaucracy, which in turn could find matching expression in the armed forces—as happened in Thailand in 1932.

Apart from a police force with a paramilitary element some 1,750 strong, internal security is maintained both directly and indirectly through access to external sources of countervailing power. A near unique relationship obtains with the government of Nepal whereby former Gurkhas who have served in the British army have been recruited to form a specially constituted Gurkha Reserve Unit or paramilitary force of some 900 men, who are employed to guard key installations, including prisons, the liquified natural gas plant at Lumut, and the magnificent new royal palace, whose buildings cover fifty acres and contain 1,788 rooms. This palace, which may well have cost $500 million and which overlooks the capital, represents a symbol of royal expectations that continuing generations of sultans beyond the incumbent twenty-ninth in line will continue to rule as well as reign. The Gurkha Reserve Unit is at the sultan's disposal, although there is no reason to believe that its presence is welcomed generally within the state.

This mercenary presence is supplemented in a primarily internal deterrent role by the continued deployment at Seria of a battalion of Gurkha Rifles from the British army on a rotating basis from their brigade headquarters in Hong Kong as well as a company of Royal Marines. Before independence, the Gurkha deployment was maintained by a private exchange of letters with Whitehall. Certainly since 1971, the Gurkha presence, ostensibly serving a training function, has never been committed officially either to the internal or external defense of the sultanate. However, because the role of the battalion has never been publicly defined, its presence has an informal deterrent function. Internally, the fighting prowess and

record of the Gurkhas is well understood and serves as a major constraint on possible political adventurism on the part of any faction within the Royal Brunei Armed Forces. Its presence has served also as a factor in the calculations of external adversaries, but external deterrence no longer possesses immediate practical relevance.

Successive British governments—especially when the Labour party has been in office—have been concerned at the alarming prospect of finding a Gurkha battalion interposed between the Brunei royal family and a popularly based local military uprising. The current Conservative administration led by Margaret Thatcher has been more willing to live with that prospect because the Brunei government pays for the full cost of maintaining the rotating Gurkha battalion, which represents an important contribution to sustaining intact the Gurkha Brigade based in Hong Kong. In the year preceding the ultimate transfer of sovereignty, protracted and contentious negotiations took place over the terms on which the British battalion would remain in the sultanate. It would appear that the government of Brunei wanted to be able to exercise some form of veto over the deployment of the Gurkhas out of the sultanate, say, in the event of a breakdown in public order in Hong Kong—if not to enjoy a commanding role. A private agreement was reached in September 1983 which ensured that the role of the Gurkha battalion in Brunei would remain unchanged and undefined. In the process, Britain was obliged to sacrifice an incumbent high commissioner and also forfeited a monopoly role for its Crown agents as manager of Brunei’s multibillion pound investment portfolio in favor of Morgan Guaranty and Citibank.

Although the Gurkhas are almost certain to remain in their ambiguous role, at least until after the next general election in Britain, their longer term future is uncertain because of the strong likelihood that the fate of the Gurkha brigade will be linked to Britain’s tenure in Hong Kong. In the meantime, the Gurkha presence and Britain’s continuing training and servicing role for the Royal Brunei Armed Forces serve as a major constraint on any local attempt to challenge royal absolutism. If the external relationship with Britain has a deliberately ambiguous connection with internal security, seen as the key to the revival of any external threat, a newer special relationship with Singapore has a marginal security relevance.

The political relationship between Brunei and Singapore developed in the wake of the latter’s separation from Malaysia in August 1965. The two states, if strikingly different in terms of prevailing cultural identity, identified with each other because of their similar size, sense of vulnerability, and sources of external threat. Apart from establishing an informal diplomatic presence in the sultanate during the 1970s, the government of Singapore has been permitted to deploy a rotating company of troops in the easternly Temburong enclave and to enjoy access to the Gurkha jungle training school near Seria. Military cooperation has been sustained

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6 Richard Luce, minister of state at the Foreign and Commonwealth Office, explained that a Gurkha battalion would remain in Brunei “under essentially the same arrangements that apply at present” (Financial Times, September 23, 1983).
since the transfer of residual sovereignty, expressed, for example, in joint exercises with the Singapore navy. The economic relationship has flourished, with Singapore becoming Brunei’s third most important trading partner.

Long before and since full independence, Brunei has employed external relationships with a view to stiffening internal military capability and securing access to sources of countervailing power. Although military capability possesses an evident external defense dimension, internal security enjoys a higher priority, partly because of the conviction that the most likely circumstances in which an external threat could arise would be in response to an internal challenge. Long-standing external relationships with Britain and Nepal—with a special if minor role for Singapore—have been conceived with internal security in mind. With independence, Brunei has embarked on a range of wider diplomatic relationships, which also have relevance to security, but the prime object of the exercise has been to establish the international legitimacy of the sultanate. Certainly, membership in ASEAN was directly related to this objective.

Within a week of the transfer of residual sovereignty, Brunei, in its full title, Negara Brunei Darussalam, became the sixth member of ASEAN and only the first new entrant since its formation in August 1967. Any earlier reluctance to contemplate membership in an association that included Indonesia and Malaysia was overcome by the persuasive efforts of other members of ASEAN who were not seen as potential threats. Moreover, membership was not an overnight affair. Foreign minister designate Prince Mohamad had been attending meetings of the foreign ministers of ASEAN since 1981 in the role of an observer. Indeed, preparation for membership had begun as soon as the Treaty of Friendship and Cooperation with Britain had been concluded and the process of independence for the sultanate set in motion.

In considering the utility of membership in ASEAN, it should be understood that Brunei did not join because of its economic record. Economic cooperation within ASEAN has been a modest undertaking, while Brunei can purchase human skills and technology from wherever its government pleases. Moreover, it is not likely to invest its surplus wealth in any of its new regional partners unless there are sound economic grounds for doing so. Neither did Brunei join ASEAN in order to enjoy the benefits of a collective defense enterprise. Although defense cooperation does take place among ASEAN’s members, primarily on a bilateral basis, it is conducted outside the auspices of the organization. Indeed, it has become an article of faith among the members that ASEAN is not an alliance. Brunei has joined ASEAN primarily in order to uphold the international legitimacy of the fledgling state.

The record of ASEAN in managing intermural tensions has been encouraging. Underpinning the quality of relationships based on an assiduous attention to bureaucratic and ministerial consultation has been an overriding commitment to respect the sovereign independence of member states. Indeed, ASEAN’s founding declaration in August 1967 affirmed the intention "to promote regional peace and stability through abiding respect for justice and the rule of law in the relationships
among countries of the region," while the Kuala Lumpur Declaration of November 1971, which articulated a commitment to a regional zone of peace, recognized "the right of every state, large or small, to lead its national existence free from outside interference in its internal affairs." The cardinal principle of the international society of states has also been enshrined in a Treaty of Amity and Cooperation signed by ASEAN’s heads of government in February 1976. That treaty serves as the justification for ASEAN’s collective diplomatic challenge to Vietnam’s invasion and occupation of Cambodia. By joining ASEAN, Brunei has put itself in a position whereby the same standards of international conduct that have been applied to Vietnam can also be applied to regional partners, especially to those geographically most proximate. In other words, Brunei has sought to secure advantage from a self-imposed structure of corporate constraint implicit in the public philosophy of the organization.

Because of the conflict over Cambodia, the collective commitment to the non-violation of national sovereignty has become the central feature of ASEAN’s corporate identity. Consequently, any display of aggressive intent toward Brunei by one of its new regional partners would bring ASEAN into disrepute in terms of its declared public philosophy. Indeed, from Brunei’s perspective, ASEAN takes on the features of a traditional collective security organization like the League of Nations, whose main ideal purpose was to prevent aggression on an intramural basis. Indeed, it was with such a conception in mind that Thailand’s former foreign minister, Thanat Khoman, suggested that collective political defense was ASEAN’s major achievement. Brunei hopes to become a beneficiary of that form of defense. Membership in ASEAN is intended to institutionalize the process of reconciliation with Indonesia and Malaysia but correspondingly to provide in the process for the continued integrity and independent identity of the sultanate.

International legitimacy has been sought also by embarking on a restricted range of diplomatic relationships, confined to states with whom Brunei has some sense of political affinity. Apart from the other ASEAN states, diplomatic missions have been opened in London and Washington. In Bandar Seri Bagawan, apart from Britain and the ASEAN states, diplomatic missions have been opened by the United States, South Korea, and Australia and a representative office by Japan. A special coreligionist relationship without an exchange of missions appears to have been established with Pakistan, whose advice has been taken on the internal application of Islamic values, which serve in part as an instrument of social control. Such considerations of wider identity may have been responsible for the July 1984 visit by Yasser Arafat, chairman of the Palestine Liberation Organization.

Beyond ASEAN, Brunei has joined the Organization of the Islamic Conference, the Commonwealth, and the United Nations. It has also been recognized by the Soviet Union, Vietnam, and the People’s Republic of China. International recogni-

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7 Diplomatic relations with ambassadors accredited to Brunei from either Malaysia or Singapore have been established with Bangladesh, Belgium, Canada, Egypt, France, West Germany, India, Italy, Nepal, the Netherlands, New Zealand, Oman, Pakistan, Papua New Guinea, Turkey, and Sweden.
tion has been extended without question, in contrast to Brunei's experience a de­
cade ago when its status was the subject of adverse resolutions in the U.N. General
Assembly; in September 1984, it became member 159 without a dissenting vote,
jointly sponsored by all ASEAN states and Britain.

International legitimacy, however, cannot depend on external recognition alone;
it requires a basis in established political fact, which in the case of Brunei is less
than certain. In a speech on attaining full independence, the sultan stated that
Brunei would remain a Malay Islamic monarchical state. Of those three qualities,
that of monarchy is most likely to be subject to challenge as the educational base
widens and when a bilingual (Malay-English) education system is established by
1988. Because Brunei is an absolute monarchy—with no attempt to emulate the
Thai model or even the more contentious Malaysian one—political change could
well occur in a sudden, if not totally unexpected way. Moreover, the great wealth
of the sultanate—some $4 billion annually from the exploitation of oil and natural
gas—may not be able to buy off political discontent.

Brunei has not experienced domestic violence for over twenty-three years, but its
absence is not an indication in itself of the strength and resilience of its political
institutions, which in no way mask the self-indulgence and the ostentatious life-
style of the royal family. Brunei has made it quite clear that it will resist any
demands for political change. One justification for an unwillingness to widen the
basis of political participation is a belief that domestic turmoil may follow, which
might then prompt a larger neighbor to intervene, ostensibly to uphold regional
order. There has been no public cognizance of the alternative prospect—that a
rigid resistance to political change could bring about the very scenario that is
feared the most, namely, domestic upheaval and external intervention, probably in
the form of an ASEAN peacekeeping force.

That prospect is not an immediate expectation while a Gurkha battalion is de­
ployed in an ambiguous role; however, if in its absence the Royal Brunei Armed
Forces were to overcome traditional loyalties and royal manipulation and decide to
intervene politically, the structure of external relationships could not serve to sus­
tain the complete identity of the microstate. The threat to a monarchical identity
does not lie in a revival of the Partai Ra'ayat, whose exiled leadership no longer
receives external support. Indeed, nearly half the Malay population of Brunei—
some 120,000—is under twenty so that living memory of the 1962 revolt has faded
with the passing of time. More significant are the deep currents of change beneath
the surface of welfare-induced stability, the source of the observation that “there is
a restlessness among the younger Malays coupled with a growing nationalism
which is most marked in returning students.”

External threats per se to the security and identity of Brunei do not possess any
real immediacy. Brunei’s common stand with its new partners over Cambodia re­
represents an expression of necessary corporate solidarity and an attachment to prac­

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tical principle, not a pressing sense of apprehension because the most proximate major city is Ho Chi Minh. In the current climate of intra-ASEAN conciliation, any maritime dispute with Malaysia over the delineation of the international boundary of Brunei Bay can be contained, while the sultanate has been cautious in avoiding entanglement in the multilateral contention over the Spratly Islands. Moreover, while the status and even livelihood of the vast majority of Brunei’s Chinese community of some 60,000 has been put in jeopardy by the assumption of full sovereignty, it does not constitute a political threat capable of being manipulated by the PRC. Indeed, it is significant that discrimination against Brunei’s Chinese community has not prompted any external response either from outside or within ASEAN. British attempts to make provision for their assured future before surrendering the external affairs power failed conspicuously.

In Bandar Seri Begawan the burgeoning of new foreign relationships does not serve directly as a security policy, but it does reflect the view of geographic neighbors that regional stability will be promoted best by encapsulating Brunei within an exclusive structure of international relations. For Brunei that collective view provides a measure of assurance that gratuitous acts of interference will not take place. But that view cannot guarantee that developments within the sultanate will not be seen to pose a threat to the interests of regional partners. At a seminar in Jakarta in October 1974, Tan Sri Ghazalie Shafie, then Malaysia's minister for home affairs, drew attention to “the security issues that revolve around the continuing existence of vestigial colonial territories in our region.” He warned that “their existence, besides being historically anomalous, also makes them the foci of local discontent and foreign intrigue. The security issues that they pose may be peripheral to the ambit of our concern here, but they are nevertheless potential areas of instability.”

Brunei is no longer a “vestigial colonial” territory, nor historically anomalous, but the measure of concern expressed over a decade ago has not completely disappeared.

Mention has been made above to a growing nationalism in Brunei marked among returning students. That nationalism draws its sustenance from a sense of lineal descent from a historical empire, which gave its name in English to an island of continental proportions now comprising mainly Indonesian and Malaysian territory. The declared goal of the rebellion in 1962 of a unitary state of North Borneo to incorporate present-day Sarawak and Sabah reflected a nationalist impulse, as did the irredentist claim to the district of Limbang by the former sultan, Sir Omar Ali Saifuddin, which has never been formally repudiated. Accordingly, future political change within Brunei could serve once again as a catalyst within North Borneo, depending on the nature of the relationship between the two distant wings of Malaysia. Such a worst-case scenario must occasionally merit consideration in Kuala Lumpur, which was in part the source of the expression of concern by Tan Sri Ghazalie Shafie over a decade ago.

Such an irredentist scenario is almost certainly not contemplated by the absolute monarchy in Bandar Seri Begawan because it could most likely occur only at its expense. Indeed, external priorities are governed by domestic considerations, which is why the most important external relationships are those which have the most immediate relevance to perpetuating the political status quo. It is of interest therefore to take cognizance of a new Brunei law which states that “outside armed forces stationed in the Sultanate by mutual agreement might be used to control public order.” Britain’s military association with Brunei has been based, however, on the assumption that the very presence of the Gurkhas should make their use unnecessary. Should it ever seem likely that they would find themselves engaged in defense of an absolute monarchy against a popularly based uprising, then strong parliamentary pressure would be applied to bring about their withdrawal. In other words, the key external relationship that serves as a critical sanction against internal political challenge is based on a bluff, which could be called in the near future.

In this context, the political good health of Brunei is not easy to assess because the real political process in the sultanate is virtually a closed activity. Any personal or factional rivalries within the royal circle have had limited public expression. The Legislative Council with a nominated majority meets only once a year to hear a royal address and to approve legislation. Decision making is confined to an exclusive royal circle, with the former sultan or Seri Begawan playing an important paternal role. That practice has been confirmed by the attainment of independence, not established as a consequence of it. The central institution of the state is a monarchy of historical long-standing, which is a regional anomaly. Foreign policy has been governed primarily by a determination to preserve that royal house within its vestigial territorial domain, which is upheld more by a postimperial relationship than by new-found regional associations, however important. When that residual postimperial relationship comes to end, almost certainly by 1997, the political identity of Brunei will depend in great part on the loyalty of the Royal Brunei Armed Forces despite any continuing private arrangements with the government of Nepal.

It is the constancy of that loyalty more than anything else that is likely to influence any revision in a foreign policy directed currently toward a linked international legitimacy and domestic political continuity. In other words, political change within Brunei would be required before alternative foreign policies of either integration within Malaysia or a separate North Borneo are likely to be contemplated seriously. For now, the relationship between domestic politics and foreign policy can be expressed in one sentence taken from the acceptance speech of the sultan on the occasion of the admission of the state to the United Nations: “We wish to be left alone, and free from foreign intervention.”

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III. Regional Relations

13. ASEAN as a Regional Organization: Economics, Politics, and Security

Evelyn Colbert

In 1985—almost twenty years after ASEAN’s inauguration—to look at ASEAN merely as a regional organization is to take much too narrow a view of its real significance. It has, of course, all of the essential characteristics of an organization—a charter, staff, and defined functions and procedures. But ASEAN has also come to denote a place, a chunk of geography within the larger geography of Southeast Asia, even though its members—six of the seven noncommunist countries of Southeast Asia—are amazingly differentiated as to size, population, religion, language, ethnic composition, and other characteristics central to their national identities.

ASEAN has not only become a place. Even more importantly it has come to encompass a whole host of interrelationships outside its formal charter as well as within it, nongovernmental as well as official. In their own minds, the leaders of the ASEAN countries may still preserve the once carefully observed distinction between the decisions of ASEAN as an organization and decisions taken together by its members independently of their organization. This carefully created ambiguity sometimes serves useful purposes. Nevertheless, it would be seriously misleading to confine an analysis of ASEAN’s current role to the functions of the organization as originally defined and the formal structure that has since developed. It is at least arguable that much of present-day cooperation among ASEAN’s members could have come about even if earlier pessimistic expectations about the future of the organization itself had been correct. But they were not correct. Nor would it be correct in examining ASEAN’s role in economics, politics, and security to look only to the organization proper while ignoring the common modes of perception and behavior that have made ASEAN a region as well as a regional organization.

As an organization ASEAN began its life in 1967 with its defined functions very strictly confined to economic, social, and cultural cooperation. Other than standard
endorsements of peace, freedom, the rule of the law, the principles of the U.N. charter and so forth, the ASEAN declaration contained only one specifically political statement. This was the affirmation “that all foreign bases are temporary and remain only with the expressed concurrence of the countries concerned and are not intended to be used directly or indirectly to subvert the national independence and freedom of states in the area or prejudice the orderly processes of their national development.” This statement echoed the Manila declaration of August 1963 inaugurating Maphilindo—the very short-lived grouping of Malaysia, the Philippines, and Indonesia that was intended to restore peace to the three then quarreling states. Its reiteration was deemed essential by Suharto’s still far from self-confident government to quiet suspicions that Indonesia was moving too far too fast from its traditions of anticolonialism and nonalignment. However, as included in the ASEAN declaration, the foreign base clause was significantly modified both by what it added to the Maphilindo version and what it left out. The addition, the reference to “the expressed concurrence of the countries concerned” satisfied the requirements of the four ASEAN members on whose soil foreign forces or bases remained. The omission was of the somewhat invidious Maphilindo phrase “arrangements of collective defence should not be used to serve the particular interest of any of the great powers.”

Caution ranked high among the factors entering into the decision to confine ASEAN’s stated functions to economic, social, and cultural cooperation. Rightly or wrongly, to countries still unaccustomed to working with one another, these subjects seemed less delicate and contention-ridden than political ones. With konfrontasi still a very recent episode, domestic sensitivities remained strong. It would have been difficult in 1967 for the governments of Malaysia, Indonesia, and Singapore to announce to their citizens that they were embarking on a course of close political cooperation. And, with Hanoi and future changes on the Indochina scene very much in mind, the ASEAN leaders were anxious to avoid any suggestion of a confrontational posture that might be read into any specific focus on political objectives.

The same considerations were even more applicable to any form of ASEAN-organized security cooperation. In addition, there were a number of practical objections to any form of five-power military cooperation. Foremost among them was its irrelevance to the internal dissidence that the ASEAN countries saw as the prime threat to their security. Not only would five-power military agreements be of dubious value, but also such arrangements would make ASEAN more vulnerable to Russian and Chinese charges that it was merely a new SEATO in indigenous disguise.

THE ECONOMIC DIMENSION

The emphasis placed on the new organization’s economic role was very much a product of these considerations. However, it also reflected common convictions about the relevance of economic development to politics and security. These con-
victions were epitomized by Malaysia’s Tun Abdul Razak when he defined the “key to peace and stability of our respective countries and of our region and the success of our resistance to external forces of intervention or interference” as lying “in our ability to surmount the backwardness of our people and to promote their welfare and well-being.”¹ Through promoting regional cohesion—developing ties of confidence, friendship, and mutual respect among the ASEAN countries strong enough to enable them to resolve their own differences, pursue their common interests more effectively, and discourage outside intervention—ASEAN would also facilitate its members’ common pursuit of economic growth. Growth-supported economic and social betterment in turn would reduce causes of disaffection and strengthen national cohesion.

This objective was stated in very general terms in the ASEAN or Bangkok declaration of August 8, 1967, which defined as first among the association’s aims and purposes

To accelerate the economic growth, social progress, and cultural development in the region through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations.

Specific fields of active collaboration and mutual assistance were defined as including utilization of agriculture and industry, expansion of trade, and improvement of transportation and communication facilities and of living standards.

However, it was not until the first meeting under ASEAN auspices of the members’ prime ministers—the Bali Summit of 1976—that specific economic objectives were established in the Declaration of ASEAN Concord. These included accelerated joint efforts to improve global market access for ASEAN products; cooperative approaches to New International Economic Order issues, including international commodity problems, and the reform of the international trading and monetary systems; and stabilization of ASEAN export earnings through commodity agreements.

The role of the members’ economic ministers was also clarified and enlarged. The Bangkok declaration had established an annual ASEAN ministerial meeting to carry out the aims and purposes of the organization. But despite the economic emphasis of the declaration, this was to be a meeting of foreign ministers. It was only late in 1975 that the first meeting of ASEAN economic and planning ministers was held. At Bali, however, it was decided that the economic ministers too would meet regularly and that, at their forthcoming meeting in March 1976, they should elaborate on ASEAN’s economic program. At this March meeting, ASEAN’s embryonic economic committee structure was elaborated and formalized, while plans were made to establish an ASEAN industrial project in each country and to develop a program for intra-ASEAN trade preferences.

Looking at economic developments in ASEAN since the Bali conference, one sees marked differences in four relevant areas: national economic growth, social betterment, regional economic integration, and regional economic cooperation.

ASEAN members have achieved considerable success in their commonly accepted first-priority area—national economic growth and development. Although ASEAN growth strategies do not stem from prescriptions laid down by the regional organization, they have been markedly similar. To varying degrees, with Indonesia bringing up the rear, they have shifted from the inward-looking, import-substitution development policies of the sixties to strategies that are outward-looking, market-based, and export-led. In general, and with allowance for differences arising from national characteristics and policies, the ASEAN countries have encouraged free enterprise (qualified in Indonesia and Malaysia by efforts to raise bumiputra/pribumi economic status vis-à-vis that of ethnic Chinese communities), maintained generally favorable conditions for foreign trade and investment, adopted prudent monetary management and fiscal policies, maintained a high ratio of savings to gross domestic product (GDP), increased agricultural productivity while limiting population growth, and, in general, responded flexibly and pragmatically to both difficulties and opportunities.

These similar strategies have brought similar, and generally impressive, results. The ASEAN region has become one of the most economically dynamic of the world, characterized by high growth rates (twice the global average in the seventies), a growing manufactures sector, inflation rates significantly below those of most developing countries, and a very respectable place in international trade and investment. The global recession beginning in the late seventies has slowed ASEAN growth but not reversed the process. The ASEAN economies continue to expand more rapidly than those of the industrialized countries. Notwithstanding the possibility of reduced demand and prices for ASEAN raw materials, possible higher trade barriers against ASEAN manufacturers, and greater competition from the People's Republic of China and elsewhere for investment capital and public loans, the prospects ahead are favorable. Continued growth, although at a somewhat lower level, is generally expected to characterize the ASEAN economies, even that of the Philippines despite its presently imperiled state.

However, the success of the ASEAN countries relative to developing countries in other regions and their generally favorable prospects for continued growth should not obscure the importance of present and potential problems. Trade dependence, ranging from 35 percent of GNP in the Philippines to more than 200 percent in Singapore, makes the ASEAN economies highly sensitive to developments in the global market over which they have little or no control: price fluctuations for the primary products that still make up a substantial proportion of their exports, and the threat to their developing manufacturing sectors posed by protectionist pressures. Rapid growth has also had social costs, for example, contributing to the severe strains being imposed on urban infrastructure as city populations grow more rapidly than adequate facilities can be provided. The processes of de-
velopment, coupled with population growth, have also imposed disturbing ecolog­
cical costs, notably in the loss of forest cover resulting especially from the expan­
sion of agriculture and timbering.

Moreover, success in promoting growth has been much greater than progress
toward the shared goal of social equity. In fact, while per capita income has been
rising steadily over the past two decades, income inequalities remain great except
in Singapore. The richest 20 percent of the population receives more than 40
percent of total household income in Indonesia and Thailand, and more than 50
percent in Malaysia and the Philippines. In 1981, the International Bank for Recon­
struction and Development estimated that in the Philippines 41 percent of the rural
population and 32 percent of the urban were below the poverty line. Corresponding
figures for Indonesia were 51 percent and 28 percent, respectively, and for Thailand
34 percent and 15 percent. The government of Malaysia has estimated the corre­
responding figures for its rural population at 38 percent and at 13 percent for urban
dwellers.

Overall, however, the percentage of population living below the poverty line
seems to have declined. While the modern sector has clearly benefited more from
high growth rates than the still large traditional sector, some improvement in living
levels has resulted from improvements in social and economic infrastructure, in­
cluding health care, education, sanitation, electrification, and expanded commu­
nications networks. In Indonesia, for example, according to the Asian Development
Bank, between 1970 and 1980, infant mortality dropped from 121 to 93 per 1,000
live births, access to safe water among the urban population rose from 10 percent
to 41 percent and among the rural population from 1 percent to 18 percent, literacy
rose from 57 percent to 62 percent, and life expectancy at birth rose from forty­
seven to fifty-three years.

National economic success in ASEAN has not been matched by progress in
promoting economic integration. Projects that have seemed to promise strength­
ened economic regionalism—the ASEAN Industrial Projects, the Industrial Com­
plementation Scheme, the ASEAN Industrial Joint Ventures—have moved slowly,
if at all. Much the same has been true in the tariff field. To be sure, the Preferen­
tial Trade Agreement, negotiated in 1977 and expanded thereafter, has produced a
large number of intra-ASEAN tariff preferences. Many of these, however, have
been on products unlikely to enter heavily into intra-ASEAN trade; snowplow
blades are an often-cited example. Thus, the agreement has done little to increase
intra-ASEAN trade which, although it has grown in absolute terms in line with
overall trade growth, has remained stable at about 15 percent of the ASEAN total
over the past decade.

The fact that ASEAN economies are competitive rather than complementary is
frequently cited as a major disincentive to regional economic integration, as is the
common pursuit of roughly similar development strategies. The shortage of domes­
tic investment capital is cited as still another factor that strengthens economic ties
between the ASEAN countries and the advanced country providers of direct for­
eign investment rather than with each other. The ASEAN countries, it is argued,
in directing their trade outward toward the advanced international countries, are responding correctly to market forces as their very success has demonstrated.

Others have argued that the slow pace of economic integration reflects national policies much more than it reflects the workings of economic forces. Given the will, it is argued, a region with a population of 270 million, a strong resource base, competent economic and business leadership, and demonstrated labor-force adaptability could move much more rapidly toward integration than ASEAN has done. Instead, however, national development and the protection of national economic interests have been given much higher priority than regional trade liberalization; a relatively underdeveloped Indonesia, for example, has been reluctant to open up a potentially enormous domestic market to more advanced partners until its own manufactures become more competitive.

ASEAN has been more successful in encouraging cooperation than in promoting integration. As participants in the various forms of North-South dialogue, ASEAN members began early in the organization’s history to coordinate their positions, thereby gaining more influence for their generally moderate positions than might otherwise have been the case. The dialogue relationship with principal trading partners, beginning with Australia in 1974 and now extending to Canada, the European Economic Community, Japan, New Zealand, and the United States, has provided opportunities for pressing common ASEAN positions on trade, investment, and aid issues. The effectiveness derived from dealing as a group on behalf of one or more members in economic negotiations with third parties has been most evident in negotiations with Japan over artificial rubber production and with Australia over civil aviation. ASEAN countries have also cooperated among themselves in such fields as the promotion of tourism and market research.

The slow pace of ASEAN movement toward integration must also be balanced against the contribution the organization’s overall success has made to the national economic success stories. To be sure these contributions, although highly valued by the ASEAN countries, have been intangible. Accordingly, they are very hard to measure. For the national economies, the subordination of previously strong bilateral political differences to regional unity has promoted confidence and removed some of the pressures for increased expenditures on armaments at the expense of the civilian sector. More broadly, the stability that ASEAN has brought to the subregion has added to the attractions offered by its national economies to foreign traders and investors. Moreover, while foreign private sector interests continue to be active in ASEAN primarily in response to specific country opportunities rather than because of ASEAN as an organization or regional market, there are some exceptions. U.S. investment in Singapore, for example, appears to be heavily influenced by regional market considerations while individual American business leaders and organizations have begun to operate on a regional basis and to enter into fruitful relationships with such ASEAN-wide organizations as the ASEAN Chamber of Commerce. Finally, these ASEAN-wide business and professional organizations, of which there has been an ever-increasing number, have stimulated a wide variety of cooperative contacts.
THE POLITICAL DIMENSION

ASEAN was galvanized into much greater and more overt political action by the Vietnamese invasion of Cambodia in December 1978. Even in its earliest years, however, ASEAN performed important political functions reflecting what Adam Malik described as the "convergence in the political outlook of the five prospective member-nations, both with regard to national priority objectives and on the question of how best to secure these objectives in the emergent strategic configuration of East Asia." 2

The convergence to which Malik referred has been reflected at the national level in rather striking similarities in political behavior and attitudes, despite variations in perspective among and within national leaderships. ASEAN ruling elites have been essentially conservative, sharing the conviction that political freedom and democratic institutions must take second place to the maintenance of stability and order. 3 But they have pursued a fairly moderate course, not often finding it necessary to resort to rigid controls, complete suppression of dissent, or the total exclusion of representative institutions from the political process. Common experience with communist insurgencies has contributed to strong domestic anticommunism and a wary concern with the USSR and the PRC as sources of support for subversion and armed dissidence. Their emphasis on growth, largely export-led, joined other factors including historic ties and anticommunism in orienting the ASEAN countries toward the West. This orientation in the case of Thailand and the Philippines includes security ties with the United States, and in the case of Malaysia and Singapore, somewhat more exiguous security ties with Britain, Australia, and New Zealand. Despite differences in the extent of their formal alignment or nonalignment and their different roles with respect to pre-1975 hostilities in Indochina, they have all accepted the proposition that Western help—whether in the form of economic or military assistance—is a necessary supplement to their own development efforts and to the containment of communism in their region. They have all agreed also on the interrelationship between national strength on the one hand and regional strength and unity on the other. Indeed, it was ASEAN's first political mission to overcome the divisions among its members, thereby enhancing the region's stability and reducing opportunities for external intervention in its affairs.

The very establishment of ASEAN had been made possible by Sukarno's overthrow and the end of his konfrontasi campaign against Malaysia. Konfrontasi had resulted in armed hostilities over a period of several years and had also encouraged the Philippines to press its territorial claims in the East Malaysian state of Sabah. In consequence, even as discussions were proceeding over the establishment of the new organization, three of its prospective members lacked diplomatic relations with each other. Even with konfrontasi abandoned, there remained a heritage of

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3 The Philippines was the exception until September 1972 when martial law was declared and American-style democracy was replaced by authoritarian rule, still in effect despite the lifting of martial law in 1981.
distrust of Indonesia: How durable was Jakarta’s new moderate stance? Would Indonesia’s own overwhelming size and sense of historic mission result in disruptive efforts to dominate the new organization?

The relationship between Thailand and Malaysia was also troubled by problems on their common border. Kuala Lumpur regarded Bangkok as inadequately cooperative with Malaysian efforts to eliminate the last remnants of the communist insurgency of 1948–60, the so-called CTs (Communist Terrorists) who continued to carry on operations in Malaysia from safe havens across the border in Thailand. Bangkok, in turn, suspected that separatist movements among the several hundred thousand Malay Muslim inhabitants of the four southernmost Thai provinces were being supported from Malaysia, possibly with the connivance of Malaysian authorities.

Philippine-Malaysian problems were another potential threat to regional cohesion. While Indonesia had formally renounced konfrontasi, the Philippines had not renounced its Sabah claim. Instead, as revealed in March 1968, a Filipino Muslim military group was allegedly being trained for infiltration missions into Sabah. Not only were diplomatic relations between Manila and Kuala Lumpur broken once again, but in addition, ASEAN meetings were suspended from October 1968 until May 1969.

There was also room for doubt about Singapore’s ability to fit itself into the regional organization. A Chinese island in a Malay sea, it was the self-styled Israel of Southeast Asia. Its expulsion from Malaysia in 1965 had reinforced apprehensions about the basic incompatibility of the Sinic and Malay communities, apprehensions that were heightened by Malaysia’s 1969 race riots. Among the ASEAN leaders, moreover, Singapore’s Lee Kuan Yew was clearly the most skeptical about its prospects. He recognized that Singapore, having been invited, must join the club. To do so, he hoped, would at least make it less likely that Indonesia and Malaysia would join ranks to threaten Singapore. Nevertheless, continued apprehensions of that very possibility were reflected in Singapore’s relatively large military budget.

ASEAN’s first contribution to an improved political climate lay in the stimulus the organization’s existence provided to the getting-acquainted process. The historic linkages among its members had been largely severed during the colonial era. They remained so for some time after the end of the Pacific War. Now much stronger links were to be forged by a slow, subtle, and often unnoticed process of familiarization and consensus building. Significantly the process began at the top with political leaders and senior officials, gradually expanding to lower levels and the private sector. The visits made by Lee Kuan Yew to all of the other ASEAN capitals between 1972 and the beginning of 1974 are an excellent example of the expansion of ASEAN contacts. The only previous visit of this widely traveled prime minister to an ASEAN neighbor had been a stopover in Bangkok in 1966.

The rapidly changing international environment expedited the process, demonstrating to small powers the utility of joining together to cope with radical shifts in the policies of the great. These shifts—the reversal of American policy in Vietnam, the deepening hostility between the PRC and the Soviet Union, détente, and
the American opening to the PRC—were obviously outside the power of ASEAN governments to influence or control. But, equally obviously, they were of key importance to these governments. They played their part in the development of the Zone of Peace, Freedom, and Neutrality (ZOPFAN) concept that has come to represent ASEAN’s long-term objective for the Southeast Asian region as a whole.

As originally conceived by its Malaysian proponents, ZOPFAN involved first an Indochina settlement, with the Southeast Asian countries themselves taking the initiative. Thereafter, the countries of the region would sign nonaggression treaties with each other and undertake responsibility for resolving their local disputes. Then to complete the process, the great powers most directly concerned—the United States, the PRC, and the USSR—would recognize and guarantee Southeast Asia’s neutrality.

The ZOPFAN declaration, as adopted in Kuala Lumpur in November 1971, endorsed neutralization as a desirable objective. However, it was much less far-reaching than the Malaysian concept and had only two operative clauses. In one, the ASEAN members stated their determination to exert the “initially necessary efforts to secure the recognition of, respect for, Southeast Asia as a Zone of Peace, Freedom, and Neutrality free from any form or manner of interference by outside powers.” The other called on all of the nations of Southeast Asia to “broaden the areas of cooperation which would contribute to their strength, solidarity, and closer relationship.”

The declaration, significantly, was not issued as an ASEAN statement. Instead it was signed by the five foreign ministers. Their organization, the members seemed to feel, was not yet ready to identify itself with so openly political a statement. Moreover, the declaration differed so radically from the original proposal less because of the recognized difficulties, technical and otherwise, in the way of defining and securing great power guarantees than because of the skepticism and opposition evoked among the other members by the very idea of neutralization as advanced by Kuala Lumpur. The Philippines and Thailand were far from ready to abandon their security ties with the United States; Singapore saw no realistic prospects for eliminating the great power role in the region; the Indonesians tended to share Singapore’s view and, in addition, were critical of Malaysia’s concept of great power guarantees as a new form of colonialism, perpetuating the region’s dependency on the great powers rather than on their own efforts.

For all of its vagueness and despite continuing criticism of neutralization as impractical, the ZOPFAN declaration served useful political purposes. It clarified, as the ASEAN charter had not, ASEAN’s integrating political concept, its determination in Razak’s words “that this region will no longer be a theater of conflict for the competing interests of major powers.”

Its formula for expressing ASEAN’s aspirations was one through which support for ASEAN could be enlisted from the international community. It provided also a feature on which Moscow and

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4 Quoted in Dick Wilson, The Neutralization of Southeast Asia (New York: Praeger, 1975).
Beijing could focus favorable comment when, for other reasons, they began to abandon earlier hostile characterizations of ASEAN as a tool of U.S. imperialism.

ASEAN’s first summit meeting in 1976 in Bali then marked another stage in its political evolution. The confidence the ASEAN leaders had developed in one another was demonstrated by the mere fact of their meeting. It was reinforced at the Bali sessions by the consensus they reached there over how to respond to a now victorious Hanoi and a declining American presence. To be sure, ASEAN had already signaled its desire to deal with the Democratic Republic of Vietnam as a member of the larger Southeast Asian community. Thus, welcoming the Paris Accords of January 1973, the ASEAN foreign ministers endorsed extending ASEAN’s membership to all of the countries of Southeast Asia “at an appropriate time.” At the same meeting, the foreign ministers established an ASEAN Coordinating Committee for the Reconstruction and Rehabilitation of Indochina. Several months later they proposed a conference of all Southeast Asian nations, a proposal they repeated in 1974.

In 1976, however, ASEAN was faced much more urgently with the problem of dealing with Hanoi without appearing either intimidated or confrontational and this, moreover, at a time when the future American role in the region remained highly uncertain. With the policies of the United States and Vietnam, as well as ASEAN’s influence over them, remaining in doubt, the situation seemed to call upon ASEAN to prepare for the worst while hoping for the best. Thus, the leaders agreed that the ASEAN countries should continue to strengthen themselves internally, maintain their unity, and expand their cooperation. But, while continuing to accord first priority to economic development, each should give more attention to national defense, and the network of bilateral security ties that was developed among them should be strengthened and expanded. Since American forces were essential to maintaining a military balance in the region, the United States should be encouraged to retain its “over-the-horizon” military presence and to maintain and strengthen its interest in Southeast Asia, its disastrous experience in Indochina notwithstanding.

ASEAN, it was once again agreed, should not be transformed into a security organization. Nor should Hanoi be given any other reason to believe that ASEAN had adopted a confrontational posture. On the contrary, the ASEAN countries should seek friendly bilateral relations with Vietnam. Vietnam should not be invited to join ASEAN just yet (especially since there was every likelihood that it would reject the invitation). At the same time, Hanoi should be encouraged to identify its interests with Southeast Asia rather than with those of the PRC or the USSR. Because aid from the United States, Japan, and the West would be helpful in reducing Vietnam’s dependence on the communist countries, it should be encouraged. But aid should not be given so quickly or in such large amounts as to enable Vietnam to catch up with and surpass its neighbors economically as it had already done militarily.

The Bali meeting also signaled the organization’s new stage of development by the adoption of a number of formal agreements and arrangements, some long in
preparation. The decision to establish a small secretariat, with Jakarta as its seat, filled what had seemed, especially to structure-conscious Western observers, an important organizational gap. The Declaration of ASEAN Concord gave greater specificity to ASEAN's goals and objectives. The Treaty of Amity and Concord in Southeast Asia—open to signature by all Southeast Asian states—with its commitments to respect for territorial integrity, peaceful settlement of disputes, renunciation of the use of force, cooperation, and noninterference could be seen as a step toward the implementation of ZOPFAN and meanwhile an invitation to Hanoi.

The Declaration of ASEAN Concord was particularly noteworthy for its forthright treatment of the organization's political role. The elimination of subversive threats and the early achievement of ZOPFAN led the list of ASEAN objectives. The action program called for improving ASEAN machinery in order "to strengthen political cooperation"; for fortifying political solidarity "by promoting the harmonization of views, coordinating position [sic] and, where possible and desirable, taking common action"; and for continued cooperation on a non-ASEAN basis between the member states on security matters "in accordance with their mutual needs and interests."

Two years after the Bali Summit, ASEAN's fading hopes for a new era of peace in Southeast Asia were dashed by the Vietnamese invasion of Cambodia, an event that brought into full force the prescription for common action of the Declaration of ASEAN Concord. After a somewhat hesitant start at a foreign ministers meeting in January 1979, ASEAN assumed the leadership in the United Nations and other international forums of a campaign of political and economic pressures on Hanoi. These were intended to secure Hanoi's acceptance of a negotiated settlement requiring the withdrawal of Vietnamese troops from Cambodia and the establishment of a neutral and representative government there. Since then, ASEAN has annually mobilized General Assembly majorities for its position and effectively blocked trends that might otherwise have developed toward international acceptance of the Heng Samrin regime.

Meanwhile, ASEAN's role as a political organization has been consolidated by a number of other developments. The dialogue relationship, which began as an exclusively economic one, has now become political as well. Since 1979, the foreign ministers of the dialogue countries have met with their ASEAN counterparts after each of the annual foreign ministers' meetings to discuss the Cambodian problem as well as other issues. In political discussions, as in economic ones, the views of ASEAN's members have carried much greater weight because they are collectively expressed. ASEAN efforts led to the convocation of the United Nations' International Conference on Kampuchea in 1981 and were indispensable to the success of the long and difficult negotiations that were required to establish a coalition among Khmer resistance groups. At the same time, ASEAN remains the principal interlocutor with Hanoi, which, although it continues to reject the ASEAN position, nevertheless shows the organization the same respect it is accorded elsewhere in the world. ASEAN, to be sure, has had no more success than
Hanoi's other opponents in bringing Vietnam to terms. In the campaign to do so, however, it has established itself on the international landscape as a cohesive and influential political grouping.

**THE SECURITY DIMENSION**

Although, contrary to original appearances, ASEAN has become very conspicuously a political organization, its members continue to reject both a formal security role for their organization and even activities that might seem to be steps in that direction. Indeed, in September 1982, when Lee Kuan Yew went so far as to suggest that the time had come for greater military cooperation in ASEAN "leading up to multilateral exercises encompassing all members," the notion was vigorously dismissed by his ASEAN partners. Nevertheless, as in other areas of activity, a certain amount of ambiguity characterizes the ASEAN security dimension.

The ASEAN countries do not hold all of their threat perceptions in common. Nevertheless, they do share some rather basic ones. While military cooperation among all six members in ASEAN remains precluded, bilateral security ties have become important additions to the other increasing links among them. While ASEAN as an organization counts itself as nonaligned and the security ties of its members with outside powers vary markedly, all of the ASEAN countries—in however amorphous a way—have some connection with the U.S.-centered security structure in the western Pacific.

When ASEAN was organized, its members saw communist subversion and insurgencies, appealing to internal dissatisfactions and supported by foreign forces, as the principal threat to their security. In addition, conflicts between regional states not only threatened the national security of the countries involved but could also, like domestic insurgency, provide pretexts for outside intervention.

Today, however, neither the domestic communist threat nor the prospects of intra-ASEAN conflict need be rated very high. Only in the Philippines has the communist movement been able to regain momentum as an insurgent threat. The once-enormous Indonesian Communist party has been moribund since its suppression in the wake of the abortive 1965 coup attempt. The very small communist movement in Malaysia is bitterly factionalized; its capability for sporadic incursions from sanctuaries across the border in Thailand has been further limited by improved cooperation between Malaysian and Thai security forces. The Thai Communist party, always at a disadvantage because of its predominantly ethnic Chinese membership, has been weakened by the loss of external support and perhaps even more by bitter factionalism, some of it reflecting conflict between urban and rural-oriented doctrines, some of it the ruptures between its former Chinese and Indo-chinese allies. These factors, and more effective government policies, have encouraged insurgent surrenders to the authorities in significant numbers.

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5 *Asiaweek*, October 22, 1982.
International communist developments as well as national policies must be given credit for the much-reduced subversive and insurgent threat. ASEAN itself, however, deserves credit for subordination of still unresolved bilateral differences to the interests of regional unity. The Philippines has not renounced its claim to Sabah with a finality that satisfies Kuala Lumpur. Nor has Manila abandoned its suspicions that Sabah is a source of arms for Muslim rebels in Mindinao. But it is a long time since the Sabah issue troubled relations between the two countries in any basic way. Thai-Malaysia border cooperation has been uneven, but the general trend has been positive. Singapore and Malaysia have found it much easier and more profitable to cooperate than was anticipated in 1965; under Malaysian Prime Minister Mahathir new levels of cordiality have been achieved. The relationship between Indonesia and its much smaller partners has been a triumph of tact on both sides: Indonesia has avoided overassertiveness; its partners have shown it appropriate deference. Grumbling in some Indonesian circles at the primacy accorded to Thailand on Cambodian issues is of much less weight than the priority President Suharto accords to ASEAN.

With subversive and intra-ASEAN threats much reduced and in a changing international environment, the balance of concern as between internal and external threats has shifted somewhat. ASEAN countries still see the prospects of direct threat as arising primarily from internal problems (even though these may be exploited by outside powers). However, they have also become more concerned with potential threats from the PRC, the USSR, and Vietnam. All of them have long suspected and feared communist ideologies and communist states. On the one hand, they recognize that communist doctrines—whether emanating from Moscow, Beijing, or Hanoi—have lost much of their appeal. On the other hand, they have become more concerned with communist military potential, especially that of Vietnam and the USSR, the latter now for the first time a military presence in Southeast Asia. And there is very little faith in the permanence of policies in Beijing, Hanoi, and Moscow that, for the present, emphasize good state-to-state relations at the expense of support for local communist parties.

For all of the ASEAN countries, the PRC looms as the most serious long-term threat. Its enormous size, its proximity, its historic role, its presumed claim on Southeast Asia's overseas Chinese, whose economic role lends itself to paranoid visions of international conspiracy, its past support for communist insurgencies—all of these factors enter into the ASEAN vision of the PRC. Despite these common preoccupations, however, national evaluations vary on where the Chinese threat ranks in comparison with other external threats in the shorter term. For Malaysia, with its delicate ethnic balance and its memories of the emergency, the Chinese threat comes first, as it does for an Indonesia whose leaders are fully persuaded that the PRC played a key role in the 1965 coup attempt. Thailand, on the other hand, preoccupied with the Vietnamese threat, has subordinated its longer-term concerns to the point of de facto alliance with Beijing.

The Soviet Union has until recently seemed a very distant threat, with its direct capabilities against the ASEAN countries confined to exploiting such opportunities
for espionage and subversion as are afforded by its diplomatic or commercial presence. Since 1978, however, ASEAN perceptions of Soviet threat have been sharpened by the growth of the Russian military presence in Vietnam with its consequent extension of Soviet logistic and intelligence-collecting capabilities. Because of its new presence, its support for Hanoi’s war effort, and its much greater power, the USSR now ranks higher than the PRC in Thai and Singaporean threat assessments.

Whatever their ranking of Chinese and Soviet threats, however, the Vietnamese occupation of Cambodia constitutes the most immediate threat to regional peace in ASEAN eyes. For Thailand, the threat is directly military; Cambodia, no longer a buffer between itself and Vietnam, is now instead occupied by 150,000 Vietnamese troops whose military operations against the Khmer resistance are concentrated in the Thai-Cambodian border area. A threat to Thailand is accepted by all of the ASEAN states as a threat also to themselves. However, the ASEAN view of the security problems brought to the region by Vietnam’s occupation of Cambodia is not confined to the impact on Thailand of a large Vietnamese military presence on its border. It includes also the additional obstacles placed in the way of achieving ZOPFAN that have been erected by greater Chinese and Soviet involvement in the region, the enhanced danger this involvement brings of some violent confrontation between the two communist giants within the region, Vietnam’s violation of principles it has pledged to respect in its relations with ASEAN—the principles of respect for territorial integrity and nonintervention in the internal affairs of other countries—and the danger that Vietnam will be encouraged to employ military pressures against other neighbors should its occupation of Cambodia be accepted as a fait accompli.

The ASEAN countries also agree that, while they must themselves foreclose opportunities for Moscow and Beijing to interfere in their internal or regional affairs, responsibility rests with the United States for maintaining a favorable military balance in the region as well as globally. The Philippine and Thai alliances with the United States are seen as serving important purposes for ASEAN as a whole. U.S. bases in the Philippines are an important element in the strategic balance and help guarantee the desired American “over-the-horizon” military presence in the region. The U.S. security commitment to Thailand, even though it is viewed with some skepticism, is another deterrent against any major Vietnamese military action across the Thai border and helps to balance the Thai-PRC relationship. The U.S. security relationship with Thailand and the Philippines is complemented by the somewhat looser security tie between Malaysia and Singapore, on the one hand, and America’s South Pacific allies, Australia and New Zealand, on the other, under the Five-Power Defense Arrangements (FPDA—Britain is the fifth member). Although the ANZAC military presence is very small and scheduled to shrink still further, the FPDA is seen as of some symbolic importance. It serves practical purposes as well. Joint military exercises are held under its auspices; it supports an Integrated Air Defense System for its two Asian members; and it helps to encourage the military assistance and training that, like the United States, Aus-
tralia and New Zealand supply to ASEAN members. However, despite the Western security ties maintained by all of its members except Indonesia, ASEAN's claim as an organization to nonaligned status is not seriously challenged; even Hanoi and Moscow are quite restrained in this regard. This status and the membership of Indonesia, Malaysia, and Singapore in the Non-Aligned Movement, have been politically very useful, strengthening ASEAN's Third World role and influence and also, on occasion, its value to its Western supporters.

Heightened external threat perceptions have brought somewhat greater expenditures on defense within ASEAN as well as increased security cooperation among ASEAN countries. At the Bali Summit, even though Hanoi's future course remained in doubt, there was a good deal of concern about its much superior military strength—a well-armed, battle-hardened force of a million and a quarter as compared with 700,000 for the total ASEAN military establishment. Although the ASEAN leaders agreed that "national resilience" must remain a key goal, greater attention to military strength also seemed to be indicated. Since 1975, ASEAN armed forces have grown modestly, but the growth in military expenditures has been considerable. In constant dollars, Philippine average annual military expenditures between 1975 and 1980 were about double average annual expenditures between 1970 and 1974. For the same periods, average annual Indonesian and Malaysian military expenditures increased by slightly over half, Thailand's by better than 40 percent, and Singapore's by about one-third. Despite the absolute increase, however, ASEAN military expenditures have not increased significantly as a percentage of GNP. They remained in 1980 as in 1975 at roughly 4 percent, with Malaysia and Singapore consistently above this level and Thailand, Indonesia, and the Philippines consistently below. Malaysia and Singapore also contributed disproportionately to the increase to almost 5 percent of GNP in the period 1982–84.

The Bali consensus also called for strengthening the bilateral security ties that were already beginning to develop between ASEAN countries. Indonesia and Malaysia had pioneered in this regard, in 1972 establishing a General Border Committee to coordinate anti-insurgent activity along the Kalimantan border. In addition to cooperation against threats to public order on shared borders, bilateral military exercises of various kinds among ASEAN members have become quite common. There is a good deal of intelligence exchange and exchange of visits and of military students. In addition, at least a small start has been made toward standardizing weapons, equipment, and logistic procedures.

All of these activities, however, take place outside the ASEAN framework, and this will almost certainly continue to be the case. The arguments against transforming ASEAN into a security organization are still partly practical. Alliances among militarily weak states have little military value, while military pacts have little relevance to the internal threats that are still given priority. Politically, the argument against transforming ASEAN into a security organization rests essentially on the importance of avoiding steps that would foster Vietnamese suspicions of ASEAN intentions and harden the division of Southeast Asia into two opposing blocs.
While its successes on Cambodia in the international forum have strengthened ASEAN as a political organization, the obdurate Vietnamese response keeps ASEAN security concerns alive. Arguably, there are advantages in having Vietnam tied down in Cambodia politically isolated and cut off from major sources of economic assistance. However, as long as no progress toward a settlement is in prospect, ASEAN security concerns will continue to revolve around possibilities, however remote they may seem at this time, for a widened war (whether through the expansion of hostilities into Thailand or some new involvement of Beijing or Moscow), around the hardening of the divisions between communist Indochina and noncommunist ASEAN, and around the prospects for further growth of Soviet presence and influence in Vietnam. In addition, some of Thailand’s ASEAN partners, at least, will be concerned over the implications of Bangkok’s ties with Beijing.

OUTLOOK

ASEAN’s strength as an organization has rested heavily not only on the unity its members have forged among themselves but also on the contributions that national stability and growth have made to regional stability. None of these factors is immune to future challenge. Moreover, a challenge in one area would be very likely to have repercussions in another.

The succession problem, increasingly imminent in the Philippines, Indonesia, and Singapore, could be one such challenge, affecting both national and regional order. Lee Kuan Yew, Suharto, and Marcos were already in office when ASEAN was founded; it will be difficult for their commitment to the organization and their familiarity with it and each other to be matched by their successors. There is also the question of how ASEAN strength and cohesion might be affected should Suharto be succeeded by a president less concerned with ASEAN’s unity and more by Indonesia’s status within it. In any case, the retirement of two such strong and respected leaders as Lee and Suharto is bound to have some impact beyond national borders while, within those borders, existing political and social strains may manifest themselves more strongly, at least during the transition period. Nevertheless, in both countries the prospects for an orderly transfer of power are good even though the quality of the new leadership will remain to be tested.

In the Philippines, however, the succession problem is already acute and could easily become explosive. Marcos has not been as important within ASEAN as Lee and Suharto, but political turmoil in the Philippines, more than in any other member country, could be damaging to regional interests. Prolonged turmoil in the Philippines, as in other ASEAN countries, could damage ASEAN’s image as a region of peace and progress. It could also test rather seriously the cardinal ASEAN principle of noninterference in domestic politics. Most importantly, however, the outcome could threaten the will and ability of the United States to maintain in the Philippines the over-the-horizon military presence that the ASEAN countries see as an indispensable element of their own security.

Despite relatively optimistic forecasts for the continued growth of the national economies, there is also room for concern in this area. Protectionist trends could
become stronger and more damaging to trade-dependent ASEAN economies, foreign investment more difficult to attract. The economic problems posed could have political repercussions, internationally in strained relations with Japan and the United States, regionally in frictions arising from intensified competition for foreign markets and capital, nationally in heightened discontent and dissidence.

The Vietnamese occupation of Cambodia has been both a stimulus and a challenge to ASEAN unity. On the one hand, ASEAN’s response has reinforced its unity and prestige. On the other hand, concerns for ASEAN cohesion have been aroused by disagreements over how best to cope with Vietnamese ambitions and the great power role. Continuing stalemate in Cambodia could itself come to pose more serious threats to ASEAN unity than have yet been posed while Hanoi will be constantly alert to possibilities for exploiting differences. An unfavorable outcome, whether resulting from Hanoi’s ability to outlast its opponents or from some great power deal, would certainly be a blow to ASEAN’s prestige and create potentially divisive problems over future relations with Indochina. Even a favorable outcome would present new and difficult challenges: again the question of future relations between ASEAN and the Indochina states; the old problem of relations with the PRC under new circumstances; the impact both on ASEAN, and on its relations with the dialogue countries, of the loss of a common cause that inter alia has cushioned ASEAN’s economic dissatisfactions with its advanced partners and has provided the latter with relatively low-cost ways of demonstrating their support.

These potential problems cannot be dismissed lightly. On the other hand, the ASEAN record of coping has been good both nationally and regionally. Most importantly perhaps, since 1967, ASEAN cohesion has been institutionalized in ways of thinking and acting as well as in the wide variety of official and unofficial ties.
In this chapter I will attempt to examine the current state of ASEAN-Vietnam relations and the conflict over Cambodia. In particular, I will focus on certain structural elements, the existence of which suggests that the trend is toward an increasing and perhaps irreversible polarization of Southeast Asia. I will also look at some of the implications of this trend for ASEAN and the United States.

FAILURE OF DIPLOMACY: 1983–85

Between September 1983 and mid-1984 two major diplomatic initiatives were needed to resolve the Cambodian conflict, one from ASEAN, the other from Vietnam. From the ASEAN side came the so-called Joint Appeal, which was prepared during the June 1983 ASEAN foreign ministers' meeting in Bangkok and delivered on September 20, 1983. Reflecting the softer attitude taken during that period by Thailand, the “frontline state,” the proposal made significant offers of compromise.

While preserving the hitherto nonnegotiable essential elements of the International Conference on Kampuchea (ICK) formula, that is, the demand for a “total withdrawal of foreign forces” and for Cambodian self-determination, the Joint Appeal could be considered new on three accounts. First, it made no reference to the already abortive ICK. Second, it called for a “national reconciliation” in Cambodia which, as later clarified by the then Malaysian foreign minister Tan Sri Ghazali Shafie and President Suharto, was intended to include the Heng Samrin group and thus constituted a more defined, but by no means definite, acceptance of

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the Vietnam-backed Khmers on the part of ASEAN. Third, the Joint Appeal outlined possible steps that “could be taken in pursuit of a comprehensive political settlement of the Cambodian problem,” that is, phased territorial withdrawal of Vietnamese troops “from the westernmost territory of Cambodia along the Thai-Cambodian border,” where, subsequently, “a ceasefire should be observed”; a “peacekeeping forces—observers group should be introduced to ensure that the withdrawals have taken place and ceasefire and safe areas respected”; and “international assistance programs” should be encouraged. As later explained by Gha­zali Shafie and confirmed by President Suharto, such peacekeeping arrangements should not be under U.N. auspices but should take some other form and might possibly include the Vietnamese themselves.2

The details of the ASEAN package were further elaborated upon in an article published by Foreign Affairs at the end of 1983. The author, the then deputy chief of mission of the Singapore Embassy in Washington, wrote:

The main features of a compromise Kampuchean settlement are . . . not difficult to discover: a gradual phased withdrawal of Vietnamese forces (carried out in harmony with a planned introduction of interim arrangements, including an international peacekeeping force to ensure law and order); disarmament of all Khmer factions; the formation of an interim administration to manage the country with international assistance; and finally free elections held under U.N. supervision. Kampuchea will have to accept the status of a neutral state.3

The Joint Appeal and its clarifications seemed to have been endorsed by all the major powers except the Soviet Union. In August 1983, the People’s Republic of China’s foreign minister, Wu Xueqian, during a visit to Bangkok, urged that more assistance be given to the noncommunist Khmer resistance groups, and in September a position paper was brought out, stating the PRC’s willingness to accept the results of any free elections held in Cambodia after Vietnam’s withdrawal.4 This and Wu Xueqian’s reconfirmation in Kuala Lumpur in early 1984 that the PRC wished to see a “neutral, independent, and nonaligned Cambodia”5 represented—at least in appearance—a significant modification of the inflexible stand the PRC took during the ICK in 1982 concerning its protégés.

Apart from the PRC, the ASEAN package was also endorsed by the United States and Japan at the six-plus-six session held after the ASEAN foreign ministers’ meeting in Jakarta in July 1984. In particular, Japan made a three-point proposal to “substantiate ASEAN positions” and to “add credibility to the ASEAN

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3 Kishore Mahbubani, “The Kampuchean Problem: A Southeast Asian Perception,” Foreign Affairs, Winter 1983, p. 416. There seems to be little doubt among observers that Mahbubani was presenting not only his own views but also those of ASEAN at that time.
5 Bangkok Post, February 29, 1984, p. 2.
joint appeal," namely, to help finance peacekeeping activities and humanitarian assistance to the refugees in the safe areas, provide personnel and facilities for supervising elections, and furnish economic assistance to all three Indochinese countries after the settlement in Cambodia. In view of Japan's past caution in keeping away from international political involvements, this proposal made by foreign minister Shintaro Abe was a significant move.

Concurrent with ASEAN's diplomatic initiatives were Vietnam's proposals, which, though clearly not in response to the Joint Appeal, could be interpreted as offers of compromise. After alluding to the possibility of better relations with the PRC and of Sihanouk's and Son Sann's playing some sort of role in future Cambodian politics "if they break away from Pol Pot"—as well as vehemently denying (once more) that it proposed to aid insurgent movements in noncommunist Southeast Asia—Vietnam put together a package of proposals that could be interpreted as a move to break the vicious cycle created by intraregional conflict and contending great power rivalry over Cambodia. As evident from the Vientiane declaration issued by the foreign ministers of Vietnam, Laos, and the People's Republic of Kampuchea (PRK) in January 1984, Vietnamese Foreign Minister Nguyen Co Thach's visit to Jakarta and Canberra in March 1984, and an interview given by Vietnamese Premier Pham Van Dong in May 1984, Hanoi offered the prospect of reaching a partial solution with ASEAN and in particular with Thailand by "decoupling" the Khmer Rouge issue from the other elements of the Cambodian problem; or, failing that, the prospect of forging a broad agreement on principles, based either on the joint communiqués issued during Premier Pham Van Dong's visit to the ASEAN countries in 1978 or the 1975 Helsinki Accords. These principles, as explained by a high-ranking Vietnamese, would be aimed at regulating the relations between the ASEAN and Indochinese countries with a view to preventing the danger of the present situation escalating into a major conflict and laying the basis for gradual settlement of apparent as well as latent differences. Both sides will consider a form of international guarantee and supervision of agreed points.

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8 Nation Review, August 3, 1983, p. 3.
9 The declaration was later explained in greater detail by the director of the Vietnam Institute of International Relations, Pham Binh, in "Prospects for Solutions to Problems Related to Peace and Stability in Southeast Asia," paper presented at the Indonesia-Vietnam Bilateral Seminar, organized by the Center for Strategic and International Studies, Jakarta, and the Institute of International Relations, Ministry of Foreign Affairs, Hanoi, in Hanoi, February 25–26, 1984; the papers have been published in the Indonesian Quarterly 12(2) (1984):152–261.
10 For a summary of these visits, see Rodney Tasker, "Feeling the Chill," FEER, April 5, 1984, p. 18.
By the end of 1984, however, it was clear that these diplomatic initiatives had broken down. In particular, three clusters of events serve to illustrate this failure.

The first of these revolved around Vietnamese Foreign Minister Nguyen Co Thach's visit to Jakarta and Canberra in March 1984. The strategy and substance of Vietnam's latest offerings were lost as the tour became overshadowed by the tactics and form of his diplomacy. Earlier visits to Hanoi by commander of the Indonesian armed forces General Benny Murdani, director of Jakarta's Center for Strategic and International Studies Jusuf Wanandi, and former Thai premier and serving chairman of the House of Representatives Standing Committee on Foreign Affairs General Kriangsak Chomanan probably convinced the Vietnamese that there were increasing divisions within the Sino-ASEAN alignment, within ASEAN, and within Thailand. Accordingly, the Vietnamese foreign minister sought to exploit these intramural contradictions, first, by sensationaly making revelations about Thailand and Singapore's "duplicity" in, respectively, providing sanctuary for the Khmer Rouge and engaging in under-the-table trade deals with Vietnam; and then by making a proposal, which was rather embarrassing for his Indonesian hosts, that Indonesia and Vietnam cooperate to meet the common long-term threat from the PRC and that the former act as a bridge between ASEAN and Indochina.13

If Thach had entertained any hope that these tactics would force ASEAN to go back to the negotiating table on Vietnam's terms, he failed. As seen in the July 1984 meeting of the ASEAN foreign ministers in Jakarta, the six closed ranks and strongly reasserted their common commitment to the Joint Appeal.14 The PRC seemed to have attempted to demonstrate its value as a de facto ally by putting pressure on Vietnam's northern border during the fighting on the Thai-Cambodian border toward the end of March 1984,15 as well as by providing more arms to the noncommunist Khmer resistance groups.16 Moreover, Thai indignation was greatly aroused by Thach's diplomacy.

Before the Vietnamese foreign minister's spring diplomatic onslaught, Thai official and media reactions to the visits to Hanoi of the two Indonesian delegations under General Murdani and Jusuf Wanandi were low keyed, and one paper even went so far as to say that these moves were "worth studying."17 Furthermore, some officials expressed doubts concerning the Coalition Government of Democratic Kampuchea's (CGDK) real effectiveness as a political and military force.18 However,

13 For a more detailed discussion, see Paribatra, "Spring of Hope."
14 Indeed, the language used in the postconference joint statement was so tough that reputedly some Indonesian observers, half-jestingly, likened it to a "declaration of war."
16 As a 1984 "Christmas present," the PRC delivered 6,000 weapons of "improving quality" to the noncommunist Khmer resistance groups; from the author's conversation with H. R. H. Norodom Ranariddh, Prince Sihanouk's son and personal representative in Thailand. See also Paul Quinn-Judge, "Coalition Coalescent," *FEER*, January 5, 1985, pp. 14-16.
during and after Thach’s tour, which unhappily for him coincided with the Vietnamese attack on the Khmer People’s National Liberation Front (KPNLF) base at Ampil, the Thai media were one in their condemnation of Vietnam in general and the Vietnamese foreign minister in particular for being overbearing, deceitful, and scheming in attempting to sow discord among the ASEAN countries as well as within Thailand. Secretary-general of the National Security Council squadron leader Prasong Soonsiri, who seems to have been given a free hand to use undiplomatic words whenever deemed appropriate, spoke out vehemently against Thach, calling the latter a “salesman of secondhand goods.” Public expressions of any lingering doubts concerning the CGDK seemed to have withered away, and, instead, much attention was focused on negative stories on Vietnam, such as the latter’s use of chemical weapons, the Vietnamization of Cambodia, and Vietnam’s participation in opium deals to raise money for debt servicing. After Thach’s visit the feeling in Thailand seemed to be that the soft stand taken toward Vietnam was an unmitigated failure.

The second cluster of events illustrating the failure of diplomacy concerns the Thai-Lao territorial dispute, which reportedly began in March 1984 but was publicized only the following June. Generally speaking, since 1975 one more or less sure indicator of the prevailing state of Thai-Vietnamese relations at any given moment is the relationship between Thailand and Laos. The reason is simple. These two countries share a long and ill-defined common border, across which there has always been, legally or otherwise, a constant flow of people, goods, and services. Along this border incidents are frequent. One crucial factor that determines whether they are ignored and controlled or publicized and allowed to escalate is the prevailing Thai-Vietnamese relations. Significantly, during the period in 1983 when Thailand was taking a softer stand vis-a-vis Vietnam, a number of references were made to Thailand’s fraternal relations with Laos, not only by former premier and serving chairman of the House of Representatives Standing Committee on Foreign Affairs General Kriangsak Chomanan, who visited Laos in August, but also by Thai Foreign Minister A.C.M. Siddhi Savetsila. Indeed, some agreements were reached, instituting a hot line between provincial authorities for border conflict control, providing for more extensive across-the-border economic cooperation, and reviving Thai-Lao boat races on the Mekong, which had been suspended for two years.

Equally significantly, when Thai-Vietnamese relations took a downturn after Thach’s diplomatic offensive and the Vietnamese attack on Ampil, Thai-Lao rela-

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19 A random sampling of the more moderate and independent newspapers during this period serves to bring out this point; see Nation Review’s editorials, March 9, 19, and 22, 1984; Matichon’s editorials, March 17 and 23, 1984; and Siam Rath’s editorials, March 12, 15, and 21, 1984.

20 Siam Rath, March 22, 1984, pp. 1, 12.

21 For the opium involvement, see Nation Review, March 13, 1984, p. 1.

22 For a good summary of the incident, see John McBeth, “Coexistence Falters,” FEER, July 5, 1984, p. 16.

tions followed in the same direction. The disputed territory, comprising three rather remote and unimportant villages, became a focal point not only of verbal accusations and counteraccusations but also of armed clashes. The breakdown of regional diplomacy at the present juncture is reflected in the fact that after a lull in activities on the part of Thailand to ensure its election to the U.N. Security Council, the fraternal dispute has again flared up.\textsuperscript{24}

The third cluster of events revolves around Vietnam’s actions at the beginning of the 1984–85 dry season. Unlike the previous dry season when their offensives began late and seemed rather half-hearted and ill-directed, this time round the Vietnamese appear to have put their faith in the sword. Beginning with the assault on the KPNLF camp at Nong Chan as early as mid-November 1984, their forces in a period of four months managed to capture or destroy most of the Khmer resistance groups’ strongholds straddled on the Thai-Cambodian border, including the KPNLF’s headquarters at Ampil (January 1985), the Khmer Rouge’s main bases in the Phnom Malai (February 1985), and the Sihanoukist headquarters at Tatum (March 1985). According to the evidence available, the Vietnamese seem to be in the process of implementing a new, more aggressive and coherent strategy, as partially outlined by General Le Due Anh, commander-in-chief of the Vietnamese forces in Cambodia and politburo member, in the army review in December 1984, which requires them: (1) to launch large-scale attacks against the Khmer resistance on the “border front” by using both armor and artillery and by entering Thai territory if need be; (2) to exert pressure on or, if possible, seal off all channels of supplies to the latter by holding and reinforcing most of the territorial gains they have made and again by entering Thai territory when deemed necessary and appropriate; and (3) to force a solution of the Cambodian problem by a certain date, probably some time in 1987, by pacifying the “inland front” and freeing it from resistance penetrations.\textsuperscript{25}

The Vietnamese implementation of this strategy is not only a reflection but also a further cause of the continuing failure of diplomacy. The earlier attacks on the KPNLF and Khmer Rouge prompted the ASEAN countries to take a more hard-line approach, as evident during their foreign ministers’ special meeting in Bangkok on February 11–12, 1985, which called on the international community to provide military aid to the Khmer resistance and held forth the prospect of more (and more open) ASEAN military aid to the latter.\textsuperscript{26} Similarly, the Vietnamese

\textsuperscript{24} Nation Review, December 9, 1984, p. 9, December 23, 1984, p. 10, and December 30, 1984, p. 3.
\textsuperscript{26} Bangkok Post, February 12, 1985, p. 1.
incursion into Thailand’s Surin Province as a part of their assault on Tatum in March 1985 provoked strong responses from the Thais, who deployed their air power extensively over the combat zone and threatened retaliatory raids or, in the official language, “offensive defense operations.” Clearly, with the presence of eleven Vietnamese divisions on their border and in the aftermath of the biggest Vietnamese incursion since the invasion of Cambodia in 1978–79, the Thais are in no mood to negotiate or compromise, as evident from the addresses made by the Thai premier and minister of foreign affairs to the forty-first session of the U.N. Economic and Social Commission for Asia and the Pacific held in Bangkok in March 1985.

Although in the weeks immediately before and after the fall of Phnom Penh there were frequent mentions of possible breakthroughs, there is no substantive proof that the diplomatic deadlock is likely to be resolved in the near future. In fact, one might even argue that, given the military situation in Cambodia, the trend is toward an even more extended impasse. The Vietnamese have won some battles but not the war, and by failing to destroy the resistance and forcing them to move into the “inland front” and operate fully as guerrillas, the Vietnamese may well find that their military “successes” during the 1984–85 dry season constitute only the beginning of a long and arduous uphill struggle to pacify the country.

As in the years immediately preceding, the current impasse testifies, first, to the inability of the major players involved to find common assumptions concerning the pattern of power distribution among them in Indochina and Southeast Asia; and, second, to the inability of any one of these contending players to dictate an outcome based more or less exclusively on his own security interests. More specifically in the case of ASEAN and Vietnam, as evident from the latest policy statements (e.g., the joint communiqué of the tenth Indochinese foreign ministers’ meeting at Hanoi on January 18, 1985, and the joint communiqué of their ASEAN counterparts after the special meeting in Bangkok in February 1985), neither side has demonstrated a willingness to accept what are considered to be the minimum, and hence “nonnegotiable,” requirements of the other, or the capacity to enforce what it considers to be its own. In the case of ASEAN, these requirements are obviously Thailand’s security and Cambodian national self-determination, both of

27 Author’s interview with Royal Thai Air Force Commander-in-Chief A.C.M. Praphan Dhupatemiya on March 11, 1985, Bangkok.
29 This is the estimate of most sources; see, e.g., Quinn-Judge and Tasker, “Victory for All,” p. 25.
31 See Quinn-Judge and McDonald, “Deadline on Compromise,” for an analysis of the visit to Hanoi by Australian Foreign Minister Bill Hayden.
which can be guaranteed only by a Vietnamese withdrawal, phased or otherwise.

To these one might also add another, that is, a diminution of great power rivalry in the region, which implies a greater degree of independence for Vietnam vis-à-vis the Soviet Union than at present. And in the case of Vietnam, the minimum requirements are the elimination of the Khmer Rouge as a political and military force and a recognition of Vietnam’s primacy in Indochina. To these one might also add the cessation of Thailand’s role as a Trojan horse for external “imperialistic” powers.33

Seen in this context, the current breakdown of diplomacy may not seem significant. However, there are certain elements that, arising from the processes of interactions during the last six years, have become on an increasing scale a part of the structure of conflict over Cambodia. The existence of these elements suggests that the trend is toward a growing and perhaps even irreversible polarization of the region. If this should be the case, then the failure of the diplomatic initiatives in the 1983–84 period in retrospect might have been a golden opportunity unrecognized and squandered. It is to these structural elements that I now turn my attention.

THE PRESENT STRUCTURE OF CONFLICT

The first of the structural elements is the growing entrenchment of the extra-regional powers within the region since 1978. Regarding the United States, as a consequence of the Vietnamese invasion of Cambodia, the Thai-U.S. alliance has been and continues to be significantly revitalized.34 Furthermore, the Vietnamese military successes during the 1984–85 dry season seemed to have eroded some of the reservations the United States had about playing a more high-profile role as an ally of Thailand and a protector of the region, as evident from the readiness of both the legislative and the executive branches to provide more (and more open) assistance to the noncommunist Khmer resistance, which includes the possibility of military aid,35 and the decision to allow the Thais to purchase F-16A fighter aircraft.36 While the level and intensity of U.S. involvement in Southeast Asia are unlikely to become as great as in the 1960s and circumspection and selectivity are likely to remain the theme, these developments reflect the reawakening of

33 This label was used, e.g., in Hoang Nguyen, “Southeast Asia: Confrontation or Cooperation,” paper presented at the Indonesia-Vietnam Bilateral Seminar, p. 188.
34 For a more detailed discussion of the Thai-U.S. alliance, see Chapter 5 in this volume.
35 One part of this increase is the result of a proposal by the chairman of the House Foreign Affairs Subcommittee for Asia and the Pacific, Stephen Solarz, and takes the form of an additional $5 million in aid to Thailand, which would be dispensed by the latter as it sees fit to strengthen the KPNLF and the Sihanoukists (Bangkok World, March 23, 1985, p. 1). The other part of the increase has been promised by Secretary of State George Shultz to KPNLF President Son Sann and Prince Sihanouk’s son and representative Prince Norodom Ranarirdh, when the latter visited Washington in March 1985, and may eventually include military aid in one form or another (Nation Review, April 12, 1985, p. 1).
36 The decision was finally announced by the Reagan administration on April 1, 1985 (Bangkok World, April 2, 1985, p. 1).
American interest in the region and may constitute the beginning of a new era of activism. Although the PRC lost a good deal of influence and prestige when its clients, the Khmer Rouge, were driven from Phnom Penh, it is in the process of rapidly rebuilding its position in the region by demonstrating its willingness to use force in pursuit of its goals, by supporting the increasingly strong Khmer resistance groups (see below), and, through its arms shipments to these groups, by forging crucial links with the Thai military, which itself is in the process of extending its power base within the Thai body politic.37

The most significant change since 1978, however, is the position of the Soviet Union in Indochina. Between the fall of Saigon and mid-1978, when it seemed that the relationship between Vietnam and Democratic Kampuchea reached a point of no return, the Soviet Union’s attempts to reinforce its position in Vietnam were constantly thwarted, and the relationship between the two was not without a certain amount of friction.38 Six years after the invasion of Cambodia the picture is fundamentally different. Politically, the position of the Soviet Union has been institutionalized not only in the 1978 friendship treaty, but also in the 1980 constitution of Vietnam, and reconfirmed at all major events, in particular during the Fifth Congress of the Vietnam Communist party (VCP) in March 1982 and VCP Secretary-General Le Duan’s visit to Moscow in August 1983. Economically, it has acquired a dominant position, which is constantly being reinforced by the existing structure of trade and debt servicing, as well as by the direction of Vietnam’s economic development, particularly as laid down in the series of agreements reached in 1981.39 Militarily, Vietnam has become dependent on arms transfers and other military aid from the Soviet Union for its modernization programs and pacification campaigns in Cambodia to the extent that there may now be joint military planning between the two.40 At the same time, as a quid pro quo, the latter has been able to upgrade and utilize the facilities at Cam Ranh Bay to enhance consid-

37 See Chapter 5 in this volume, esp., pp. 64–75.
40 Thayer, “Vietnam’s Two Strategic Tasks,” p. 316.
eraly its military posture not only in the region but also in the vast expanses of the Pacific and Indian oceans.41

The second structural element is the perspective of the regional states. There is little evidence to suggest that Vietnam’s failure to pacify Cambodia and the international hostility that its occupation of that country has aroused have modified its weltanschauung in any significant way. As evident during and after Thach’s diplomatic offensive in the spring of 1984,42 Hanoi’s historical experience and Marxist-Leninist beliefs make it predisposed to see contradictions, and hence weaknesses, in the enemy’s camp; to perceive its own increasing strength and ultimate triumph as being historical necessities; and at the same time to regard as being temporary and surmountable obstacles and difficulties that in no way are allowed to subtract from the correctness or virtue of the policy being pursued.43 Indeed, one might even suggest that Vietnam has become more firmly set on its present course during the last few years: The “Chinese threat” has been institutionalized in the 1980 constitution and in the internal political processes as evident from the recent show trial.44 Despite professions of independence,45 it seems to be prepared to accept, at least in the short run, its dependence on the Soviet Union. There seems to be evidence that not only is it using the fear of the “Pol Pot–Ieng Sary Clique” as a mobilizing mechanism in Cambodia,46 but it may also now be embarking on a “Vietnamization” program,47 as even its limited efforts to “Khmerize” the conflict run into difficulties.48 And, as discussed above, it seems to have begun to imple-

42 See Paribatra, “Spring of Hope.”
43 See Douglas Pike, Chapter 15 in this volume. For Vietnam’s perspectives on Thailand in particular, see Gareth Porter, “Vietnam’s Evolving Policy Toward Thailand: Implications for the Future,” in Confrontation or Coexistence.
45 In his interview with Newsweek, Pham Van Dong said: “Does any one truly believe that, after having paid such heavy price for our freedom in blood, sweat and tears, we would hand over that newly won independence to someone else?” (p. 11).
ment a strategy to impose a military solution on Cambodia by 1987. Economic hardship there may be, but significantly Hanoi seems to be admitting it, accepting it, and making a virtue out of it. As a high-ranking official wrote:

The absence of peace and stability has been the greatest danger to Southeast Asia. Vietnam and other Indochinese countries are still poor; they need peace to build up their countries into prosperity. The ASEAN countries, including some rich ones, also need peace and stability. Although they are poor, the three Indochinese countries have proved to be steady in face of unprecedented trials in human history. They are poor but stable because this poverty is equally shared, not like in some ASEAN countries which are rich, but this abundance is not fairly distributed, so that many social problems and instability still remain. In particular, Thailand is faced with many social problems.49

A similar process of “hardening” has also occurred in Thailand’s perspectives vis-à-vis Vietnam over the long run. These perspectives concern, first, the nature of the Cambodian conflict, second, Thailand’s capacity to cope with it, and, third, the potential benefits from a continuation of the conflict.

The Thais now increasingly perceive the Cambodian conflict in terms of an East-West confrontation. As Foreign Minister A.C.M. Siddhi Savetsila told U.S. Deputy Secretary of State Kenneth Dam in February 1984, since Vietnam’s invasion,

Thailand’s eastern boundary has become the frontier of the Free World in this part of the globe. . . . Just as Pakistan is a main barrier of the Free World against the control of the strategic Persian Gulf, Thailand is the stronghold against the further advance of what Vietnam has euphemistically called “Socialism’s outpost” in Southeast Asia.50

Accordingly, more attention is being paid to the Soviet arms build-up, both in North Asia and Southeast Asia, and to Soviet-backed subversion. More prevalent is the belief that Vietnam is a mere proxy of the Soviet Union and that therefore even a successful dialogue with the former may not necessarily lead to a resolution of the conflict over Cambodia.51 Indeed, one can argue that the recent extraordinary call, made simultaneously in all ASEAN capitals (except for Brunei, which has no Soviet Embassy), to the Soviet Union to exert its influence on Vietnam to be more compromising,52 was less a serious attempt to bring peace or a reflection of the ASEAN countries’ belief in the Soviet Union’s intrinsic goodness than a poignant expression of the Thais’ exasperation with Vietnam and of their conviction that now the Soviet Union is the main stumbling block in the search for a political solution. If this line of reasoning is correct, then in the foreseeable future one would expect even less Thai-Vietnamese dialogue.

51 The author’s interviews with high-ranking policymakers conducted in 1984 serve to bear out this point.
Moreover, Thailand's confidence in its own capacity to cope with the threat arising from Vietnam's occupation of Cambodia seems to have steadily increased over time. Or to put it another way, the Thais now believe more strongly than ever that the balance of contending forces is favorable to their cause and time is on their side. First, they perceive that Vietnam is weakening partly because of the economic burden of its occupation of Cambodia and partly because of the strength of the Khmer resistance groups, which, the Thais believe, paradoxically, may grow as a result of their adoption of the guerrilla warfare strategy in the aftermath of the Vietnamese offensives over the 1984–85 period.

Second, the Thais, especially the ministry of foreign affairs, perceive that ASEAN has attained a high level of resilience and unity, that regional cooperation has developed to a point where the group can tolerate a certain level of intramural differences and collectively call the tune in the international arena. ASEAN, so the Thais believe, is now bargaining from a position of strength not weakness, and Vietnam is no longer held in awe as a ten-foot-tall giant but treated somewhat condescendingly like a misguided, wayward, and exploited child. As a Ministry of Foreign Affairs official put it in a Thai-language newspaper:

If one examines the situation carefully, one can see that Vietnam does not have complete freedom as a sovereign state should. This is a sorry state of affairs for, as all know, the Vietnamese people have spent three decades fighting for their nation's liberty. . . . ASEAN wishes to see Vietnam become independent and strong without having to depend on any great power which aims to intervene in this region's affairs and is ready to extend assistance to Vietnam to help it develop if it withdraws its troops from Cambodia.

Third, on the basis of a number of indicators such as the frequent exchange of visits by high-ranking officials, the constant presence of the U.S. Seventh Fleet in Thailand's vicinity, large-scale joint Thai-U.S. exercises, and the United States' sympathetic consideration of Thai arms procurement programs in recent years (including the F-16A purchase, seen by many as the litmus test of the Thai-U.S. alliance), the Thais, especially the military, believe that the kingdom is now more assured of the United States' support than at any time since the Vietnam debacle and that this trend is likely to persist as the United States becomes more assertive in the international arena. Furthermore, from the perspective of some political groups in Thailand, particularly the military, there are valuable domestic spinoffs from the continued existence of the conflict over Cambodia.


56 The author's interviews with a number of high-ranking officers in early 1985 bear out this point.
Since 1973 there has been a search in Thailand for a viable balance between the power of the armed forces, particularly the army on the one hand, and the requirements of an increasingly pluralistic society on the other, and it is no secret that Thai military leaders, individually and collectively, would like to maximize their domination of the body politic without resorting to arms.

The Cambodian problem seems to have given the military an opportunity to play an increasingly dominant role. Generally speaking, an external conflict is capable of making the people grow accustomed to the requirements of a national security state, that is, a growing defense budget, the centrality of the military’s position in the affairs of state, repressive laws and suppression of internal dissent, growing paramilitary and territorial defense formations, and the fostering of the perception that there is no alternative but to accept requirements for the sake of “national security” or “national unity.”

One can argue that in a number of ways Thailand is once more on the road to a national security state. The defense budget has grown from 2.77 percent of the gross national product in 1975 to 4.1 percent in 1984. The Royal Thai Armed Forces’ extensive role in the nation’s political, social, and economic development, outlined in the constitution, has become more pronounced with the promulgation of prime minister’s orders 66/2523 (1980) and 65/2525 (1982). The persistent involvement of some military leaders in all issues of political significance has become readily evident. Paramilitary formations are being expanded and strengthened. And, last, young Thais are likely to be more militarized with the proposal to set up military faculties in major universities and to expand territorial defense training.

Moreover, the Cambodian conflict has served not only to increase the role of the military as a group but also to strengthen the power bases of some military leaders over others. More specifically, the main beneficiaries have been those who are in charge of weapons procurement policies, arms shipment to the Khmer Rouge, and security on the Thai-Cambodian border. Since these beneficiaries are increasingly powerful figures, they and not the Ministry of Foreign Affairs may determine the future direction of Thai policy toward Vietnam. Given these factors, it is clear from the Thai point of view that there is no urgent need to resolve the Cambodian conflict, and, indeed, for some there may even be certain attractions to its prolongation.57

Thailand’s hardening perspectives are reflected in the stand taken by ASEAN as a collective group since 1979. Because of their perception of the PRC as the greatest long-term danger to the region and because of their seemingly elemental commitment to the ideal of Southeast Asia’s being transformed into a Zone of Peace, Freedom, and Neutrality (ZOPFAN), Indonesia and Malaysia take a more balanced view of the gravity of the threat emanating from Vietnam than does Thailand. As evident from the 1980 Kuantan Principle and elsewhere, for them Vietnam is not an

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57 For a more detailed discussion, see Chapter 5 in this volume.
intrinsically hostile state, has legitimate security concerns, and, if truly independent or (to borrow from economists) "satisficed," has an indispensable part to play in the containment of the PRC and in the final fulfillment of the ZOPFAN ideal. Conversely, any prolongation of the Cambodian conflict is likely to increase risks of armed confrontation with Vietnam, allow the great powers—particularly the PRC—an opportunity to expand its influence, and undercut the philosophical underpinnings of ZOPFAN.

However, the views from Jakarta and Kuala Lumpur have not been translated into action on a significant and sustained basis. The two are also committed in a seemingly elemental way to the development of ASEAN as an organization, and to fulfill this commitment, they see the need not only to defer to the security requirements of Thailand, but also to preserve and enhance the efficacy of institutionalized processes through which ASEAN’s common actions are organized and articulated. In more specific terms this means: throwing their support behind Thailand, especially at critical junctures, particularly in mid-1980, mid-1984, and early 1985 when the Thai-Cambodian border situation worsened; preserving a common front at all costs whatever their individual misgivings, as evident in all postconference joint communiqués; and allowing themselves to be bound by precedents however ill-advised or fruitless they may seem, as evident in ASEAN’s annual resolutions at the U.N. General Assembly. Thus, as things stand, despite intramural differences ASEAN’s collective policy toward the Cambodian conflict is, and in all probability for a long time will continue to be, determined by its commitment both to Thailand’s security and to the CGDK, which ultimately means support to all the CGDK’s factions, the Khmer Rouge included. Accordingly, the prospect of a diplomatic breakthrough or a more compromising stand is likely to be limited.

This conclusion is reinforced by the third structural element, namely, the strength of the Khmer resistance groups. This is indicated, first, by the number of armed men, which by most accounts has increased in the last two years. For in addition to the regular supply of 300–500 tons of materiel by the PRC to the Khmer Rouge every month and $4 million in "nonlethal" aid over the 1982–84 period by the United States to the noncommunists—expenditures which are not closely scrutinized—there have also been large flows of arms: some 3,000 weapons from Singapore in August 1984, 6,000 from the PRC as a 1984 "Christmas gift" (see note 16), and another huge amount provided again by the PRC in the immediate aftermath of the Vietnamese assaults on resistance bases in January and

58 For a good, brief analysis of the dynamics of ASEAN’s diplomacy vis-à-vis the Kampuchean problem, see Donald E. Weatherbee, “The Diplomacy of Stalemate,” in Southeast Asia Divided: The ASEAN-Indochina Crisis, edited by Donald E. Weatherbee (Boulder: Westview Press, 1985).
February 1985. After all these are taken into consideration, the figures in Table 1 may be accurate estimates of the strength of the CGDK forces since 1979.

<table>
<thead>
<tr>
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<th>End 1979</th>
<th>Mid-1982</th>
<th>End 1984-Early 1985</th>
</tr>
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<tbody>
<tr>
<td>KPNLF</td>
<td>2,000 or less</td>
<td>7-8,000</td>
<td>15-16,000</td>
</tr>
<tr>
<td>Sihanoukists</td>
<td>500 or less</td>
<td>4,000 or less</td>
<td>6-7,000</td>
</tr>
<tr>
<td>Khmer Rouge</td>
<td>20,000(?)</td>
<td>30,000(?)</td>
<td>30-35,000(?)</td>
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The second indicator is the range and effectiveness of operations conducted by the CGDK forces. In 1983-84, before the 1984-85 dry season, these included raids deep inside Cambodia’s “inland front,” perhaps even to the extent of threatening the main east-west “arteries,” Routes 5 and 6, and defending the main resistance bases on the Thai-Cambodian border. Although these bases have now been captured or destroyed by the Vietnamese, most observers are of the opinion that the resistance groups are still in a position to wage guerrilla warfare more or less effectively in Cambodia’s interior, at least for the next few years.

The third indicator is the continuing existence of the CGDK. Despite the fact that the coalition was a “shotgun” union, forged from disparate groups with disparate aims and ideologies, and despite the fact that there are constant conflicts

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63 These estimates are drawn from information from various sources, including Jacques Bekaeart and Paul Quinn-Judge, Bangkok-based journalists with extensive knowledge, especially of the noncommunist Khmer resistance groups; KPNLF President Son Sann’s statement before hearing on “Cambodia After Five Years of Vietnamese Occupation,” pp. 78-95; U.S. government estimates (Monjo’s prepared statement in ibid., p. 11, and Assistant Secretary of State Paul Wolfowitz’s statement, in Nation Review, April 12, 1985, p. 2; and Denis Gray, “Resistance Groups Step Up Penetration of Kampuchea,” Nation Review, March 14, 1984, p. 4. The estimates for the 1984-85 period are based on the assumption that most of the resistance forces escaped largely intact from the Vietnamese attacks on their base camps in this period. The figures of the Khmer Rouge armed strength are unverifiable in any way.
65 Information from Jacques Bekaeart.
67 See note 32.
between them,\textsuperscript{69} the CGDK has—perhaps miraculously—survived for nearly three years. Indeed, there are indications that after president of the CGDK Prince Sihanouk’s son and representative, Prince Ranariddh, arrived in Bangkok in July 1983, cooperation between the three factions has improved,\textsuperscript{70} even to the point of their once or twice conducting military operations to help out each other.\textsuperscript{71}

The present level of the Khmer resistance groups’ effectiveness should not be overestimated or Vietnam’s military capabilities underestimated. The former are far from being able to take major strategic offensives to reverse the situation in Cambodia and are still incapable of meeting frontally the latter’s onslaughts, as the recent fighting has shown. Furthermore, with so much internecine conflict within its ranks, the CGDK is constantly exposed to the danger of being irrevocably broken up. Nevertheless, the facts are clear: The resistance forces exist, they have demonstrated their ability to survive and endure, and they have become stronger over time. Consequently, they constitute another important element in the present structure of conflict, which cannot be ignored, wished away, or easily manipulated.

The existence of these structural elements means that the present impasse is likely to endure, and since they tend to feed upon one another, perceptions upon perceptions, commitments upon commitments, self-interests upon self-interests, this impasse is likely to be self-reinforcing and lead to a growing polarization of the region, which is increasingly difficult to arrest or reverse. If this should be the case, then the question is, what are the implications for ASEAN and the United States?

**IMPLICATIONS FOR ASEAN AND THE UNITED STATES**

There is much persuasion in the argument that the present stalemate in Cambodia is a “satisficing” interim solution, which, though obviously not affording the maximum degree of security, enables the ASEAN countries and the United States to achieve a modicum of stability and progress in a less than perfect world. Furthermore, it is also a situation whose final outcome may be immensely favorable, rewarding patience and endeavor and at the same time punishing haste and irresolution.

For the ASEAN countries the stalemate is “satisficing” in that a resurgent and expansionist Vietnam is contained and pressured at costs acceptable to themselves. Thailand’s security continues to be endangered, but as time passes, the danger will diminish, with both Thailand and the Khmer resistance becoming stronger and Vietnam correspondingly weaker. As Mahbubani eloquently wrote:

> Conventional wisdom in the West has tended to say that Vietnam will stay the course in Kampuchea. It would be foolish to deny the unique Vietnamese record for tenac-


\textsuperscript{70} Quinn-Judge “Coalition Coalescent.”

\textsuperscript{71} Jacques Bekait, “Khmers in Rare Show of Unity,” \textit{Bangkok Post}, November 26, 1984, p. 5.
ity, yet even the best long-distance runner eventually gets exhausted. He may be prepared to run the extra mile if the end is in sight. This is what kept North Vietnam going, especially after 1968, when its leaders saw the clear erosion of domestic support for the war in the United States. This time, as Indochinese history produces yet another irony, the Vietnamese leaders have to ask themselves: Is there a light at the end of the tunnel? 72

Moreover, the continuing existence of the Cambodian conflict can be said to bestow beneficial side-effects to ASEAN. First, it acts as a centripetal force for regional cooperation, whose substantive achievements in many other fields of endeavor have fallen short of expectations. 73 Second, it acts as a platform for promoting dialogues with Western countries and Japan. And, third, it is as a mechanism for orchestrating international support for the group, its ideals, and its individual members. ASEAN’s record in the General Assembly over the last six years is ample proof of its success in this regard. 74

For the United States the current stalemate is similarly “satisficing.” Without its having to commit too great resources or to change substantively its policy of (very) selective activism in what in relative terms is no more than a low-priority region, the United States to all appearances is successfully containing the expansion of Vietnamese and Soviet power. Because of the Cambodian conflict, the U.S.-PRC-ASEAN alignment, uneasy though it remains, apparently has never been closer or more effective. Furthermore, the relationship between the United States and ASEAN, which has been assertive in expressing its ideals of peace, freedom, and neutrality, lends an aura of idealism to the former’s realpolitik competitive posture vis-à-vis the Soviet Union. Even more important, perhaps, is helping to lay to rest the ghost of its war in Vietnam, as evident in recent moves to increase assistance to the noncommunist Khmers. It is not coincidental that American policymakers, like their ASEAN counterparts, seem to have a high degree of confidence in the future:

We do not believe that time really is on Vietnam’s side, that they are going to be able to accomplish a solution in their view that overrides the view of the Kampuchean people and of the ASEAN countries which are their neighbors. 75

Although the argument along the foregoing line is persuasive, there are a number of factors that suggest that the trend toward an increasing and perhaps irreversible polarization may have adverse or undesirable implications for both ASEAN and the United States, especially in the longer term, and that consequently it may be well advised to look more carefully for ways and means not only of breaking

72 “Kampuchean Problem,” p. 408.
74 General Assembly votes for ASEAN-sponsored resolutions calling for Vietnam’s withdrawal from Kampuchea have increased almost every year: in 1979 it was 91 votes for, 21 against; in 1980, 97 to 23; in 1981, 100 to 25; in 1982, 105 to 23; in 1983, 105 to 23; and in 1984, 110 to 22.
75 Monjo’s prepared statement in “Cambodia After Five Years,” p. 28.
the impasse over Cambodia but also of constructing a more orderly framework for managing the future relations between ASEAN and Vietnam.

The first set of implications concerns the position of the Soviet Union. A prolonged stalemate, a growing Sino-U.S. alignment, and an increasing regional polarization are likely to make Vietnam increasingly dependent on the Soviet Union for all its military, political, economic, and psychological needs. If this should be the case, then the latter will become even more entrenched not only in Vietnam itself but also unavoidably in Laos and Cambodia. Consequently, its military posture will be more extensive, assertive, and threatening to ASEAN and U.S. interests.

Moreover, growing Soviet power in Southeast Asia is likely to provoke more countervailing moves by the PRC and precipitate further instability in the region. It may be argued that given the present structure and trend of relations between Vietnam and the Soviet Union, a growing dependence of the former on the latter is inevitable, irrespective of what eventuates in Cambodia. However, Vietnam's history, including its relations with the Soviets between 1975 and 1978, suggests otherwise. Given the appropriate incentives and guarantees, Vietnam may be willing and able to become more independent vis-à-vis its Soviet patron. If that is the case, a failure arising out of a combination of hostility, skepticism, and apathy on the part of ASEAN and the United States to explore in a more systematic and sustained manner the possibility of identifying and offering such guarantees and incentives may turn out to be no more than a self-fulfilling prophecy.

The second set of implications concerns the PRC. Although the alignment with the PRC is immensely attractive to both Thailand and the United States at present, in the long term it may precipitate adverse consequences. The PRC's growing entrenchment in the region with American support, tacit or otherwise, will accentuate the suspicions and fears of Indonesia and Malaysia, which in turn are likely to cause strains within ASEAN and in the ASEAN-U.S. alignment. Nor will these apprehensions on the part of the two ASEAN partners be unfounded.

Growing Chinese power will sustain or even enhance the momentum of Soviet expansion. It will also pose a long-term threat to noncommunist Southeast Asia. First, although the PRC has frequently assured its neighbors that it will not export revolution and it has recently "renounced" Marxism, its totalitarian ideology is still in fundamental conflict with the ASEAN countries' political and economic ideals, aspirations, and practice and, what is more, can be "reactivated" as an instrument of its national goals abroad when necessary and appropriate. Second, although the PRC has stated its intention "to respect the result of the Cambodian people's choice made through a genuinely free election to be held under U.N. supervision," the fact is that the Khmer Rouge and the Deng leadership have had

a long and intimate relationship, which is unlikely to be so easily or painlessly ruptured.\(^78\) This means that as long as the Deng or the Deng-appointed leadership remains in control in the PRC, the Khmer Rouge are likely to grow in strength. Conversely, as long as the Khmer Rouge continue to exist and grow in strength, the PRC will have an increasingly powerful armed proxy in the heart of mainland Southeast Asia. The prospects for Thai security—especially in the long term—are grave indeed.

The third set of implications concerns Vietnam. There can no doubt that the predicament that Hanoi presently finds itself in is for the most part a result of its own doing. Placed in juxtaposition to its occupation of Cambodia, its claim to idealism rings false and hypocritical.\(^79\) However, a Vietnam that is increasingly driven into deeper dependence on the Soviet Union, cast into the role of a pariah by the majority of the international community, and excluded from the benefits of economic progress enjoyed by its noncommunist neighbors\(^80\) may be a desperate and dangerous adversary. It can step up considerably its use of force along the Thai border, as well as subversion beyond it, and engage in a more extensive and sustained manner a Vietnamization program of either or both of its Indochinese clients. If this should be the case, Thailand’s defensive capabilities and inner resilience will be severely tested, and the dilemmas facing its ASEAN partners and U.S. ally raised to a critical point, perhaps leading to strains and stresses within both relationships. The prospect of facing, not a “tiger in distress” as earnestly hoped for, but a “tiger rampant” as long feared, is not a welcome one.\(^81\)

The fourth set of implications concerns ASEAN regional cooperation. As discussed above, the existence of the Cambodian conflict has in some ways proved to be beneficial for ASEAN. However, there may be certain adverse consequences in the long term. First, it diverts resources and energy from other fields of endeavor, which may be of equal or greater importance. One indicator is the fact that Cambodian conflict takes up a high proportion of the agenda of the ASEAN foreign ministers’ meetings,\(^82\) perhaps to the exasperation of those who wish to promote

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\(^79\) Interestingly, it was pointed out by a Vietnamese that “Southeast Asian countries should understand that a strategy based on the imposition of one’s own wishes on others . . . will not contribute to bringing about peace and stability to the region, for it will certainly meet with opposition from the others” (Hoang, “Southeast Asia,” pp. 190–91).

\(^80\) One indicator of this exclusion is the fact that in 1982 Vietnamese per capita income was $189 (Mahbubani, “Kampuchean Problem,” p. 1) whereas for Indonesia it was $609.80, Malaysia $1860, the Philippines $731, Singapore $5,302, and Thailand $749.20; see Asia 1984 Yearbook (Hong Kong: Far Eastern Economic Review, 1984).

\(^81\) The terms are Michael Leifer’s, in his Conflict and Regional Order in Southeast Asia (London: International Institute for Strategic Studies, Adelphi Papers no. 162, 1980), p. 30.

\(^82\) E.g., the joint communiqué after the fifteenth annual ASEAN foreign minister’s conference in Singapore, June 14–16, 1982, has 55 substantive paragraphs, 19 of which are on Kampuchea and related questions; the one after the sixteenth conference in Bangkok on June 24–25, 1983, has 22 out of 55; and the one after the seventeenth conference in Jakarta on July 9–10, 1984, has 28 out of 69.
regional cooperation in other "more desirable" directions. Another indicator is the trend toward greater bilateral military cooperation among the ASEAN members. And the last is the growing amount of resources devoted to defense, except in the case of the Philippines. Even before the region is afflicted by the oncoming "F-16 syndrome," the trend is clearly indicated by the fact that whereas during 1981–82 the ASEAN countries altogether spent $7.44 billion on defense with 768,000 men under arms, in 1983–84 the figures increased to $8.29 billion and 801,100 men. Also their defense budgets as percentages of their incomes have grown over time, as seen in Table 2.

Table 2

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<tr>
<td>Indonesia</td>
<td>2.89</td>
<td>3.18</td>
<td>3.14</td>
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<td>Malaysia</td>
<td>6.50</td>
<td>5.90</td>
<td>8.29</td>
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<tr>
<td>Philippines</td>
<td>n.a.</td>
<td>2.33</td>
<td>2.40</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.32</td>
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<tr>
<td>Thailand</td>
<td>3.27</td>
<td>3.53</td>
<td>3.68</td>
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SOURCES: Yearly issues of The Military Balance (London: International Institute for Strategic Studies), with the exception of Thailand, for which the data are from the Bureau of Budget.

Furthermore, the existence of the Cambodian conflict may lead to increasing strains within ASEAN over the long run. In particular, a conflict may arise between Thailand's and Indonesia's concept of regional order.

For geopolitical reasons the Thais have always been highly sensitive to land-based threats coming from the west and east. From their perspective, whenever such a threat exists in an immediate and concrete form and remains unsatisfactorily resolved, as in the case of the presence in Laos and Cambodia of a militarily strong and ideologically hostile Vietnam, other issues or requirements, especially the long-term ones, are apt to be considered of lesser priority. Then the main thrust...
of policy is usually directed at mobilizing all available forces in the international and regional environment to support the Thai position vis-à-vis that threat. In face of a land-based threat, the Thai concept of regional order—if indeed there is one—tends to be monoemphatic, short-term, and minimalist in nature, envisaging nothing more than the removal of such a threat by all possible means. 87

On the other hand, Indonesia's geopolitical security from an immediate external threat affords an opportunity to take a more multidirectional, long-term, and maximalist view of the world and the region, as evident from its continuing commitment to and promotion of the ZOPFAN concept. Its history of anticolonial struggle helps it to identify itself to a great degree with Vietnam. Moreover, from its perceived internal security requirements, Indonesia sees the PRC as the greatest threat to the region in the long run. Thus, from the Indonesians' perspective, as reflected in the Kuantan Principle of March 1980, Vietnam is not an intrinsically hostile state, has legitimate security concerns, and, if truly independent and "satisfied," has an indispensable part to play in the containment of the PRC and in the final fulfillment of the ZOPFAN ideal. 88

The conflict between the two conceptions of regional order is still largely a dormant one, and both parties are careful to mask their differences. However, if the various Indonesian dialogues with Hanoi and the refusal to come out with stronger condemnations of Vietnam for many Thai Cambodian border incidents as indications of Indonesia's unhappiness with the Thais' imposition of their security requirements upon the rest of ASEAN—as well as Indonesia's greater willingness to assert its own strongly held viewpoints—then there is a possibility that the conflict will come out in the open, especially in the event that Thailand continues to harden its posture vis-à-vis its enemy and to neglect to acknowledge the requirements of some of its regional friends. 89

The consequences of such a conflict may be far-reaching. ASEAN may be divided. Vietnam may be encouraged to exploit the intramural contradictions within ASEAN with renewed vigor. Thailand may turn increasingly to the United States and the PRC for aid and comfort, thus precipitating not only a more hard-line posture on the part of Vietnam but also further cleavages within ASEAN. Whatever else may happen, it is fairly certain that if this vicious cycle is set in motion, regional tension will mount, and the beneficiaries will be neither ASEAN nor the United States. 90

87 For a more detailed discussion, see Sukhumbhand Paribatra, "From Past to Present: Continuity in Thai Foreign Policy?" paper presented at the Faculty of Political Science, Ramkhamhaeng University's seminar on "Thai Foreign Policy: Success or Failure?" in Bangkok, January 24, 1984 (in Thai).
88 For good summaries of Indonesia's concept of regional order, see the Indonesian papers presented at the Indonesia-Vietnam Bilateral Seminar; and Micheal Leifer, "ASEAN Under Stress Over Cambodia," FEER, June 14, 1984, pp. 34–36.
89 Leifer, "ASEAN Under Stress."
The fifth set of implications concerns Thailand. Although the current impasse can in some way be considered beneficial to Thailand, in the longer run its interests are likely to be adversely affected by more extensive great power rivalry in the region and by strains within the ASEAN alignment, which is stated to be the cornerstone of Thai foreign policy. Nor is the continuing Thai connection with the Khmer Rouge—a group whose history of nihilism and brutality is second to none and whose relationship with a potentially hostile great power is intimate beyond any doubt—without grave dangers, especially since some 5,000 of their armed troops have sought sanctuary on Thai territory as a result of the 1984–85 Vietnamese offensives.\(^91\) Parallels with the Palestinian case, as Donald Weatherbee, among others, suggests, spring to mind.\(^92\)

Moreover, developments in the 1984–85 dry-season military campaign in Cambodia not only reflected an increasingly decisive and confrontationist posture by Vietnam, but also served to multiply the actual and potential costs to Thailand. First, the resistance strongholds on the Thai-Cambodian border, which have acted as a sort of buffer for Thailand in the preceding years, are no more. Now Thai and Vietnamese troops are deployed face-to-face along the length of the border. Southeast Asians' ingenuity for conjuring up a modus vivendi where none seems likely should not be underestimated, and the possibility of local truces, such as the one brought about in January 1985 after the fall of Ampil,\(^93\) should not be dismissed out of hand. But the juxtaposition of the military forces of the two rivals, whose history of enmity is indeed a long and bitter one, is in itself a highly volatile and dangerous situation, especially given that the Vietnamese, who have perhaps eleven divisions in the border areas, are likely to attempt to hold and consolidate what strategic territorial gains they have made during the 1984–85 dry season.\(^94\)

Second, the Vietnamese offensives have forced over 200,000 Khmers, many of whom are reputed to be armed guerrillas, to flee into Thailand. The influx of these refugees presents the Thai government with an unenviable dilemma. On the one hand, their continued presence would entail a great security burden, both in terms of controlling their activities and in terms of safeguarding them against possible attacks by Vietnamese forces, which in particular may be greatly tempted to deal with the 5,000 Khmer Rouge said to have sought sanctuary on Thai territory after Phnom Malai. On the other hand, a policy of voluntary repatriation would not only tarnish Thailand’s good international image but also would most likely provoke strong Vietnamese responses, as in June 1980.

Third, as a result of the recent advances by the Vietnamese forces, Thailand has

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\(^{91}\) Information provided by sources that cannot be cited.


\(^{93}\) See the report in <i>AsiaWeek</i>, January 25, 1985, p. 7.

\(^{94}\) For the estimate of the number of Vietnamese troops on the Thai border, see Quinn-Judge and Tasker, "Victory for All," p. 25.
been put in a no-win situation as regards the future of the Khmer resistance. No matter how well the latter fare in the next dry seasons (i.e., unless they perform a miracle and drive the Vietnamese out of Cambodia), Thai security is likely to be adversely affected. If they fail to mount effective guerrilla attacks on strategic targets—especially the relatively vulnerable Routes 5 and 6—then their international credibility and Thailand’s policy, which is predicated on the preservation and enhancement of that credibility, will inevitably suffer.

Furthermore, if the guerrillas fail to engage the bulk of Vietnamese forces in security operations inside Cambodia, the latter will be able to reinforce their positions along the Thai-Cambodian border, put more pressure on the supply points for the Khmer resistance, and coerce Thailand when necessary and appropriate. On the other hand, if the resistance groups can accomplish what they boast, that is, create havoc and destruction for the occupation troops, then Vietnam may have to strike massively and decisively at the supply points, most of which, as a consequence of the loss of Khmer strongholds, are likely to be on Thai territory or so near the Thai-Cambodian boundary as to make little difference. The strategy of enlarging a war to win it is not exclusively reserved to American statesmen, nor the misfortune of falling prey to such a strategy to Vietnam. Thailand may become a victim of the kind of military logic that precipitated U.S. attempts to close the Ho Chi Minh trail during the Vietnam War.

If the foregoing analysis is correct, then during the next dry season or two, one can expect increased border tension; more Thai-Vietnamese clashes, accidental or otherwise; a greater number of Vietnamese incursions, perhaps backed by air power and penetrating 10–15 kilometers into Thai territory at some points; and some retaliations, as already threatened in March 1985, by the Thai armed forces. If this type of scenario eventuates, then the costs inflicted on Thailand will inevitably and rapidly mount, especially given that on the evidence of their poor showing during the Surin border incident in March 1985, the Thai armed forces’ capacity to render an effective defense against Vietnamese attacks is suspect.

Moreover, as in the Second Indochina War, there is a danger that the conflict in Cambodia might become institutionalized in the Thai political system, with the Thai military being able to exert their power on a more systematic, sustained, and effective basis. As I have urged elsewhere, the continuation of a “third Indochina conflict,”

together with other political trends already discernible, may lead to a straight and narrow “remilitarisation” of the Thai political system, which may deal untold dam-

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95 This type of penetration, according to some sources, is one of the worst-case scenarios in Thai military planning and until 1984–85 was thought to be unlikely.

96 See note 28.

97 According to independent sources, which cannot be cited, the Thai positions, though favored by topographical advantages, were not well prepared or defended when the long-awaited Vietnamese attacks came, and the invaders were driven off only after a relatively long period of time and many casualties on the Thai side.
age to the Thai body politic. For the Thai society is fast becoming pluralistic and complex, and the system should seek to harness, not destroy, the plurality of interests and forces prevalent in the society into one organic, stable, and progressive whole. The danger is that turning the clock back to the Thanom-Praphat era and at the same time refusing to face the challenges created by this growing pluralism may in the end turn out to be the most effective way of tearing asunder Thailand’s national security, something which the Vietnamese have hitherto been incapable of doing. 98

The last set of implications concerns the Khmer Rouge. They are looked upon with distaste and suspicion but are at the same time regarded as a necessary evil and a crucial part of the orchestration of political, diplomatic, and military forces against Vietnam’s occupation of Cambodia. Although there can be no doubt that the former rulers of Phnom Penh constitute the most effective and feared military force within the Khmer resistance, the continuation of the Khmer Rouge connection may prove counterproductive for the United States, ASEAN, and Thailand. The dangers of their becoming stronger have already been mentioned above. In the long term, the moral dilemmas implied in the relationship of expediency with the present Khmer Rouge leadership may be made more acute, especially where the United States is concerned. Furthermore, as many recent visitors to Cambodia have pointed out, at present the Khmer Rouge probably constitute the main factor that helps sustain Vietnamese rule over Cambodia. Consequently, as they become stronger, the Khmer Rouge connection, instead of being an effective instrument of coercion, may actually facilitate the outcome it is designed to prevent. 99

Indeed, any outcome that is predicated on the continuing existence of the Khmer Rouge may be considered undesirable. The present People’s Republic of Kampuchea (PRK) regime is neither democratic nor intrinsically benign; 100 its leadership’s past intimate relationship with the Pol Pot–Ieng Sary group cannot be denied; 101 and serious human rights violations take place beyond any doubt. 102 But by most accounts, after the holocaust years under the Khmer Rouge, life in Cambodia is returning to some sort of normalcy, which has not been experienced since the late 1960s. 103 Any support, tacit or overt, qualified or absolute, to the Khmer Rouge at this juncture is ipso facto a clear and present danger to this fragile normalcy.

The foregoing suggests that the implications arising from the current impasse


100 This point is made time and again in Shawcross, Quality of Mercy.

101 Kiernan, “Pol Pot and the Kampuchean Communist Movement.”


103 E.g., Kiernan, “Kampuchea Stumbles to Its Feet”; Swank, “Land in Between”; Shawcross, Quality of Mercy; and Jenkins, “Long Road Back.”
may be adverse for ASEAN and the United States, especially over the long term. If this is so, then the prevailing situation is replete with pathos and irony: At the very time that the existence of certain structural elements has made the attainment of regional order an increasingly remote possibility, the need for one such order to dampen or eliminate the adverse consequences of growing regional polarization has never been greater or more pressing. The question is whether and how a regional order can be constructed.

TO REVERSE HISTORY?

To answer this crucial question in detail would be a lengthy process, and, indeed, given Southeast Asia’s psychological and operational environment at this juncture, perhaps no more than a purely academic exercise. Nevertheless, for the purposes of future discussion and consideration it might be suggested here that an attainable and effective regional order, bestowing partial security to all, including the Khmer, and absolute security to none, contain the following elements:

1. An acceptance over the short and medium term of Vietnam’s predominant influence over, but not military occupation of, Laos and Cambodia.

2. A “national reconciliation” government in Cambodia, which would include both the KPNLF and the Sihanoukists but exclude a disbanded and disarmed Khmer Rouge.

3. An acceptance over a short and medium term of the prevailing pattern of cooperative relationships between regional states and extraregional powers with the exception of the PRC-Khmer Rouge connection.

4. An institutionalization of mechanisms of intraregional conflict management, for example, ASEAN-Vietnam dialogues and joint border and maritime disputes committees.

5. An institutionalization of mechanisms of intraregional cooperation, for example, for Mekong river development, fisheries, energy, and trade.

As things stand, such a regional order is by no means easy to set up, nor its successful implementation assured in the event that it is brought about. The PRC will find the first three elements intolerable; likewise, Thailand is unlikely to accept the first element. And yet without the consent of these countries any settlement or attempt at settlement is doomed to failure. Furthermore, the case for such a regional order is based on the assumption that Vietnam will be willing to participate and conduct itself in accordance with the rules of the game. In the last resort, however, the nature and extent of Vietnam’s ambitions are unknown factors, and this assumption may turn out to have no basis in reality.

However, if one accepts the thesis that the long-term implications of the Cambodian conflict on ASEAN and the United States are adverse, then an attempt should be made to seek a regional order containing the aforementioned elements. This is not likely to come about quickly or without pains of adjustment, but what can and should be done is the initiation of a process of bargaining and suasion, which can lead to the acceptance and creation of such an order in the long run.

This process can be set in motion, sustained, and reinforced by a number of
measures. The United States, along with Japan and the other key Western countries such as France, West Germany, and Australia, should purposefully promote cross-linkages, both intergovernmental and private, with Vietnam to diminish its isolation and whatever pariah mentality it may be afflicted with. Moreover, it should offer unconditional economic aid to Hanoi and the PRK, which perhaps would form an integral part of a Japanese and Western aid package, to enable Vietnam to diversify its ties and lessen its dependence on the Soviet Union.

At the same time, the United States should make clear—through both words and deeds—that while it accepts the Vietnamese conditions concerning the Khmer Rouge, it reserves its option to give substantial and sustained political, economic, and military support to the noncommunist Khmer resistance groups, so long as the Cambodian conflict remains unresolved, thereby enhancing the latter’s strength and bargaining position and maintaining a level of pressure on Vietnam if it should prove recalcitrant. Most important of all, however, the United States needs to convince the PRC that the existence of such an order would be the most effective barrier against Soviet expansion in Southeast Asia in the long run and that, consequently, it should help or at least not hinder any development toward that end.

The ASEAN countries for their part also need to promote similar cross-linkages and offer economic incentives to Vietnam. They should, furthermore, encourage dialogues between Vietnam and the PRK on the one hand and the noncommunist resistance groups on the other, perhaps with France or Australia acting as a go-between, and at the same time initiate talks with Hanoi, offering as a quid pro quo for the latter’s phased withdrawal a phased severance of support to the Khmer Rouge. If Thailand for various reasons should prove a reluctant partner in these endeavors, then Indonesia and Malaysia should exert pressure and persuade it to see that the existence of such an order would be the most effective guarantee of Thai security in the long run and that, consequently, as in the case of the PRC, it should help or at least not hinder any development toward that end.

The task of initiating and sustaining this process of bargaining and suasion is not without immense difficulties in itself. For one thing, the process can be irrevocably reversed by an incident on the Thai-Cambodian or the Sino-Vietnamese border, which on the strength of past evidence can take place at any given moment between any November and June. For another, the existence of the numerically and militarily strong Khmer Rouge constitutes an obstacle that cannot be ignored or wished away, and their elimination is not only a part of the solution but also a part of the problem, which must somehow be coped with. Last, again on the strength of past evidence, Vietnam’s susceptibility to political and economic incentives offered by others is at best uncertain, and the chances are that gentle encouragement on the part of ASEAN, the United States and others will be a dismal failure.

However, for the skeptical and faint-hearted who need further persuasion, here are three salient “home-truths.” First, for those in the U.S. policy-making circles who support the present policy direction in the belief that since there is a “unity of strategic interests” between Hanoi and Moscow, containing one is containing another, it needs to be pointed out that not every adverse development is a conse-
quence of Soviet action, that not every Soviet action is well planned or successful, and that not every apparent success of the Soviet Union is a consequence of its own action.

Second, although the Cambodian conflict has been characterized by ASEAN leaders as one between the principle of order by consensus and the principle of order by diktat, they need to be reminded that the present policy direction predicted on a strong connection with the PRC and the Khmer Rouge might also be guilty of attempting to impose an order by diktat upon both the Vietnamese and the Khmer people. Consequently, as they now stand, the differences between ASEAN and Vietnam in this respect may be differences only in degree and form, not in kind.

Third, for those who constantly talk about the lofty, inviolable ideals of sovereignty and nonintervention, it needs to be pointed out that without people there is no sovereignty and that for a nation that has undergone a holocaust period, an opportunity to live a normal life is a necessity and the principle of sovereignty an absurd luxury. In this respect one should heed the needs of the Khmer people and not their masters whoever they may be. An old Khmer was quoted recently:

My son is twenty-seven and he is in the government. He and I don’t talk to each other. We have different routes. Sihanouk, Lon Nol, Pol Pot, Heng Samrin, I like none of them. But whoever gives me liberty is my father. I want just to be a poet, Monsieur. I write secretly. 104

To give the Khmer a hope of such liberty there is but one alternative, that is, to try to reverse the history of the present conflict over Cambodia.

104 Quoted in Shawcross, Quality of Mercy, p. 37.
15. Vietnam and Its Neighbors: Internal Influences on External Relations

Douglas Pike

This chapter examines Vietnam's current internal political scene in terms of its influence on the country's external behavior, especially its relevance to Vietnam's neighbors. First, I list and discuss the three major characteristics of Hanoi's political culture that have for so long dominated the fixing and executing of its foreign policy. These are labeled constants because of their enduring nature, although it should be noted that all three now appear to be undergoing some degree of slow transformation. I next discuss these constants in the context of three Hanoi bilateral relationships: with Indochina (i.e., Cambodia and Laos), with ASEAN, and with the People's Republic of China. Finally, I look briefly at the future chiefly in terms of Hanoi's leadership.

I

Ideological Fundamentalism

The first constant in Vietnam's political culture is what might be called bedrock ideological fundamentalism. It is a product of heritage—Marxism-Leninism permeated by Confucianism and reinforced and hardened over the decades by the experiences and political lessons learned from its long-lived leaders. It posits a dark-edged, pessimistic philosophic view of a world filled with the untrustworthy and the undependable, in which betrayal is the norm. This is a perspective which in foreign policy is more or less applicable to capitalist world opponents and socialist world allies alike.

Hanoi's basic view of the capitalist world is unaltered Marxism-Leninism, circa the 1920s. Capitalism is seen as but a transitory historical episode, a system of brief life. This means, for example, that the societies and governments of the
ASEAN states are destined to be tossed on the scrap heap of history and to re-emerge as a string of people's republics. This is a strong article of faith and is held to be inevitable, regardless of whether or not Vietnam takes any contributive action. In policy terms this means it is foolish to entertain such progressive ideas as peaceful coexistence, détente, or any other momentarily fashionable live-and-let-live notion with the capitalist world. That world must be ruined—history must be moved along—and this is best done through class warfare conducted by a unified international proletariat. That the world's proletariat is not unified, that this Comintern principle no longer obtains, and that Vietnam itself is largely impotent to contribute to the ruin in no way invalidate this philosophy. Ideally, the socialist world would turn back the clock and expiate its sin of omission, the abandonment of socialist solidarity and proletarian unity. It is no accident that Stalin's birthday remains an important national holiday in Vietnam.

Hanoi theoreticians regard themselves as the preservationists of the proper revolutionary spirit. They demonstrate a consistent distaste for the innovative and the experimental; if they had a slogan, it would be "Down with the New!"

Their conservative radicalism transcends ideology. The endless lectures in Hanoi theoretical journals, the lecturing of visitors, the kinds of foreign policies adopted—all are pursued without discrimination in both socialist and nonsocialist world capitals, for wrongheadedness is found everywhere.1

The inevitable result is that Hanoi's foreign policies are seen and presented as statements of superior virtue, not as expressions of national interest. Vietnam's envoys dispatched abroad behave in the world of diplomacy as actors in a vast morality play. Whether dealing with its many enemies or its few friends, the moral posturing is the same. With its chief friend, Moscow, the manner is that of a minister dealing with a wayward parishioner, reminding him of his moral (and material) obligations. With opponents (particularly with the PRC) the approach is legalistic, like a stern judge, and the ecclesiastical language of moral judgment is replaced by the language of law in defense of justice and propriety.

This is best demonstrated in formal public statements such as national day speeches and party plenum resolutions. Reading them, one is drowned in a surfeit of self-righteousness. Policy pronouncements are clothed in a moral armor of certitude. Every foreign affairs act becomes another demonstration of ethical superiority. Outsiders dealing with Hanoi can expect—at least as long as the present leadership remains—that Vietnam's foreign behavior will continue to be so charged. Because the policies are not in the context of normal diplomatic behavior, they are largely unpredictable. Official positions are always messianic in character, conducted in an atmosphere of deep suspicion of the motives and intentions of others, jammed into some tight ideological frame. That is the prospect facing the

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1 This was the sticking point, of course, in the Sino-Soviet dispute. For years Ho Chi Minh threw the lack-of-unity accusation into the face of true believers in Moscow and Beijing alike, citing, to no avail, some of the most sacred texts in the Marxist catechism, that there is nothing prior to the workers of the world uniting.
ASEAN states negotiating with Hanoi. This may strike the outsider as unreal, but to the men of the Politburo—as to the medieval witch burners—it is the only genuine reality.

**Dau Tranh Doctrine**

The second constant in the Vietnamese sociopolitical scene of major relevance to foreign affairs is the operational method employed in approaching policy problems. It flows from the first constant and, as such, represents a mind-set and world view.

Its heart is the concept of *dau tranh*, which literally means *struggle* but connotes much more. Foreign relations are treated strategically, like military-type campaigns over an extended period of time (the temporal dimension is highly important). It is a policy implemented through protracted conflict, in which the conduct of war and the conduct of diplomacy are considered essentially the same.

This is not meant to be perjorative. *Dau tranh* strategy is neither militarism nor ideology but a methodology. Countries subjected to *dau tranh* strategy face a well worked-out technique used to implement external policies.

The concept is rooted in Marxism—primarily in the notion of historical determinism—but is heavily influenced by Confucian ideas having to do with time and change. *Dau tranh*, it is held, if applied in various forms and extended over time, will inevitably yield success. *Dau tranh* may be armed struggle, political struggle, or diplomatic struggle, or some combination of these. Usually it must be planned to be a protracted struggle. It is irresistible. Such is the doctrine.

In its wars with the French and then in the South, the dogma of protracted conflict was converted into a strategy. In the beginning, perhaps, Hanoi’s leadership may merely have been making a virtue out of necessity, only later realizing it could make time its ally. In any event, the concept was an inspired success, leaving Hanoi’s leadership with the unshakeable conviction that any goal can be achieved, however audaciously ambitious, if enough time is available. Hence the rule has become: struggle to survive in order to buy time, use the time bought to buy more time, until eventually, inexorably, and mysteriously, victory will come. The important point is that this protracted militancy is not simply a metaphysical interpretation of time and change; it is a well-worked-out strategy for dealing with problems and sought-after objectives.

Adapting the *dau tranh* doctrine to the post–Vietnam War world has become increasingly complex, and a full discussion of it here is beyond the scope of this chapter. Essentially, as applied to external relations, it consists of these rules:

1. Mobilize totally all resources, military and/or diplomatic, as required, and apply them to the maximum to the task at hand. This is known as “people as organizational weapon” or “organizing millions to rush to battle,” that is, battles in peace and battles in war alike.

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2 For explanation of the *dau tranh* concept, see Douglas Pike, *PAVN: People’s Army of Vietnam* (San Francisco: Presidio-Janes, 1985).
2. Conduct the campaign or pursue the objective so as to harness current available forces of history. This is known as “moving in the direction history is moving” or, more commonly, “combining strength”—that is, the nation’s “strength” combined with the international “strength of the era.”

3. Employ multiple forms of dau tranh or kinds of “struggle.” Never depend on a single form alone.

4. Seek a series of phased successes instead of a single final one, that is, “defeat the enemy step by step, forcing him to deescalate one rung at a time until the coup de grace can be delivered.” Implicit is a caution against becoming overextended and, by extension, conservatism in terms of taking risks.

5. Employ protracted conflict thinking and use of indoctrination to ensure that all personnel maintain an “aggressive mentality” (i.e., a nonpassive attitude).

6. Always “advance under the twin banners of nationalism and socialism, always making maximum use of these two forces.”

These concepts in one form or another have governed all of Vietnam’s various foreign policies since the end of the Vietnam War. Collectively, they characterize Vietnam’s conduct of diplomacy as a strategically oriented semimilitary campaign requiring “struggle” projected over long periods of time. They bring Von Clausewitz full circle: diplomacy is warfare conducted by the same means.

Pursuing foreign policy objectives through the dau tranh doctrine dooms the practitioner to the role of unfriendly loner within the region. This would be tolerable presumably if it were also successful. However, within the region in the past decade Hanoi’s dau tranh doctrine has not only failed; it has made Vietnam its own worst enemy. Probably the pattern will remain, however, at least as long as the present leadership is in power.

Economic Contradictions

One of the most puzzling phenomena in Vietnam’s postwar history has been the great disparity in its economic sector between what is needed and what is decided, between the dictates of policy and the programs actually implemented. In foreign relations this has meant an absence of economic influence or restraint on external behavior.

There has been and remains a great abyss between what the leadership says it wants to do and plans to do in the economic sector and in nation building, and

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4 Ibid.

5 All foreign relations, of course, have an economic base. And since Vietnamese communism, like all communism, is economically oriented, it is difficult to understand why the dictates of money should give the leaders in Hanoi such doctrinal trouble. Probably it stems from two facts. First, in traditional Vietnam the scholar-gentry treated money with contempt, particularly its acquisition. Second, economic aid is associated in Politburo minds with an unhealthy sense of dependence (exacerbated by strong Vietnamese xenophobia), hence a threat to national sovereignty.
what actually is done. At its most extreme this phenomenon is marked by econom-
ic delusion that distorts reality.

It can be argued that blame for postwar economic failure rests on the fifteen men
of the politburo, that they had the power and authority to launch the country into a
-crash program of national development but were unequal to the task. It can also be
argued that Hanoi’s existing governmental structure—totally centralized, domi-
nated by leaders who made decisions on the basis of ideology rather than econom-
ics—was chiefly responsible for the malaise that developed. These were the major
reasons why Vietnam in the summer of 1975 did not move spiritedly in a no-
nonsense manner into rapid nation building. But these inhibiting influences should
have been swept aside by sheer economic need.

The reason they were not is that ideology proved too strong, and the existing
political system was too encrusted with factionalism, the curse of all Sinic political
systems. Working against this was traditional Confucian and Taoist pragmatism.
The result was decisions with a mix of ideological impulse, factional infighting,
and countervailing traditionalism. Hence, to describe the debate over economic
policy as we do—between ideologues and pragmatists—is an oversimplification.
In the minds of Hanoi’s leaders and theoreticians economic decision making is a
complex interweaving of abstract ideological (and somewhat alien) reasoning and a
heritage of practical thought honed by centuries of social strictures.6 Anyone deal-
ing with Vietnam who ignores this dualism—and puts the Hanoi Politburo down
as reflexive Moscow-bred Marxists—does so at his peril. Always one must deal
with a kind of ambivalence in the leadership’s economic thinking, policies, and
programs.7

The central economic fact about Vietnam is that it is extremely poor. It has a
gross national product presently estimated at about $7.1 billion, which yields a per
capita income that is probably about $125 per year. (Estimates on per capita in-
come range from $99 to $160.)

The most serious, certainly the most intractable, of Vietnam’s many economic
difficulties is its anachronistic agricultural system and industrial plant. In the north
this is due to years of neglect, during which virtually all resources were allocated

6 In Hong Kong, during the Great Chinese Proletarian Cultural Revolution, communist department
stores sold Red Guard cigarette lighters variously imprinted with thoughts of Chairman Mao. My
favorite was one, which, freely translated, reads: “Politics is more important than economics. But
not always.” The chairman’s thought epitomizes a dilemma that both annoys and confounds Hanoi
theoreticians: that mundane economic considerations often must take precedent over ideology and
even moral precepts.

7 The result is an ambivalent attitude in stated position toward external economic relations in general
and foreign economic aid in particular. The Hanoi leadership does not hold that Vietnam must be-
come economically self-sufficient. But neither, as a matter of state policy, does it openly solicit any
close and integrated economic relationship. Its ambivalence takes the form of two frequently made
contradictory assertions: basic Socialist Republic of Vietnam (SRV) economic planning must not
program in extensive external economic activity, either trade or aid; and Vietnam’s economic future
will involve extensive input from outsiders because the world owes the SRV a great deal. The fact is,
of course, that Vietnam is on the socialist world dole.
to the war. In the south the wartime economy was distorted by excessive consumerism at the expense of economic development, although it was always in vastly better condition than the north; in fact, at the time of its capture, the south was fairly near the point of economic take-off.

Agriculture, particularly in the north, is primitive whether measured in terms of rationality and modernity (i.e., mechanization and availability of chemical additives) or in terms of productivity (the land-labor-yield ratio). Rationalization of agriculture, of course, requires expensive plant investment. This means money, which Vietnam does not have.

This was the basic problem that the Fourth Party Congress, meeting in late 1976, addressed systematically in producing Hanoi’s first full statement of postwar economic planning intent. The congress coined an official slogan that said it all: “Economics in Command.” It became official dogma that economics not politics was to have priority in economic decision making.

All evidence suggests this intention—to put economics in command—was indeed genuine and sincere. Yet it did not happen. Good intentions were never translated into programs. Economics in command would have dictated handling the “Pol Pot problem” by nonmilitary means. It would have meant placating the Chinese to preserve minimally amicable relations. It would have meant moves to establish diplomatic relations with the United States. Economics in command would have dictated great care in amalgamating the two economies, north and south, and in soliciting the energies of the ethnic Chinese in Cholon and the southern middle-class technicians. It would have meant facilitating the foreign oil industry’s attempts to make Vietnam rich. It would have meant accepting nominal “strings” on economic aid from noncommunist countries. None of this happened. Abstract policy was never translated into necessary operational orders. The sign on the billboard along the highway leading from Hanoi’s Gia Lam airport to the city, proclaiming that economics are in command, still stands, its letters now badly faded.

Late in the 1970s the factional struggle between the ideologues and the pragmatists intensified as the economic malaise worsened, finally coming to a head at the Sixth Plenum in 1979 and the debate over Resolution 6. This was a compromise between the two factions. It ordered a slowdown in collectivization of southern agriculture, removed some of the restraints on light consumer goods production and domestic trade in agricultural products, and offered incentives to farmers. It was short of what was needed but was a start, and the hope and expectation of many was that Vietnam would become ever more economically rational.

But Resolution 6 proved to be a false dawn. The ideologues were not strong enough to prevent promulgation of the principle that economic decision making at the basic (commune and work place) level was to be “the logic of the situation should prevail” (which is pure Adam Smith), but they were able to prevent its implementation. It was then that we were presented with the spectacle of politburo members complaining in party newspapers about the “sabotage” of their economic plans at the commune level.
In the next few years the tide shifted back and forth. Now once again it seems running strongly in favor of the pragmatists. New policies, mostly restatements of Resolution 6 philosophy, have been implemented and have had significant effect—impressive increases in rice production, for instance. The trend appears to have been assisted by the influence of Soviet advisers in Vietnam and also—although it would never be admitted in Hanoi—by the PRC’s current deliberate drift toward “market socialism.”

It is premature to conclude much about the rise of pragmatic influence in Vietnamese economic decision making. Outsiders for the moment should limit themselves to understanding the process and the dynamics behind it.

Eventually, if national interest comes to play an important role in fixing Hanoi’s foreign policy, this still will not prove to be of much value to outsiders. The fact is that no outsider has ever been able to convert Vietnamese economic need into foreign policy leverage. This was the experience of the USSR and the PRC in North Vietnam and the United States in South Vietnam during the 1960s and 1970s, and the experience of the USSR even at the height of Hanoi’s dependency in the late 1970s.

II

Vietnam’s postwar record of dealing with its two Indochinese neighbors, Cambodia and Laos; with the ASEAN states, especially Thailand; and with the PRC has not been impressive nor marked by much skill or perspicacity. Admittedly, it was no easy task managing these three sets of bilateral relations. One need only consider the vast change from 1975 to 1985 in the three respective relationships: Hanoi-Indochina, Hanoi-ASEAN, and Hanoi-PRC. During the decade each association has been jumbled and reassembled, in the process virtually rewriting Vietnam’s fundamental geopolitical position in the region.

Vietnam’s specific foreign policy objectives as they have emerged out of the decade—and to the extent they have emerged—appear to be these:

1. To secure a cooperative, nonthreatening Indochina, eventually a federation.
2. To prevent an anticommunist front from exercising its strength against Vietnam.
3. To limit superpower activity if possible, particularly the United States, but also the PRC and eventually the USSR.
4. To secure more tractable neighbors to the southeast, that is, to push the ASEAN countries to the left.
5. To engender regional cooperation, according to Hanoi’s style.

The external actor looming largest for Vietnam at the moment is the USSR. Let’s now consider Indochina, ASEAN, and the PRC.

Indochina

The overriding consideration in Hanoi’s relations with Cambodia and Laos is the eventual political configuration of the peninsula. In the early years of the Viet-
namese revolutionary battle against the French, the largely unexamined assumption or expectation was that the future political arrangement would be French Indochina without the French, that is, a single, federated, independent entity. Ho Chi Minh and other Vietnamese communist leaders until the early 1960s regarded the three as a natural economic entity, which it is. The pre-French arrangement had been fragmented, and that was dangerous. Hence, it was asserted, once the French left, all Indochinese, despite their various ancient ethnic antipathies, would feel more secure within a federated arrangement than without it.

For tactical reasons federation was played down during the Vietnam War. The term special arrangement to describe the existing and future association was consistently employed, having the advantage of being so ambiguous it could mean whatever one wanted it to mean. At the end of the war the moves began toward what might be called loose confederation. Hanoi’s approach has been gradual, its initial moves taken in consideration of the two obvious major obstacles: fear and antipathy by the non-Vietnamese involved and competition and opposition by the PRC and other neighbors.

But Hanoi officials have never bothered to hide their paternalistic attitude. In fact, in policy matters they often scarcely differentiate among the interests of the three, acting as if what is good for Vietnam is good for Laos and Cambodia. Hanoi’s concern is strategic. The two smaller states represent a weak flank, which hostile forces—especially anticommmunist forces—can exploit. Hanoi has long made clear that the “special relationship” is protective in nature, meaning any effort to roll back communism in Laos or Cambodia would be regarded as tantamount to an attack on Vietnam itself.

Hanoi’s fullest authoritative statement on the subject, its 1978 White Paper on Cambodia, said that full federation had been the goal of the Indochinese Communist party beginning in 1930, but was abandoned in 1954. Hanoi officials, when questioned these days by visiting journalists and others, refer to the policy statement of the Democratic Republic of Vietnam made at the 1970 Indochinese summit conference. It calls for the three Indochinese states to pursue socialist objectives and independent foreign policies, but within the context of a “confederated approach.”

Since the signing of the Cambodia-Vietnam Treaty of Peace, Friendship, and Cooperation in 1979, “confederated approach” has been amended with “alliance.” The term is used loosely in the Hanoi press and is usually applied to a military threat rather than to a description of organizational structure. It does suggest, however, that Hanoi has moved integration up a notch from special relationship to confederated approach to alliance. Military analysts say that the three armed forces of the three Indochinese countries are now treated by Vietnamese generals, for planning and logistic purposes, as a whole strategic entity.

The question outsiders—especially the PRC and the ASEAN states—must ask is will they accept federation or some advanced form of integration of Vietnam, Laos, and Cambodia?

Hanoi gives every evidence that it desires—or expects as inevitable—some form
of federation or confederation of the three Indochinese states, but it also does not seem to be in any particular hurry on the matter. The year 2000 would probably be soon enough in its estimate. This being the case, what sort of an arrangement would Hanoi settle for in the interim? There appear to be three minimal conditions.

First, Vietnam wants primacy for itself in the relationship. Neither Laos nor Cambodia should make a major decision, particularly in external affairs, without first clearing it with Hanoi. Such an understanding now exists with Laos and with the People’s Republic of Kampuchea.

Second, neither Laos nor Cambodia should develop overly close relations with outsiders, including communist outsiders. This means no alliances or stationing of foreign troops.

Third, Vietnam would like in each of the two other Indochinese countries a political element (preferably a dominant faction in the local communist party) with a sense of allegiance to Hanoi. This would not be local ethnic Vietnamese but indigenous Lao and Khmer. They would not be subversives, simply “Hanoi’s boys” in Phnom Penh and Vientiane. Something of this sort long existed in the ranks of the Pathet Lao, the result of early recruitment and long association. In Cambodia it is being created through the mechanism of the newly reorganized Khmer communist party.

Vietnam’s current adventures in Cambodia are not pursuit of empire per se but a misbegotten effort to solve the “Pol Pot problem,” as it was explained to the Vietnamese public when the invasion began in 1979. It acted because the three conditions listed above were being systematically negated or reversed by the Democratic Kampuchean government. Pol Pot was creating an entire generation of Khmer heavily indoctrinated against Vietnam. This would reverse the flow of history, away from Indochinese integration. That was the reason for the invasion—not Pol Pot’s brutality, not the border incidents, not intimacy with the PRC, but the prospect that as the years passed, federation would become less likely.

Six years later the invasion has not solved the problem. Vietnam has become bogged down in a protracted conflict, unable to pacify Cambodia or to make viable the government it has installed in Phnom Penh. Probably Hanoi would like to extricate its army (but still retain control through its Khmer surrogates) but recognizes that an immediate pullout now would mean complete loss of control and that the Cambodian scene would devolve into total anarchy.

It may happen that since it cannot extricate itself, Vietnam eventually will assimilate Cambodia de facto. The prophecy of Khmer exiles and others—that this would be the final outcome—would become self-fulfilling. Those who stand for an independent Cambodia should recognize that time is not on their side.

**ASEAN and Vietnam**

Hanoi’s attitude toward ASEAN has mellowed somewhat over the years of ASEAN’s existence, although not as much as some would believe. Generally it has
moved from open hostility to muted hostility. Hanoi still does not like to deal with ASEAN as an entity, preferring to treat each member bilaterally. This attitude is dictated by the fact that ASEAN’s objectives—economic development, integrated economic activity—are not seen to be in Hanoi’s long-range interests. ASEAN activities serve to stabilize the economic scene and perpetuate existing governments and societies. In effect, Hanoi speaks to the countries of Southeast Asia thus:

We say to you without bellicosity, even without particular rancor, that your system is the enemy, that you are the opposition. It is in the nature of things that two systems are locked in a struggle for the control of history from which only one can emerge the victor. This does not necessarily mean war, for evolutionary change is always possible. But it does mean that as long as your social systems exist we face each other in a condition of permanent contradiction, beyond which there will be only one ultimate resolution: history will bury you.8

This view of its ASEAN neighbors is logical, even inevitable, given the constants discussed above, the dedication to old-style Marxism-Leninism, a 

*dau tranh*

approach to foreign affairs, and indifference to economic influences on foreign relations. It is also perpetuated by an ASEAN tendency to misread Vietnam’s motives and purposes.

At the moment Vietnam is preoccupied if not beleaguered by problems within its peninsula. Ambitions in foreign affairs, unveiled in the early postwar meetings of the Nonaligned Nations Conference and elsewhere, are now held in abeyance. Vietnam is simply in no position to do much abroad.

Eventually, we can expect the missionary impulse to return and Vietnam to renew its idea of an alliance of “exploited” nations, an anticapitalist united front, worldwide in design but concentrated chiefly in Southeast Asia. For years Hanoi theoretical journals have discussed the concept. The Third World (or Fourth World) would be welded into a single force, united by a common interest, determined not to be exploited, and using its manpower and raw material resources as instruments of power. An anticapitalist united front would seek to polarize the poor nations and the rich nations, and raw materials would be used as weapons against imperialism, as OPEC used oil.

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8 This is the author’s paraphrase of countless Hanoi writings on the subject. Typical of the attitude in the original language is found in an interview with Nguyen Khac Vien, editor of *Vietnam Courier* (Hanoi) in the *Journal of Contemporary Asia* 2(2) (1977):

Generally speaking, the [Southeast Asia] national liberation movement will develop faster and faster, especially since there have been setbacks for the imperialist forces. Of course, in every country conditions are different. In a country like Malaysia, for instance, where there are different ethnic groups and different interests, it might be more difficult than in a country where there is a national cohesiveness. In such a country, revolutionary forces are better organized, and the bourgeoisie or the military caste is less rooted. In our generation former colonized people have had the chance to conduct a national liberation struggle. Imperialism was defeated even though it resorted to most brutal methods to achieve its ends. Other Third World countries can expect a very hard struggle. On a strategic level and in the long run, there is no possible outcome other than that victory of the people. (pp. 13–14)
For the foreseeable future ASEAN and Vietnam seem destined to remain separated by history and antagonistic world views born of heritage, experience, and geography. Little can be settled and not much improved. For the ASEAN states the imperative is for a full understanding of Vietnam, its policies and impulses. Given the present balance of forces, that alone seems all that is required for now.

The PRC

The Vietnamese-Chinese relationship is complex and ancient, dating back a thousand years and deeply rooted in the Confucian concept of pupil-sensei. On the surface are contentious issues and finite problems. Beneath is a second subliminal level, which is more important and is of greater "reality" than any specific issue.

Victory in the Vietnam War triggered among the leaders in Hanoi a determination to change the centuries-old pattern of deference of pupil to master. They felt the old tutelary relationship must give way to a new one, based on Vietnam's "independence" from the PRC, with the Asian-type equalitarianism which that connotes. The Chinese did not feel that conditions had changed that much, that Vietnam merely had had a stroke of good luck in winning the Vietnam War (i.e., U.S. lack of determination), and thus the original association based on deference and mutual obligation still obtained.\(^9\) Above all, attitude was involved: The Vietnamese expected the PRC to modify past attitudes of master to pupil; the Chinese expected the Vietnamese to continue in their historical attitudinal obligation to the Confucian principle of harmony of relations.

This may strike outsiders—especially Westerners—as some obscure exercise in Oriental metaphysics. It may be, but it is also a deep reality that has already had grave meaning for millions. Much of Vietnam's behavior in Cambodia is traceable to this subliminal struggle with the PRC. The Chinese "lesson" in the border region early in 1985 was part of that redefinition effort. The Soviet presence in Vietnam most certainly is a contribution, although probably an unwitting one on Moscow's part.

Objective conditions change relationships. What enters is the act of delineation, in this case redefining the relationship to exist in the future between Vietnam and the PRC. Hence, this is no metaphysical exercise but a very real struggle with profound meaning for the future.

Exacerbating the relationship are the surface level issues: Vietnam's intimacy with the USSR, its intrusiveness into Cambodia, and its mistreatment of the ethnic Chinese in Vietnam, all Chinese grievances; and the cold war (and bleeding war in Cambodia) conducted by the PRC against Vietnam, Hanoi's chief grievance.

\(^9\) Since at least the early 1970s Beijing did not want a clear-cut Vietnamese communist victory (nor defeat), preferring an indeterminate stand-off condition for an indefinite period. Given its choice, it would have preferred to deal with four Indochina states (including a leftist but separate South Vietnam). None of this was lost on Hanoi.
Most important for the PRC is the nature and future of the Soviet presence in Indochina. Beijing faces a genuine strategic challenge: how to force distance between the Vietnamese and the Soviets. It has tried several approaches, none of which has been successful. Presently, it pursues what might be called a campaign of protracted intimidation, that is, sustained pressure of various sorts—military, diplomatic, and psychological—on the Vietnamese, calculating that eventually they will seek a modus vivendi with the PRC.

Cambodia became for the PRC what it did not want it to become, a proxy war with the USSR and a test of determination and willpower on the two sides. However, now that condition has devolved to the Chinese seeming to be willing to accept a protracted conflict challenge, in part no doubt because the strategy of "bleeding" Vietnam in Cambodia puts little strain on the PRC.

Thus, Cambodia is far more important to the PRC than it is to the ASEAN states. Clearly, Beijing does not want a federated Indochina. Whether it could accept some institutional arrangement at a lower level, say, a loose confederation not closely associated with the USSR, remains an open question. It comes down to what Beijing eventually will settle for in Cambodia. We know what it demands—total Vietnamese military disengagement. Actually, a pullout of the Vietnamese army is one of the less knotty concerns for the PRC. More difficult to determine is the kind of governing structure it would find acceptable.

Hanoi’s current calculation is that eventually it can break the back of the resistance in a series of dry-season offensives and then drive the guerrillas into the mountains. Should Hanoi eventually conclude that it cannot pacify Cambodia, it might agree to some sort of power-sharing arrangement among the major Khmer contenders.

The “Pol Pot problem” and the idea of federation were once separate matters for Hanoi. As discussed above, it seems evident that Hanoi’s long-range intentions are to weld the three Indochinese states into a single political entity, although not with bayonets but through arrangements perceived as of mutual benefit by the Lao and Khmer people (or at least their leaders). However longer the struggle continues, the more Hanoi’s twin objectives—to rid itself of Pol Pot’s reversal of history and to achieve Indochinese federation—will tend to merge into a single one. This is the PRC’s dilemma: The more successful it is in continuing the resistance, the more it contributes to the Vietnamese assimilation of Cambodia.

III

We began by noting three singular influences on Hanoi’s external behavior: a rigid fundamentalist political outlook, a penchant for regarding foreign relations in terms of dau tranh or struggle, and the frequent absence of economics in shaping foreign policy. To a degree all three are personalized, a reflection of the personalities of the present Hanoi leadership. The question then is what is the meaning for the future?

Hanoi’s state and party operational policies and programs over the years have
exhibited remarkable continuity and steadfastness. Speaking historically, it probably can be said that the rulers in Hanoi and the institutions they command have been more constant in purpose and more consistent in behavior than those of any other society in modern times. The winds of change buffeting the world have assaulted communist and noncommunist countries alike—but seem scarcely to have touched what was formerly the Democratic Republic of Vietnam. There is no fully adequate explanation for constancy. But certainly the answer lies with, or begins in, the leadership.

It has been equally puzzling that in the past decade Vietnam has largely escaped the social and political afflictions experienced in the rest of Southeast Asia. This is not to say that it has not had its troubles. The history of the 1975–85 period is largely one of failure, malaise, and crisis. But it is important to bear in mind that the nature and quality of trouble in Vietnam are not the same as those of its Asian neighbors.

Thus, as so often seems to be the case in Asia, the future turns on historical conjuncture, the forces of circumstances that churn up a particular leader wielding such enormous power. Given the heritage of politics of entourage, given the weakness of political institutions, it could hardly be otherwise. The history of each Southeast Asian country is the lengthened shadow of its charismatic leaders.

Communist Vietnam has been exemplary in this respect. Its politburo is perhaps the most long-lived anywhere. The rulers of Vietnam today are very largely the same small group present in 1945, minus the few claimed by death or incapacity. There are forty-year political associations here, both political friends and political foes—but even antipathy extending over four decades takes on the quality of a bond.

Now of course the leadership is aged—the average age of the politburo members is seventy-two, the Central Committee about sixty-nine. The leadership has become calcified, characterized by rigid thinking and inflexibility in dealing with problems. It has so isolated itself, it seems unable to acknowledge the cause, extent, or sometimes even the existence of problems besetting the society. Each year the Hanoi political system becomes more of a gerontocracy.

An important reason why the Hanoi leadership system worked so well in the past was its mastery of the principle of collective leadership. Collective rule has been tried in other Marxist societies with little success, but it has worked well in Vietnam. Future rulers probably will make every effort to perpetuate the system. They could be thrown off track, however, by a number of developments. There could be a bid for power by a single faction. There could be a militarization of the leadership, as in Poland.

10 There has been little domestic violence, more the wonder since preconditions for it were abundant. But the fact is that the “resistance” in Vietnam never amounted to much and today is simply not a factor of importance in assessing the internal scene. Likewise, although this is perhaps less true than it once was, Vietnam does not suffer from weakness in political and social institutions, the curse of other Southeast Asian societies.
However, as long as the present leaders remain, particularly the “inner circle of five” (Le Duan, Truong Chinh, Pham Van Dong, Pham Hung, and Le Duc Tho), the leadership will behave in a manner consistent with past behavior. Its world view will remain unchanged. Policies essentially will be straight-line continuations of previous courses of action with no abrupt change or radical innovation.

The leadership in Hanoi then has also been a political constant. But men are mortal. Soon there will be a generational transfer of power. Changes in policy seem certain then. These may be more inadvertent than deliberate, the new generation telling itself it will remain loyal to the doctrines of the past. But the differences between the generations—the cosmopolitan gentry replaced by the war-traumatized proletariat—signal that significant, even drastic, modification in the way things are done is inevitable. What this change will be we do not know—since we do not know which individuals standing in the wings will take the reins of power—only that it will come.
INTRODUCTION

Burmese foreign policy toward the ASEAN states is a product of factors, real and perceived, both emanating from external forces and evolving from internal stimuli. Some are rooted in the precolonial period, others became manifest during the first decade of independent civilian government, and still others were a product of the military regime in Burma. All have evolved and shifted, and some are in the process of change.

Comprehending the nature of these individual elements and their seasons is required to understand the whole and its dynamics. This chapter will concentrate on the internal political and power structure of Burma since 1962 and on how it has affected relations with the ASEAN states. Of all the members of ASEAN, it is Thailand with which Burmese relations were and are most important because of its long, common border, on which there has been constant, often acrimonious, contact between the two—contemporary official comments to the contrary. It is therefore on Burmese-Thai relations that this chapter will focus.

Burma has long eschewed joining ASEAN or any other Southeast Asian grouping. For this reason, it has often been characterized as a neutralist state. There is, however, a distinction between a neutralist foreign policy and one that is isolationist. The former requires continuous international interchange but also a deft, balanced handling of relations, especially those involving the major power blocs. The latter avoids all such relations in an attempt to limit penetration and egress.1

The views expressed in this chapter are those of the author and do not necessarily represent the Agency for International Development or the Department of State. This chapter has benefited in its revised form from the comments and questions raised at this conference and especially from those of the commentator, Chao Tsang. Responsibility for errors of fact or interpretation rest, as always, on the author alone.

Isolationist policies (and alliances) are generally believed to be pursued because of perceived security, military, or subversive threats, but "concerns over the damaging costs of dependency, combined with the perception of cultural threats resulting from foreign penetration and/or diplomatic-commercial activity abroad" may also be factors, ones especially relevant in the Burmese case.\textsuperscript{2}

Burma has ranged in policies from suggested alliances with the Western powers (contrary to general belief) during the early period of its independence,\textsuperscript{3} to strong, almost archetypical neutralism, then shifting to isolationist policies, and now to an increasingly uneasy blend of what might be called modified isolationism.


There have been various high-level delegations from Thailand, and a joint border committee met occasionally until 1968 (before U Nu went into exile in Thailand) and once after 1973 (when U Nu left). There have been numerous discussions on border, insurgent, and narcotics issues. Even the occasional border incursions or violations have normally been met with apologies, and in one extraordinary case a Burmese subject (Lo Hsing-han, in 1973) was extradited to Rangoon in spite of the absence of such a treaty.

Yet this formal, appropriate record masks a reality that is quite different. Burmese attitudes toward Thailand (and, one might add, the reverse) are enveloped by suspicions, both contemporary and historical, that have reasonable bases in fact. They are likely to continue to influence policies and actions beneath the veneer of propriety, which is thin and fragile but still likely to endure.

The internal Burmese factors that have affected and continue to influence Burma's formation and execution of foreign policy toward ASEAN, and especially Thailand, are composed of six interacting, closely related elements. These are (1) the historical antecedents of contemporary policy, (2) Burman\textsuperscript{4} perceptions of Burma's international posture and survival, (3) the internal distribution of political and military power and their role and vicissitudes within Burma, (4) narcotics and

\textsuperscript{2} Ibid.


\textsuperscript{4} In modern writings on Burma and in this chapter, the term \textit{Burman} is used to delineate the major ethno-linguistic group in the country (in contrast to minority peoples), while \textit{Burmese} is used to describe a citizen of Burma of any ethno-linguistic group. Burmans probably number about two-thirds of the population.
other smuggling traffic and their relations to international affairs, (5) military perceptions of foreign relations, and (6) economic development in relation to politics and foreign policy. Each of these will be discussed in turn, but none can be isolated, nor is each dependent solely on Burmese perceptions. Thai responses, real or anticipated, and the resultant Burmese attitudes are important as well.

PERCEPTIONS OF HISTORY
IN CONTEMPORARY BURMESE POLICY

The concept of finite, physical borders that explicitly demarcate sovereignty, economic autonomy or dependence, ethnicity, and political control or influence was, of course, historically foreign to the region. The traditional state in Southeast Asia was defined by its capital, the magical center of the universe, not its periphery. "Since the traditional idea of power is totally different [from the modern state] in character and the idea of uniform lateral application of power is meaningless, the concept of a frontier assumes very limited importance. The traditional state is defined by its center, not by its perimeter." 6

The imposition of such alien concepts as relatively immutable by the colonial powers destroyed the interpenetrating systems of alliances and views of suzerainty (in which an area might be subject to several states at the same time) that were characteristic of the region. There was no necessary inconsistency in such an overlapping system, no matter how untidy it seems in contemporary terms. The destruction of such traditional patterns in the light of modern needs to define sovereignty has not, however, eliminated memories of the earlier period that are more than vestigial and perhaps inchoately affect current attitudes toward policy.

The incessant warfare between various Burman kingdoms in their expansionist modes and the Thai court at Ayuthia, the actual subjugation of the kingdom of Chiangmai at various periods over three centuries, the shifting control of the ports (especially Mergui) of the Tenasserim, and the eventual and final destruction of Ayuthia in 1767 are not forgotten on both sides of the border. U Nu even apologized to the Thai for it in 1954. Of particular importance, however, are the Shan of the Shan plateau. Their domination of central Burma following the collapse of Pagan at the end of the thirteenth century is remembered, as is the importance of that plateau and its people to repeated Burman attempts to dominate the Menam valley.

Lest these historical realities today seem jejune arcane, they have contemporary relevance. Japan ceded Kengtung and Mongpan states—the first and arguably the most important and illustrious of the Shan states—to Thailand in recognition of Thai efforts on Japan's behalf during World War II. The Shan leaders' quest for greater autonomy, a form of federalism, or even (on the part of some) in-

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dependence—their impractical option under the 1947 constitution of leaving the “Union” of Burma after ten years and a plebiscite—was the precipitating, if not the only, cause of the military coup of March 2, 1962, which brought Ne Win to the power he has never relinquished. There are relatively close ethnic, linguistic, and even family connections between the Thai and the Shan, and the Burmese today are well aware of historical precedent and the centripetal cultural force of Thailand on the Shan. Pan-Thai sentiments still exist. The cultivation of the opium poppy, its transport, and its refining into morphine and heroin in the Shan-Thai border area—whoever may benefit from all these activities—further exacerbate the tension.

That the Burmese court was suzerain over the Shan states was not alone sufficient reason for British annexation of the plateau and its inclusion in the Indian province of Burma, for the Burmese had at various times controlled Chiangmai and even northern Laos; rather, the Mekong River provided a convenient, clear boundary between British and French imperial ambitions, as well as a border that would give the British control over the Shan territory as a potential avenue to open southwest China to trade through its proverbial back door.

Burmese history, especially the incessant wars from the fourteenth through the nineteenth centuries between Burman (and in the early period, Shan) power in the upper Irrawaddy and Sittang river valleys and the Mon, Arakanese, and Thai in the south and east, has been interpreted too often as examples of simple ethnic rivalry. Recent studies demonstrate that the causes were more complex and bound in other factors, but there is an accurate Burman perception that Westerners have attempted to manipulate these internal and external Burmese struggles for power since their penetration into the region. The British, French, and Portuguese were suppliers of military and technical assistance to the various ethnic and other pretenders to or occupants of the thrones of Burma and in efforts to wrest control of parts of the south from what in some circles might today be called the Burman “hegemonists.”

This pattern is also reminiscent of the more contemporary period. In World War II, the Karen and Kachin generally backed the British, while the Burmans first opted for the Japanese in return for what became a pseudo-independent state. Some British elements covertly supported the Karen in the early years of their fight for autonomy (although the British Labour government seemed intent on Burma’s becoming a single, independent state), the Americans and the Thai helped the Kuo-mintang forces in the Shan state in the early 1950s, international Muslim organizations backed Islamic dissidents in the Arakan, and high-level and unofficially

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7 For discussions of the coup and its aftermath, see Josef Silverstein, _Burma: Military Rule and the Politics of Stagnation_ (Ithaca: Cornell University Press, 1977); and David I. Steinberg, _Burma's Road Toward Development: Growth and Ideology Under Military Rule_ (Boulder: Westview Press 1981). Chao Tsang noted that federalism was what the Shan desired, but there were some among the military who feared the Shan might opt for their right to secede under the 1947 constitution (Third U.S.-ASEAN conference, January 7–11, 1985, Berkeley, CA).

sanctioned and muted Thai support was provided from 1969 to 1973 for the U Nu rebels along Burma's eastern frontier, as well as tacit or active involvement with the Shan and the Karen. These are more recent manifestations, from a Burman viewpoint, of a continuing phenomenon that is further exacerbated by Burmese charges of Thai profiteering from the extensive opium and smuggling trade along the frontier.

From the Burman perspective, then, there is logic to the suspicion that the ASEAN countries, and especially Thailand, which has been and is allied with the United States, would prefer to see a weak Burma on the western Thai frontier. This is especially the case in light of the problems with Cambodia and Vietnam on the eastern front. They would prefer to see Burma an internally weak federal structure or comprised of a series of nonthreatening buffer principalities with conservative internal policies to stand between the essentially moderate Thai state and what are regarded as the excessively socialist and leftist regimes that have ruled Burma since independence.9 No Burmese government with any shred of nationalist credentials could tolerate such a scenario. There is recent evidence that although in the past various groups had hoped for independence or a U.N. trusteeship in some of the disputed regions, there is a willingness to settle for some sort of real federalism within a Burmese union.10

FROM BURMESE TO BURMAN, NEUTRALIST TO ISOLATIONIST: CHANGING CONCEPTS OF INTERNATIONAL RELATIONS

U Thant’s election as secretary-general to the United Nations was no arbitrary event, but one that accurately mirrored both Burmese and international opinion of Burma’s impeccable credentials as a leader of the neutralist movement. (Had U Thant been in Burma after the coup and before he was elected, it is likely he would have been jailed along with U Nu as a close associate of the former prime minister.) Burma walked a fine line in its neutralist policy during the civilian period, delicately balancing its relations among the great powers. Burma paid for Russian assistance with rice and stopped U.S. support over American aid to the Kuomintang in the Shan state. Burma operated with great care and circumspection in its foreign relations.

Civilian control of the Burmese government for the first decade after independence until 1958 was titularly multiethnic in spirit and neutralist in concept, no matter how closely reality intruded to assure Burman domination of the bureaucratic process.11 Although local autonomy was illusory in any significant aspect of

9 E.g., the Kayah state’s independence was recognized by both Burma and Britain in 1875. In a British map produced in London in 1817, prior to the First Anglo-Burmese war, the border of the “Birman Empire” reached just west of Bangkok and included Chiangmai, Nan, and Luangprabang, among other places. It is reproduced in outline in David I. Steinberg, Burma: A Socialist Nation of Southeast Asia (Boulder: Westview Press, 1982), p. 26.
10 Nation (Bangkok), January 16, 1985.
the distribution of power, state governments were in fact run by the minority members of those states (although subject to the Anti-Fascist People's Freedom League), and the sensitivities of the major minorities had to be taken into account. The system did not work well, but it did function. It was, in essence, a multiple society with plural cultures.\textsuperscript{12}

Military domination changed the balance of the equation, already heavily weighted in favor of the Burmans. Burma moved from a society relatively open to foreign contact to one closed and isolated, where entry and egress became infrequent and often surreptitious. The "multiple society–plural cultures" state became one in which the multiplicity of the society remained, but the power culture became unitary and Burman. During this period, it could be argued, the minority groups in revolt had more external orientation (especially the Karen) because of trade and foreign exposure and in part in the case of the Karen due to their Christian connections, and it was the central government that was insular. That is not to deny that the proper, formal external relations of the Rangoon government were not important, but rather to suggest that if there were a predisposition in Rangoon, it was more insular; among the rebels, it was external—a matter of survival.

The military, closely following the 1962 coup, publicly reaffirmed the policy of neutralism that had been formulated by their civilian predecessors.\textsuperscript{13} This reaffirmation can be accepted only in the broadest sense. Although it was rearticulated, Burma became more isolationist than neutralist about a year after the coup, which indicated a major shift of emphasis, in practice if not in rhetoric. How much this reflected an ethnic shift in the power structure to Burmans within the military is an unanswered question.

The Burmese military in its colonial incarnation was essentially a province of the minorities recruited on the Indian model, and only about 12 percent Burman.\textsuperscript{14} The various permutations associated with military recruitment and alliances during World War II and the Karen rebellion, which brought Ne Win promotion to primary military leader, made the military essentially a Burman domain at the higher levels. Since that period, and especially following military rule and the spread of ethnic rebellions to the Shan and the Kachin (making their leaders suspect), Burman domination of the military has assured Burman absolute control over all the elements of the distribution of state power and its employ in Burma. Even though Ne Win and others of his group may have been Sino-Burman, they operated within the Burman cultural context.

During the period of military rule, including that of the "caretaker government"

\textsuperscript{12}The concept is from Manning Nash's \textit{Unfinished Agenda: The Dynamics of Modernization in Developing Nations} (Boulder: Westview Press, 1984) and some of his earlier writings.

\textsuperscript{13}Josef Silverstein, "The Military and Foreign Policy in Burma and Indonesia," \textit{Asian Survey} 22:3 (March 1982). He also makes the point that foreign policy in Burma did not reflect the values or the identities of the military since the policies were inherited from their civilian predecessors. This may be questioned if isolationism and neutralism are treated as distinct.

\textsuperscript{14}Moshe Lissak's \textit{Military Roles in Modernization: Civil-Military Relations in Thailand and Burma} (Beverly Hills: Sage Publications, 1976) is the most important work on the subject. One of the prices of Karen inclusion in the union was that the commander of the armed forces was to be General Smith Dun, a Karen.
of 1958–60, the frontiers became less stable than under the previous civilian regimes. Although the Chinese Nationalist threat was eliminated as some were evacuated and many more migrated south to Thailand, other problems intensified so that there is now no border area that is trouble-free. This has occurred in spite of military-negotiated border agreements with all of Burma’s neighbors except Laos, where the Mekong provides a convenient and easily demarcated boundary.

The reasons for such instability rest not primarily with Burma’s neighbors (although Chinese support to the Burma Communist party in the past and a continued Chinese Nationalist presence in northern Thailand are exceptions) but with internal Burmese political, economic, and sociocultural policies that have intensified minority alienation. The transparent, although unarticulated, complete ascendancy of the Burmans—constitutional and public exhortations to the contrary—changed the nature of policy formulation and may eventually be considered the most important aspect of military rule.

The codification of Burman domination is implicit in the constitution of 1974, in the process of formulation at least since 1968. It expressly protects the rights of minorities and their cultures and languages. More importantly, and in contradiction to the stated goals, it stipulates that Burma is to be a unitary state; control is at the center; and whatever modest local authority exists at the periphery is there because it has been delegated. The seven administrative divisions (i.e., provinces) of Burma proper (the Burman areas), which are matched in perfect symmetry by the seven states (minority areas), present the appearance of an administrative balance.

This is a fiction. On the model of a variety of Eastern European constitutions, the Burmese document specifies that although sovereignty is vested in an elected Pyithu Hluttaw (National Assembly), the leadership of the state will be under the control of the Burma Socialist Program party, the only legal political entity in the nation. This in turn means that the military, which founded the party and of which two-thirds are party members, will run it. The military leadership effectively is now completely Burman.

Minority disaffection had existed in some groups since independence. It became intensified, however, after the coup and predates the constitution of 1974, which in a sense simply legalized the military’s control of the unitary state. A variety of previous events had encouraged a number of the minority groups into revolt, even though it may be argued that a degree of “warlordism” may have always existed in these areas. During the caretaker period, the military negotiated in 1959 the transfer of certain rights to the Shan or Kayah state governments that the sawbwas (maharajas) had maintained. Although legal authority over their followers was ended, as was their ability to collect certain types of taxes on behalf of their states, the social influence of these roles, which had been hereditarily maintained all

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15 The constitution is discussed in Steinberg, Burma’s Road Toward Development. The text is available (with commentary) in Albert P. Blaustein and Gisbert H. Flanz, eds., Constitutions of the Countries of the World (Dobbs Ferry, N.Y.: Oceana Publications, 1982).
throughout the colonial period, continued. The military also ended the legal cultivation of opium, taxes on which went to the Shan state treasuries.

The Burmans had been the main force of the nationalist movement, which was intimately associated with Buddhism and in which socialism figured prominently. This combination fostered antagonism toward foreign business and free market or capitalist activities, all associated with European imperialism or Indian and Chinese exploitation. The economic centralist policies of all governments were apparent, but the military exhibited those of an extreme socialist nature about a year following the military coup of 1962, after which some 15,000 firms were nationalized.

This encouraged smuggling as the population increased, production either stagnated or dropped, and consumer goods disappeared from the bazaars. Thailand was the focus for much of this trade, and it was effectively used by the Karen rebels to finance their operations through transit taxes (5 percent) on goods passing through their region and through the extraction and sale of commodities such as teak, tin, and cattle in Thailand. Estimates indicate that the Karen received $64 million annually from this trade until the Burmese government offensive in 1984.

Another factor affecting center-periphery relations was the movement of the Burmese Communist party (BCP) rebellion from Burma proper, where it had been defeated, to the Shan state along the Chinese border, where Chinese support was provided and cadre trained. As Chinese support later diminished, however, the BCP became involved in the opium trade as a means of continued financing of their rebellion, the only one in Burma devoted to the overthrow of the central government. As a result of this shift of venue, the BCP has been able to ally itself with a variety of ethnic groups also in revolt, but for different reasons. These shifting patterns of support and antipathy may reflect more the economics and multiple alliances of the opium trade than they do ideological persuasion. As a result, however, the Burmese military has been unable to dislodge any of the major centers of insurgent power in spite of repeated attempts, including two in 1984, against the Karen and Kachin. The BCP is in some sense a minority rebellion, for its leadership is largely Sino-Burman and its forces recruited from the minority groups.

Increasing Burman dominance of the central government, then, has had a significant and intensifying effect on minority revolt, which has resulted in further destabilization of the frontiers, especially the Thai border. There has also been a change in the distribution of political power that has affected foreign policy.

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16 All standard histories of Burma discuss the nationalist movement. A summary of events in development terms is David I. Steinberg, "Economic Growth with Equity? The Burmese Experience," Contemporary Southeast Asia, September 1982.

17 Far Eastern Economic Review, September 6, 1984. If accurate, this would indicate a smuggling trade through that region of some $1.3 billion and an increase in per capita Burmese gross national product of perhaps 15 percent.

The Anti-Fascist People's Freedom League (AFPFL), the overarching political
taggregation that was the backbone of postindependence politics, was—until it
split in 1958 and precipitated the military caretaker government—the single source
of state power. Because it was heterogeneous, it allowed for almost a full spectrum
of views, except for the extreme underground left wings in active revolt, within its
catholic approach to politics. As power was fragmented and based more on person-al
loyalties and entourages than on ideological issues (since advocacy of some form
of state socialism was almost a requirement for political legitimacy in Burman
circles), accommodations could be made to both the moderate right and left. Thus,
U Nu could in the economic sphere espouse socialism and equate the destruction
of capitalism with a good Buddhist deed (because capitalism bred greed), and in
1955 he could advocate a stronger role for a revitalized private sector, a role that
was never realized. He accepted aid from all quarters, was strongly neutralist, and
just prior to the military coup was considering how better to placate some of the
minorities, especially the Shan, who wanted greater autonomy.

The result of this rather amorphous approach to policy formulation—in a sense
a type of belated pragmatism when things seemed to go wrong—was a wider
degree of consensus within the broad concepts of (theoretical) neutralism and
socialism and an inefficient administration always subject to internal political
pressures.

The military coup changed this. The tatmadaw (armed forces) became de facto
the legislative, executive, and judicial organs of the government at all levels, and in
the first decade of military rule the Revolutionary Council, composed of Ne Win
and a few of his military subordinates, ruled by fiat. By placing officers in all
ministries, state corporations, and local administration, the military was able to
administer effectively the decisions made at the top.

Rather than such decisions being negotiated through a complex power broker-age
system, which is an element of a participatory structure, they were simply or-
dered and generally obeyed through military commands. Thus, policy shifts, when
they did occur, were implemented clearly and relatively effectively. Ne Win him-
self could determine when such policy accommodations should take place, and
although there were increasing signs of disquiet among some of the officer corps—
from both the right and the left—Ne Win remained (and still remains) in effective
command.

Since 1962, there have been one major political and two economic shifts. These
were (1) the transformation of the Burma Socialist Programme party from a cadre
to a mass party in 1971, when it held its first congress; (2) the move to intense and
doctrinaire socialist economic policies a year after the coup; and (3) liberalization
of the economy beginning in 1972. This liberalization, which ended the period of
intense economic isolation, ushered in a renewal of neutralist foreign economic
policy or, one might argue, an amelioration of isolationism.

With these changes went shifts in the leadership under Ne Win, and especially
the unarticulated but clear choice of an heir-apparent. Almost all those who attained high positions in the party, and thus in the government as well, were military colleagues, often those who had served in the Fourth Burma Rifles, Ne Win's old regiment. But political decisions and foreign policy choices seem to be the province of Ne Win personally. Having resigned from the presidency of the nation, a function that is concurrent with the chairmanship of the Council of State, he has retained the chairmanship of the party, where real power resides.

Thus, it was Ne Win who "derecognized" North Korea in 1983, visited Thailand in 1973 (following which U Nu was no longer granted asylum), and turned relations with the People's Republic of China both off and on following the cultural revolution riots in Rangoon in 1967. The formation of the unitary state in 1974, which exacerbated tensions on the frontiers, could not have been decreed without Ne Win's personal approval and strong support. Burma has thus moved from a mode of foreign and domestic policy formulation based on inefficient compromise to one relatively more efficient but based in large part on the attitudes of a single, dominant figure. In a sense, this approach is more "culturally comfortable" in the Burmese context than participatory decision making, as it is more attuned to traditional values and concepts of the nature and employment of power.

An issue that Burma will have to face is its evolution of foreign policy in the post–Ne Win era. There is every indication that a generally neutralist policy will continue, for it has served Burma well and seems to have support within Burmese ruling circles. Whether it will be isolationist (or, perhaps more accurately, how it will be isolationist) is as yet unclear. Foreign policy may become more consensual among the top Burman military after Ne Win, but neutralism will not be a sufficient guide with which to deal with two elements that affect policy toward Thailand. These are the policies that will be developed toward the minority insurrections and those related to the Burma Communist party.

The rebels along the borders have, at various times, demanded autonomy, federalism, independence, or local political and/or military control. Thus, to satisfy moderate minority opinion would minimally seem to require the dismantling of the unitary state, and thus the constitution of 1974, into a system more federal in concept and actuality. In negotiations the BCP has demanded that it be allowed to retain its troops and party structure. In both instances, Rangoon (i.e., Ne Win) has previously refused to abandon the unitary state and the single party system or to allow the BCP to retain its structure within the Burma Socialist Program party. Although the 1974 constitution may be more in keeping with the traditional practices than the one devised in 1947 and may be more attuned to the Burman concept of what is "culturally comfortable," it is most unlikely that the traditional methods of dealing with minorities can be successfully resurrected.

19 See Anderson, "Idea of Power."
The emerging leadership of Burma will most likely come from the military and will be a product of a generational shift—those who reached prominence in the postindependence era. What this will mean in terms of attitudes toward foreign policy—whether or not those so educated will reflect the isolation of envelopment in the nationalist cocoon since the coup, and how a Burman-oriented military education will affect external affairs—is still a matter of conjecture.

NARCOTICS AND THE SMUGGLING TRADE

The opium that is produced in the minority hill regions of northern Burma has become an important factor both in the economy of the area and in political relations—among the minorities, between the minorities and the Burman central government, between Thailand and Burma, and between Burma and the United States. So dependent on this trade have some of the groups become that it may become equally important or more so to some in the area than the ideological or ethnic causes for which initially it was a tool.

Opium production, and its transformation into morphine and heroin, is suited to a region where favorable ecological conditions prevail, where isolation and poor transportation require high-value and low-volume produce and make eradication virtually impossible under present economic and military constraints, and where political conditions prevent either an effective blockade of the area or the overwhelming support by the population for its eradication. Burma meets all of these requirements and produces about three-quarters of the total opium crop, which in a fertile year may total about 650 tons, in the Burma-Thailand-Laos border region called the Golden Triangle.

All economic efforts to suppress opium production and trade in the region have essentially been failures. With support from the United Nations and the United States, substitute crops have been introduced in some areas, eradication campaigns conducted in others, and sophisticated equipment such as helicopters provided to foster mobility in monitoring production and dissemination. All have been less than successful.

Until two decades ago, the Burmese government could ignore the problem, for opium was not generally consumed by Burmans, and the volume, although relatively large, attracted little international attention. Burma now has a growing number of heroin addicts, and traffic in heroin has important international repercussions, especially in the United States. Most important to the Burmans may be that production, transport, transit taxation, refining, and sales of opium and its derivatives pay for the continuation of many of the armed ethnic insurrections (with the notable exclusion of the Karen) and now also for that of the BCP. In Burmese eyes, Thai officials at various levels appear to support the trade and to profit from it. Such support, if true, has ebbed and flowed at different periods, and it has become increasingly clear that crackdowns within Thailand at various times have led to the development of alternative export channels through Burma and by sea, bypassing Thailand.
The rapid growth of the production and traffic in opium was generally concurrent with the imposition of military rule in Burma, the elimination of the sawbwa rights in the Shan and Kayah states, the rise of ethnic militancy, and the continued although reduced role of the Kuomintang in both Burma and Thailand. During the caretaker government, the Burmese press began to refer to what was called the "opium rebellion." In order to attempt to deal with the insurgents, the Burmese government for a period allowed the local militia, called the KKY, to traffic in drugs if they would fight the insurgents. The program was a failure, for both the traffic and insurrections continued—even grew.

The Burmese recognize that their transportation facilities near and along the long Burma-Thai border are virtually nonexistent, except for a few key crossing points. On the Thai side of the frontier, however, the Burmese military regard the transportation network as relatively sophisticated, and it is evident that opium in its various stages of refinement and in varying degrees at different times has found its way into the international market through Thailand with—the Burmese feel—the connivance of some Thai officials at various levels. There is also probably little question that some Burmese profit from this traffic as well and that those who do who are Burman are likely to be military personnel. Burmese suspicions of some of the Thai in relation to this traffic color relations with Thailand and make even the most innocuous contact between Burman and Thai a matter of some substance.

Of most concern to the international community is the drug traffic, but there is a considerable, if unreported, volume of other smuggling in the same region that also supports the rebellions, as well as private trade, and thus continues to dampen improvement of Burmese-Thai relations. These include trade into Thailand in jade, precious stones, as well as antiques in the north and cattle, teak, tin, and other products in the south. In contrast, through Thailand flows the bulk of the consumer goods that the Burmese economy cannot produce and that the Burmese government, because of shortages of funds as well as predilection, would rather not import. Smuggling thus fuels the ethnic insurrections and results in a considerable loss in revenue in customs duties. Yet the trade is also the ballast that keeps the Burmese government afloat, for without it there might be political unrest because of a shortage of consumer products. There was even a report that the Burmese encouraged smuggling of illicit consumer goods shipments that had been disrupted by the government’s 1984 offensive against the Karen.21

Thus, the relationship between smuggling and the rebellions is profound. To stop it, the Burmese would be required to open their economy to free trade, which they can not afford to do in the short run and are unlikely to be predisposed to do over a longer period. In either case, free trade would not deal with the issue of opium. Even if the immense profits from it do not essentially accrue to the growers or transporters or even the rebels, forces will work to continue its production. The Burmese regard the opium problem as both a Thai and a Burmese responsibility.

MILITARY PERCEPTIONS OF FOREIGN RELATIONS

The Burma of the Burmans (as opposed to some of the minority areas) was the only colonized country in Asia where the traditional elite was not retained in power in some form. Avenues of social mobility since independence have been open in theory and in practice. The elites of government, politics, the military, the intellectual community, and the sangha (monkhood) were drawn from a wide spectrum of class and region. The dichotomy between the retention of the traditional, often hereditary, elites among the minorities and the fluidity of status in Burman circles created issues in the civilian period that are now overshadowed by a new focus: the military as the primary, new avenue to mobility and status.

Previously, mobility through politics, free higher education, access to education and prestige through joining the sangha, as well as through the military, was widespread. Since the coup of 1962, politics has been co-opted by making it subservient to military leadership, higher education has been expanded to a degree that it no longer automatically confers elite status, and the sangha has been registered and "purified." Because economic advancement has also been controlled by the state, the military has become the primary focus for mobility. It is likely that this situation will continue for an indefinite period. In effect, this means that the new officer corps will be exposed to a common educational experience at the military academy at Maymyo, and it is likely to be more homogeneous intellectually and practically than the previous civilian leadership. Thus, there may be less dissent on politics on intellectual grounds.

Mobility through the military channel is real and prestigious. Chosen by merit, the males, and to a lesser degree the females, have an opportunity to rise to centers of power through higher education. It is significant that although a compulsory draft law was passed for both males and females during the caretaker government, it has never been enforced, for volunteers have been sufficient to staff the tatmadaw.

It is also significant that the overall size of the military has remained small. In spite of the insurrections that have threatened the very capital of the state and of long borders that are virtually indefensible, there has been no major expansion of the size of the military (including the police) since the period of independence.22 This is in marked contrast, for example, to the Philippines where, under Marcos, the size of the military has almost tripled.

There are economic reasons for this difference. Perhaps one-third of the national budget (6 percent of GNP) in Burma is already devoted to defense, and these expenditures cut into development and social programs. Because of such costs, the

22 The Burmese armed forces are variously estimated. The U.S. Arms Control and Disarmament Agency estimated them at 175,000 in 1971 and 212,000 in 1980. The International Institute of Strategic Studies (The Military Balance, 1983–1984 [London, 1984]) placed them at 179,000, of which 163,000 were army, 7,000 navy, and 9,000 air force. In addition, there were 38,000 People's police and 35,000 People's militia. The Almanac of World Military Power (San Rafael, Calif.: Presidio Press, 1980) estimates them at 142,000; according to all other sources, this figure is too low.
military is not based on a “capital-intensive” U.S. model, as is the Thai army. One source, e.g., lists Burma’s military expenditures as $175 million in 1982, and Thailand’s for only a slightly larger force at $1.4 billion. It is thus less mobile and requires less logistic support troops, but it is less capable of dealing with the insurgencies in military terms.

The military is thus in a position to shape foreign as well as domestic policies, but it is not able to eliminate the insurrections, and it is likely to remain in that position for the indefinite future.

Important as well are the attitudes of the military leaders. Ne Win and others have been conservative socially and culturally in public statements, and many of the leadership have explicitly indicated that they would not allow Rangoon to suffer the destruction of Burmese culture the way foreign influences have destroyed Bangkok, whatever benefits in foreign exchange may be garnered. As in many societies, the military in Burma seem more conservative in their public social statements than their civilian counterparts, although both in Burma have expressly focused on the protection of traditional Burmese values.

The Burmese military is, however, not monolithic. In addition to personalism in power terms, which seems to be a hallmark of the Burmese political process, there may occur another significant split in military attitudes that could affect foreign relations. This is the difference between those officers who have been the front-line commanders against the insurgents and the opium traders and refiners, and those in the military who have retained administrative or party positions far from the fighting. Such a split, if one developed, might result in those administratively inclined being more amenable to negotiating with the rebels and more conciliatory to Thai concerns than the front-line troops. This hypothesis is only speculation, however, and what seems more imminent is an emerging, highly personal struggle for political power in the post–Ne Win period.

Ne Win, in retiring from the presidency, has indicated that he views the future leadership of Burma operating in some form of committee along the lines of Yugoslavia in the post-Tito period. If history is any guide, then the effective tenure of such a group operating in reasonable harmony is likely to be very short. Burmese politics has been marked by factions forming and re-forming, based less on ideological positions than on personal relations, and it is unlikely that the military is immune to this particular Burmese virus.

The issue of succession is the most important problem that Burma will face, and the question of the minorities—and, to a lesser degree, international relations—will perhaps play some role in the maneuvering associated with leaders jockeying for position. Neutralism as a general foreign policy stance is likely to be retained, although it could evolve into something more strident, a return to isolationism or more xenophobic attitudes. In part, this may depend on the success of the economic reforms that have been in place for a decade.

FOREIGN RELATIONS AND ECONOMIC DEVELOPMENT

There have been important and positive results of Burma's shift in economic policy and the program of liberalization, and Burma's growth rate has been respectable by international standards, where in the 1960s in the period of intense socialism there was probably decay. Recently, however, there has been a rising debt burden, a fall in foreign exchange earnings because of a softening of international commodity prices, poor performance in manufacturing and oil production, and a likely plateau in rice production increases. There is growing pressure from the donor community for Burma to improve not only its economic performance but—more sensitive in the Burma context—its economic policies. There is already some feeling in highly placed Burmese circles that Burma has exposed itself too openly to foreign scrutiny. Should stress continue to be felt in the economic sphere, which is likely, then those elements in the military who are nationalistic and perhaps xenophobic might once again regain the ascendancy, attempting to cut Burma off from outside influences. The policy reforms initiated in 1972, which called for improvements in international economic relations, could thus be set back.

Important as well would be the effect of isolation on the internal Burmese economy. This could mean a reversal of the internal economic liberalization (within the socialist context), a return to more rigid, doctrinaire policies, and perhaps even a bureaucratic purge of the able, more internationally oriented but essentially apolitical Burmese technocrats. This would be a major setback for Burmese development.

Thailand and the rest of the ASEAN countries are not donor nations, and Burma is more a competitor of Thailand than a complementary producer. Both nations produce and export rice, teak, tin, rubber, and other primary products. Burma would like to emulate Thailand and diversify its agricultural production and exports, both because the rice market is poor—as is the relative quality of Burma's export product and the efficiency of its milling operation—and to become less dependent on a few volatile international markets. Burma has considerable trade with and through Singapore, and Indonesia, which had shared the neutralist stance under Sukarno, was a close ideological associate of Burma during that period, and still is the only purchaser in ASEAN of some of Burma's rice surplus.

CONCLUSIONS

Burmese foreign policy toward ASEAN and Thailand has had its vicissitudes, but within rather narrow bounds. Relations have improved or worsened beneath a placid, essentially constant, exterior exposed to the outside world, but the

24 See Steinberg, Burma's Road Toward Development, for a discussion of this policy shift.
present realities of foreign policy, given internal Burmese constraints, are likely to continue.

As long as Thailand views the central Burmese government as more oriented to the left in both economic and political persuasions, it may seek quietly to bolster the power of buffer groups along its western frontier. The Thai are likely to have continuing interest in the well-being of the Shan, although any overt involvement in their rebellions, given the international ramifications of such a move, is highly unlikely.

Certain external stimuli for worsening Thai-Burmese relations have been removed. Thai rapprochement with the PRC, U.S. friendly relations with Beijing, and the end of U.S. involvement in Indochina all have eliminated external factors that could cause deteriorating relations between the two countries. The central problems facing them now revolve around issues confined to their own borders.

Although in the best of all possible worlds, Thailand might prefer a neighbor on its west that would be conservative in internal economics, pro-Western in its international orientation, and conciliatory to its minorities, all these are unlikely possibilities in this decade. A Burma wracked internally by a major civil war would also be considered dangerous. The status quo in Burma is probably the best of the likely alternatives, for if Thailand must face east to deal effectively with Cambodia and Vietnam, its primary concerns, then a Burma that lacks significant military mobility, is neutral in foreign affairs, and has internal but subdued political rivalries that concentrate attention at home is the best that can be expected. Ne Win may consider himself the fourth of the great Burman unifiers, and there is some popular, mystical sentiment that he and Aung San are the spiritual descendants of King Alaungpaya (1752–60), who set the stage for the conquest of Ayuthia. The Thai might look fearfully to a strong, unified Burma, more leftist in orientation.

Burmese foreign policy will likely continue to be focused toward Thailand in much the same manner as in the past. The Burmese may wish for more Thai assistance in suppression of the opium trade and for elimination of Thai acquiescence in the Shan and Karen sanctuary issues, but unless there are major changes in the power structure along the border, a continuation of present policies seems probable.

Burmese foreign policy in large part will be captive to the perceptions of the security, political, and economic forces operating internally in that society. It is evident that a great deal more attention should be paid to these forces by all those who are likely to be affected by Burmese affairs, for the arcane and perhaps exotic elements of Burmese internal politics have importance beyond those narrow confines.
IV. ASEAN and the Major Powers

17. U.S.–Southeast Asian Relations

Karl D. Jackson

INTRODUCTION

Perfection does not exist this side of the grave. And yet commentators in press and academe often act as if the only creatures to which this axiom need not apply are policymakers. Commentators expect policymakers to possess 20–20 foresight in addition to being omnipotent in all arenas of the foreign policy-making bureaucracy. In contrast, policymakers themselves have distinctly lower expectations regarding their ability to influence historic outcomes. Policymakers usually perceive their trade as involving more coping behavior than grand design, more policy inertia than policy initiative, and more muddling through than policy planning. In this chapter I will steer a middle course between a commentator's long-term vision of U.S.–Southeast Asian relations and the strictly pragmatic short-term operational approach that dominates among policymakers on both sides of the globe.

The two most salient problems in Southeast Asia over the next half-decade will probably be the war in Indochina and the turbulence in the Philippines. In the first of these, short-term pragmatic policies of ASEAN, the People’s Republic of China, and the United States have evolved a stable, albeit less than ideal, system of conflict management. In contrast, in 1985 the twin crises of political legitimacy and economic solvency in the Philippines seem far removed from settlement.\(^1\) In comparison with Kampuchea and the Philippines, the U.S. relationship with Indonesia, Malaysia, and Singapore suffers only from the normal problems affecting all bilateral relations: controversies such as President Reagan’s canceled visit to Indonesia, textile quotas, tin stockpiles, weapons procurement issues, refugees, etc. Each of these issues has fluctuated in importance over the past few years, and in some

\(^{1}\) This chapter was delivered as a paper in January 1985 and rewritten in June 1985; a postscript has been added to take account of the events of February 1986.
instances, they have been difficult to settle; however, they are not the types of events that could potentially shatter the peace, prosperity, and unity of Southeast Asia as the Indochina and Philippine crises could. For this reason, I will concentrate exclusively on Kampuchea and the Philippines and the development of U.S. policy toward them.

KAMPUCHEA: LONG ON TALK, SHORT ON PROGRESS

With the fall of Saigon in April 1975, most Americans thought that whatever else happened, peace might break out in Southeast Asia. However, the hard reality was that the forces of Kampuchean and Vietnamese communism were in armed conflict with each other even before they achieved victory over their noncommunist opponents.\(^2\) After a brief bout of negotiations in 1975–76, the revolutionary regimes in Phnom Penh and Hanoi settled into a pattern of escalating political and military conflict. Vietnam probably sponsored assassination attempts against the Pol Pot leadership,\(^3\) and, for its part, Kampuchea sought to liquidate all of Vietnam’s political assets inside the Kampuchean Communist party, especially “the Hanoi 5,000” who had returned to Kampuchea after residing in North Vietnam from 1954 to 1970.

During 1976 local border conflicts took place simultaneously, with a Vietnamese attempt to draw Kampuchea into negotiations. In March and April 1977 the Vietnamese began building up their regular forces in southern Vietnam, and Kampuchea launched major attacks into Vietnam. September 1977 witnessed a major Kampuchean attack across the border into Tay Ninh, and Vietnam launched a general offensive along the entire Kampuchean-Vietnamese border. September-December 1977 marked the first of three large-scale Vietnamese invasions of Kampuchea. February and March 1978 were characterized by Kampuchean attacks on Ha Tien and Tay Ninh while the Vietnamese countered with new operations in Takeo and Kampot.

The second major Vietnamese incursion into Kampuchea took place in June-July 1978 and involved approximately 80,000 regulars. The third invasion commenced on December 25, 1978, led to the capture of Phnom Penh on January 7, 1979, and the occupation of the country by the Vietnamese army all the way to the Thai border.\(^4\) Initially, there was a tendency to characterize the Vietnamese occupation as defensive, a last resort after the failure of attempts to negotiate and the early punitive expeditions in late 1977 and mid-1978. However, seven years have now


passed and although there have been many proposals both from ASEAN and Vietnam, Vietnam has been steadfast in its unwillingness to consider withdrawing to a status quo ante featuring an independent Kampuchea with neither foreign troops and bases nor foreign control over its internal and external policies. Even if Pol Pot and the virulently anti-Vietnamese leadership of the Khmer Rouge could be removed from political control by some combination of ASEAN, the PRC, and U.S. diplomatic pressure, it is unlikely that Vietnam and its ally in Phnom Penh would find acceptable a coalition that featured power sharing with other Khmer nationalists.

Each of the offers that Hanoi has made in discussion with ASEAN has been characterized by a willingness to solve “the Thai-Kampuchean border” problem but a distinct unwillingness to restore Kampuchean sovereignty. There has been no real willingness to consider a coalition government involving some combination of Heng Samrin, Son Sann, Sihanouk, and representatives of the Khmer Rouge in spite of the fact that after long years of occupation and Vietnamese economic and administrative assistance, it should be painfully obvious that Heng Samrin’s government has developed no legitimacy of its own and continues to exist only through Vietnamese force of arms. Each year Vietnam, and particularly its peripatetic foreign minister, Nguyen Co Thach, goes through a ritualized courtship of ASEAN; the maximum goal is to obtain ASEAN’s formal acceptance of Vietnam’s conquest of Kampuchea; the minimal aim is to split Indonesia off from the other ASEAN powers.

The concomitants of this annual courtship are statements by the Indochinese foreign ministers indicating new reasonableness. (Each year these begin to be issued after the annual Vietnamese dry-season offensive and climax before and during the U.N. General Assembly meeting, which considers the Kampuchea resolution.) These statements are usually combined with travels by Foreign Minister Nguyen Co Thach to the Nonaligned Nations Conference, Australia, or Indonesia. Statements designed for public consumption are made in the absence of any real change in Vietnam’s position. For example, in March 1984 the Vietnamese foreign minister had many Southeast Asia analysts watching his every statement and move. In early 1984, with the Eighth Indochina Foreign Ministers’ Conference, the tone of Vietnamese rhetoric on Kampuchea became distinctly softer. If only for the purpose of outside consumption, the eighth conference reaffirmed the acceptance of the 5–2 formula, explicitly included the PRC as a negotiating party to any settlement, and stopped trivializing the Kampuchean problem by calling it “the Kampuchean-Thai border problem.”


Furthermore, greater realism emerged concerning the military situation. In fact, the January 1984 conference admitted that the formerly "irreversible" situation was indeed "deadlocked." Additional evidence of the potential for a breakthrough was provided by the February 1984 visit to Hanoi of the commander of the Indonesian armed forces, General Benny Murdani. Indonesia clearly was willing to hear Vietnam out. The final element was provided by the absence (until late March) of the "normal" Vietnamese dry-season offensive. When the Vietnamese foreign minister began his trip from Bangkok to Jakarta to Canberra and back through Bangkok, great expectations had been raised, especially in Jakarta and Canberra. These expectations were quickly dashed by Nguyen Co Thach's unwillingness to respond to President Suharto's proposal that would have allowed Vietnamese participation in the ASEAN-proposed international peacekeeping force to safeguard the peace during and after the Vietnamese withdrawal. Apparently President Suharto was personally disillusioned and hurt that Indonesia's considerable efforts on behalf of Vietnam had been taken for granted by Vietnam. Of course, it remains unclear whether Nguyen Co Thach's moderate-sounding public statements were intentional obfuscation or whether factional struggle over Kampuchea had been taking place in Hanoi. In any case, the doves of peace of January, February, and early March crash-landed with the Vietnamese army's dry-season offensive, which began the day after Nguyen Co Thach flew home from Bangkok.

A similar pattern of contradictory signals pervaded Hanoi's handling of the re-education/prison camp detainee issue during the second half of 1984. Hanoi originally had suggested that if the United States was so concerned about human rights violations it should accept all of the remaining detainees for resettlement in the United States. Washington reacted cautiously but accepted the possibility that a major breakthrough might be achieved. Informal discussions were held, and then without warning Vietnam quixotically pulled back the proposal by setting conditions that it knew were impossible, namely, that the United States in return should limit the rights of all Vietnamese exiles to oppose the current regime. Had Vietnam been sincere about releasing political prisoners detained since 1975? Were the moves designed for international consumption to enhance Vietnam's humanitarian image during the U.N. General Assembly? Or were the softened rhetoric of early 1984 and the supposed flexibility on detainees merely part of a long-standing pol-

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9 On the 1984 dry-season offensive, see *Indochina Chronology* 3(2) (April-June 1984):7–8, 11.

icy of keeping Vietnam’s opponents off balance in the tradition of the fight-talk strategy that so effectively debilitated the U.S. policymakers during the Second Indochina War?

In any case, Vietnam’s return to the hard line on Kampuchea brought forth a further stiffening by ASEAN, a new unity formed in the crucible of Vietnamese intransigence. The joint communique of the ASEAN foreign ministers denounced Vietnam for its “illegal occupation of Kampuchea”; “the recurrent acts of Vietnamese aggression along the Thai-Kampuchean border”; “intentionally made incursions into Thai territory”; “annual troop rotations which were meant to deceive the international community, the Kampuchean people, and Vietnam’s own citizens”; and the presence of “at least half a million Vietnamese settlers in Kampuchea.”

The ASEAN proposal for settling the Kampuchean problem reiterated earlier proposals for settlement on the basis of a completely sovereign Kampuchea that was truly independent and neutral with a government selected by the Kampuchean people. It also emphasized support for Sihanouk’s concept of “national reconciliation among all Kampuchean factions,” which envisions representation for Heng Samrin as well as for the Coalition Government of Democratic Kampuchea (CGDK) in a reconstituted Kampuchea. That the communique was issued in Jakarta with the full support of Indonesia served notice on Vietnam that its efforts to drive a wedge between Indonesia and Thailand on Kampuchea had come to naught.

**U.S. Policy on Kampuchea**

In the immediate aftermath of the Second Indochina War the United States drew back from Southeast Asia in psychological tatters. In the period 1975 to 1978 the United States not only failed to save its allies in Saigon, Phnom Penh, and Vientiane, but, in addition, the phrase “no more Vietnams” echoed through the corridors of power. U.S. bases were withdrawn from Thailand at the request of its government. Under the Carter administration very serious consideration was given to withdrawing the U.S. bases at Subic Bay and Clark in the Philippines, as well as to reducing U.S. military presence in Korea. The new American foreign policy in Asia emphasized increasing economic relations, enhancing human rights (particularly in nations friendly toward the United States), and most of all, normalizing U.S. relations with the PRC. The overall thrust of U.S. policy was post-Vietnam demilitarization of the U.S. relationship with Asia.

Underpinning this policy were several assumptions that turned out to be only partially true. First, it assumed “the East-West conflict of the Cold War has been largely displaced by an East-East rivalry.” With the exception of the Korean pen-

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13 “East Asia Today and in the Decades Ahead,” address of Richard Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs before the Women’s National Democratic Club, November 27, 1978, Washington, D.C.
insula, the Carter administration perceived the most serious conflicts as "Russia against China, China against Vietnam, and Vietnam against Cambodia." These conflicts would accelerate normalization of relations between the United States and Vietnam and would lead Vietnam toward peaceful relations with its Southeast Asian neighbors. U.S.-Soviet competition would be turned into increasingly peaceful channels worldwide, and new "peaceful equilibrium" would be established.

The basic assumptions underpinning Carter era policies were swept away by events. First, the East-East conflict has ameliorated somewhat as the PRC improved its relationship with the USSR. The present position stops short of political normalization but clearly involves enhanced trade and aid. Further, the assumption that Thailand and all of ASEAN would be shielded by the Vietnam-Kampuchea conflict proved true only in 1977 and the beginning of 1978. When Pol Pot was driven from power and Kampuchea was occupied by 150,000 Vietnamese troops, Thailand's buffer was removed and the conflict between Vietnam and Kampuchea was replaced by escalating tension between Vietnam and ASEAN. Of the three East-East confrontations between governments specified by Richard Holbrooke in late 1978, only the PRC and Vietnam remain in direct conflict in late 1985. Second, Vietnam-U.S. normalization was the first casualty of the invasion of Kampuchea. Third, the Soviet invasion of Afghanistan, combined with Soviet or Cuban activities in Angola, Ethiopia, and Yemen and the Vietnamese occupation of Kampuchea invalidated the cardinal assumption that the cold war had ended once and for all.

With the advent of the Reagan administration trends which began with the occupation of Kampuchea (December 1978–January 1979) and the Chinese incursion into Vietnam (February–March 1979) solidified. Gone were assumptions that the cold war was over. The decline in the U.S. military strength vis-à-vis the Soviet Union began to be arrested. There was a new willingness to apply human rights criteria to communist countries, and the days of direct public lecturing of allies over human rights difficulties gave way to quiet and, perhaps more effective, diplomatic pressures. Most important, the decision made late in the Carter administration to follow ASEAN's lead on the Kampuchean issue was sustained by the new administration.

From ASEAN's perspective, however, the Reagan administration's early record was marred by U.S. behavior at the International Conference on Kampuchea (ICK) in New York (July 13–17, 1981). The ASEAN position, decided upon at the ASEAN foreign ministers conference in Manila in mid-June 1981, was less uncompromisingly anti-Vietnamese and contained greater safeguards against returning the Khmer Rouge to power.

The ASEAN position at Manila called for withdrawal of all Vietnamese forces, a U.N. peacekeeping force, disarmament of all Khmer factions, and an interim administration to organize free elections. In addition, the communiqué, as well as

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statements by the foreign ministers of Indonesia, Malaysia, Thailand, and Singapore, urged Vietnam to participate in the ICK meeting and tried to assure Vietnam that the intent of the ICK would be to find a mutually acceptable solution.\textsuperscript{16}

The results of the ICK differed markedly from the original ASEAN vision. The U.N. peacekeeping force became a "peacekeeping force/observer group." Instead of immediate disarmament of all Khmer factions, the final ICK communiqué supported "appropriate arrangements to ensure that armed Kampuchean factions will not prevent or disrupt the holding of free elections." Likewise, the idea of an interim administration disappeared in New York and was replaced by a vague set of "appropriate measures for the maintenance of law and order." Only a token olive branch was extended toward Vietnam by a statement that "the legitimate security concerns of all states of the region" must be respected and any future elected government should "not pose a threat to or be used against the security . . . of other states, especially those sharing a common border with Kampuchea."\textsuperscript{17}

What happened in New York was that the PRC, with strong diplomatic support from the United States, brushed aside conciliatory ASEAN positions meant to entice the Vietnamese into serious negotiations. The Chinese seemed intent on preserving the possibility that their Khmer Rouge allies might actually return to power in Phnom Penh in the event of a Vietnamese withdrawal. This appeared to be Beijing's reason for opposing immediate disarmament of all Khmer factions and the institution of an interim administration. ASEAN representatives at the conference proposed that all Khmer factions be allowed to participate, including Son Sann, Sihanouk, and Heng Samrin representatives. This move was blocked by PRC objections.

The differences between the PRC and ASEAN within the working group were so substantial that a situation was barely avoided in which the PRC would have been outvoted in public by ASEAN. Such an outcome might have wrecked the conference and would certainly have reduced its impact on Vietnam. U.S.-PRC relations at the time were already beginning to be strained by Chinese sensitivities over proposed U.S. arms sales to Taiwan. When forced to choose between supporting ASEAN's Manila position and risking a conference breakdown as well as further exacerbating Washington's bilateral relations with Beijing, the United States threw its full weight behind the compromise communiqué, which favored the PRC and the Khmer Rouge.\textsuperscript{18} In tilting toward the PRC, the United States sacrificed ASEAN's interest in finding a political solution. The PRC proved itself adept at playing "the American card" as a result of the Taiwan issue and the leverage


\textsuperscript{17}See United Nations, General Assembly document, "International Conference on Kampuchea," July 17, 1981.

resulting from its position as the sole supplier of money and arms to the various anti-Heng Samrin forces in Kampuchea. As Douglas Pike noted: "Morality vs. realism in foreign affairs collided head-on in New York, and morality lost."19

In the intervening period since the ICK in 1981, U.S. policy has been more directly supportive of ASEAN policy on Kampuchea. The PRC has increased its assistance to the noncommunist opposition and has withdrawn at least partially from its earlier position of supporting only the Khmer Rouge. The fact remains, however, that it took from the ICK in July 1981 to the ASEAN foreign ministers' conference in July 1984 to return to the idea, first enunciated at Manila in June 1981, that an interim government structure should include Heng Samrin elements. The fundamental impediment to adopting the national reconciliation position has been the PRC, not the United States. Furthermore, the national reconciliation concept, which implicitly recognizes Vietnam's legitimate security interests, has not attracted favorable comment from Vietnam. This remains true even though a coalition of all parties to the conflict holds the only realistic proposal for establishing a legitimate government in Phnom Penh, an objective that has eluded the Vietnamese during six years of fighting.

A second way in which U.S. support for ASEAN has been incomplete concerns material support for the noncommunist insurgents inside Kampuchea. In repeated instances, in the public press as well as in private, prominent Southeast Asians have sought U.S. aid for the forces of Sihanouk and Son Sann. These remonstrations are usually prefaced with understanding comments about the Vietnam syndrome in U.S. foreign policy. Compelling arguments favor such U.S. assistance.

First, the asymmetries of guerrilla warfare mean each dollar contributed to the insurgents requires a $5-$10 investment on the part of Vietnam and/or its Soviet ally. Thus, a comparatively modest expenditure of $100 million, for example, could ratchet up Vietnamese and Soviet costs by as much as $1 billion per annum. Forcing such an investment on the Soviet Union might enhance the U.S. global objective of containing the Soviets and their surrogates under circumstances which disproportionately favor the opponents of expansionism.20

Second, and more directly germane to the situation in Southeast Asia, providing U.S. assistance to the noncommunist factions increases the probability of a lasting political settlement with Vietnam. A Son Sann–Sihanouk military force that maintained its independence from the Khmer Rouge and held the PRC at arm's length might be viewed by Vietnam as an "Austrian" solution to the problem of governing Kampuchea. If, in contrast, Son Sann and Sihanouk continue to be supported almost exclusively by the PRC, they cannot serve as the basis for a compromise solution because dependence on Beijing in Vietnamese eyes is equivalent to al-

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liance with the PRC, and having an immediate neighbor in alliance with the PRC would pose a fundamental threat to Vietnamese national security interests.

Third, American aid, especially covert aid, would enhance long-term Thai security; keeping Thailand’s traditional enemy (Vietnam) hopelessly bogged down in Kampuchea, according to this logic, precludes serious Vietnamese involvement in spreading “the revolution” to Thailand.

Having made all of these arguments before, I conclude that U.S. weapons aid to the noncommunist forces in Kampuchea probably is not a real world option. I reluctantly reach this conclusion because the U.S. political system in the post-Vietnam, post-Watergate era is no longer capable of maintaining the covert quality of covert operations. One hundred percent unanimity on policy aims does not occur in the real world, and in its absence, secret operations end up in the Washington Post or the New York Times either before they have passed the scrutiny of congressional watchdog committees or shortly thereafter. Any operation requiring more than a few days’ duration and involving even a small number of individuals will become public knowledge in Washington regardless of the laws on security.

Furthermore, substantial resistance to weapons assistance predominates in the Departments of State and Defense. High-ranking officials in both departments believe that the factionalized, urban-oriented noncommunist forces simply lack the knowledge and capacity to motivate a rural insurgency. This resistance is mirrored in the administration’s response to an amendment to the foreign assistance act that would provide $5 million annually for military assistance to the noncommunists. Initially, the administration expressed straightforward opposition to the idea of direct aid of any kind to the noncommunists, preferring instead indirect humanitarian assistance through the U.N. refugee relief operation. Principal decision makers within the administration doubt the military potential of the noncommunists, distrust congressional Democrats who will vote aid to the Khmers while opposing assistance for the Contras in Nicaragua, and fear that the assistance might provoke the Vietnamese in Southeast Asia or the Soviets internationally without significantly altering the military situation inside Kampuchea.

Personal politics played a vital role in the maneuverings that led the House of Representatives to vote aid to the noncommunists. Congressman Stephen Solarz, a liberal Democrat, had been instrumental in asking President Reagan “to seize the initiative” and “send a clear signal to Vietnam that the United States is genuinely interested in freedom for those political prisoners [in Vietnamese reeducation camps]. We must find room for this small, clearly defined group which has a legitimate claim to our attention.”

Through either callousness or lack of forethought, Vietnamese officials used So-
larz's late December 1984 visit to Hanoi as the venue for reversing their position by demanding that Washington promise to prevent Vietnamese residing in the United States from engaging in anti-Hanoi political activities. Solarz returned from Hanoi more convinced than ever that the Vietnamese were not serious about finding a compromise solution to the Kampuchean crisis. In March 1985 Solarz introduced his amendment to supply $10 million in military assistance to the non-communists, saying that “notions that the Vietnamese army . . . can be induced to withdraw from Cambodia on the basis of appeals to their compassion alone are the height of naivete.” The House of Representatives approved the Solarz amendment by a wide margin, 288 to 122, on July 9, even though the administration, on July 11, continued to voice its disapproval of military aid. The controversy was finally settled by including the funds in the military assistance budget but accepting the administration’s insistence that it be used only for nonlethal purposes. Hence, the assistance will be given as Economic Support Funds (ESF), an economic aid program that is run by the Agency for International Development, even though the funds are part of the military assistance budget.

Even though the United States continues to resist overt weapons aid, the Solarz amendment represents a major turnabout for U.S. policy. While the United States provides ESF to Sihanouk and Son Sann, other money given by the PRC and ASEAN can be used for military supplies. Giving formal assistance to the Khmer People’s National Liberation Front and Sihanouk confers a degree of international legitimacy not previously enjoyed by the noncommunists. U.S. involvement may convince the ASEAN countries themselves to do more as a result of greater U.S. commitment to a negotiated and neutral outcome for Kampuchea. As far as Indochina is concerned, passage of the Solarz amendment is not necessarily “the beginning of the end” of the post-Vietnam era, but the magnitude of the change means that U.S. policymakers may at long last have reached “the end of the beginning” in the process of recovering from the stinging psychological aftermath of 1975.

THE PHILIPPINES: A CRISIS OF IMMOBILISME

The direction of U.S. policy toward Kampuchea has just completed its second major course correction since the late 1978 invasion, the first being the reorientation of policy to follow ASEAN after the ICK and the second being the greater involvement signaled by the Solarz amendment. There are not likely to be further changes in the immediate future in the positions of Hanoi, ASEAN, or Washington unless there are major changes on the battlefield or within the CGDK coalition. As far as U.S.-Southeast Asian relations are concerned the next several years are likely to be dominated by economic decay and political instability in the Philippines.

The Economic Crisis

The economic crisis of 1983–84 resulted from long-term weaknesses of the economy, which were exacerbated by capital flight in late 1983 and the inability of the technocrats to restore economic order. Even with the best possible economic and political management, the Philippines would have experienced serious economic problems in the early 1980s. The Philippines has neither the oil of Indonesia and Malaysia nor the industrial efficiency of Hong Kong, Taiwan, and Singapore. In addition, political and personal considerations of President and Mrs. Marcos repeatedly have taken precedence over the technocrats' economic rationality. The world recession of the early 1980s (with the attendant rapid decline in earnings from such key exports as coconut and sugar) brought the economy to the brink of rescheduling before the Aquino assassination, when the current account deficits were $1—2 billion, and $9 billion of short-term debts were coming due.

The extent of the economic crisis is illustrated by two figures: The gross national product for 1982 (before the rapid devaluation of the peso) was $36.6 billion, and foreign indebtedness in late 1983 totaled $25.6 billion. Foreign indebtedness as a percentage of GNP exceeds 60 percent—three times the level considered tolerable for a healthy economy. The debt-service-ratio reached 40 percent at the end of 1982, meaning that 40 percent of the total export earnings would have been necessary to meet interest payments on all debts plus amortization on medium- and long-term debts. Even assuming the Philippines had been able to roll over its entire short-term debt, the debt-service-ratio was such that six months before Aquino’s assassination the Philippines was clearly destined to have very serious cash-flow problems.

The peso has been devalued repeatedly: from 9.4 pesos/$US (October 1982); to 11 pesos/$US (July 1983); to 14 pesos/$US (October 1983); to 18 pesos/$US (June 1984). In mid-October 1984 the peso was floated and rose to 20 pesos/$US before stabilizing at 18.6 pesos/$US. Inflation reached a zenith of 60 percent per annum in 1983–84 but declined rapidly in 1984–85 with the stagnation of the Philippine economy as a whole. In the first seven months of 1985 inflation was running at an annual rate of only 5.9 percent; however, this is a negative as well as a positive sign because it indicates the sharp decline in economic activity. According to official statistics, unemployment in 1984 was approximately 6 percent whereas an ac-
curate figure is probably closer to 35 percent; austerity measures required by the International Monetary Fund (IMF) and the international banking community will stimulate unemployment and will probably provoke social unrest, especially in urban areas. Economic growth prospects remain poor. There has been a drop in real GNP of 5.5 percent in 1984, and 1985 will post a further decline of 2 to 6 percent. The total population of the Philippines expands over 2.5 percent per annum, meaning that the drop in GNP per capita has been very steep and is likely to remain negative through at least 1986. GNP per capita stood at $US 776 in 1982; in 1985 it is below $US 600 and still falling.

On October 15, 1983, the Philippines asked its creditors for a ninety-day moratorium on the payment of principal on the outstanding foreign debt. On April 3, 1985, the Philippines sought its seventh ninety-day moratorium because rescheduling agreements with private banks had fallen through repeatedly. Marcos's domestic political requirements mandated postponement of the IMF agreement until December 1984 despite repeated IMF missions to Manila. The new loan package was contingent upon floating the peso, cutting the budget, controlling the money supply, and breaking up monopolies in the agricultural sector; but these measures could not be enacted until after the May 14, 1984, legislative elections.

Furthermore, the level of distrust felt by IMF officials toward the Marcos government had risen throughout the debt crisis. The Philippine government had established a dismal record for nonfulfillment of previous agreements with international lending institutions. Individuals within the IMF were disciplined when it was disclosed that the Central Bank of the Philippines had intentionally overestimated its foreign reserves by $600 million. Also, a previous agreement set the target for money supply growth at 3 percent over an eight-month period; but the actual growth in the money supply for the period was more than ten times as high.

The protracted negotiations involving the IMF, International Bank for Reconstruction and Development, and private banks were completed in December 1984. Rescheduling of all official debts was completed by the Club of Paris on December 21. The total amount of debt to be rescheduled amounted to $16 billion. The IMF disbursed the first tranche of a new program aimed at restructuring the Philippine economy. Over eighteen months, the IMF was expected to supply $615 million in special drawing rights (SDRs). The private banks were to supply $925 million in new loans and to continue to provide billions per year in trade financing. Inflows were expected from the U.S. and Japanese governments.

The major question was whether the Marcos government could stay in compliance with IMF austerity requirements. The IMF team visited Manila in March and held up distribution of the second tranche. The Philippines and the IMF subsequently reset economic targets, and the second tranche was released along with the third tranche after the government's performance for May had been assessed. In addition, the $925 million in new loans from international banks had been held up throughout 1984-85 pending the outcome of the IMF review. The agreement was signed on May 20, 1985, after prolonged resistance by several private lenders; this agreement will bring $3 billion in trade financing as well as the $925 million in
new loans. As reported in Manila's *Business Day*, of the more than 400 foreign creditor banks, only eight international institutions now will maintain credit lines to the country amounting to $1.53 billion—more than half of the $3.0 billion revolving trade facility. On the other hand, ten banks will contribute $384 million to the $925 million new commercial loan—42 percent of the total.

In the midst of the ongoing uncertainty, the Philippine economy continues to be lackluster, with negative elements continuing to outweigh positive ones. Inflation was down but so were exports, which in the first half of 1985 were 11 percent below the already lackluster performance of the first half of 1984. Falling coconut prices and a slackening U.S. demand for Philippine-produced electronic components contributed to this export decline. This trend may be partially alleviated by an upturn in coconut prices expected in the latter half of 1985.

Long-term potential exists for a return to real growth. Most of the economic aspects of the problem are amenable to solution. The real problems continue to derive from politics. During his long tenure in office Marcos has built up a set of cronies who control vital aspects of the economy, for example, coconut and sugar. To stimulate economic growth requires opening up the channels to market forces rather than containing current constrictive economic practices. However, Marcos, in his currently weakened condition, cannot afford to alienate the cronies who are his wealthy and powerful friends. The cronies constitute a fundamental impediment to the solution of Philippine economic problems, and yet Marcos will find it very difficult to move against them because in doing so he will be severing one of his few remaining political lifelines. The IMF agreement requires full implementation of a plan for restructuring the coconut and sugar monopolies by the second review, October 1985. If Marcos were to break the monopolies, he would probably lose the support of Eduardo Cojuangco and Roberto Benedicto; hence, it is not surprising that all reforms to date have been token ones in spite of threats from the IMF, private banks, and the U.S. and Japanese governments.

Taking all factors into consideration, some private bankers characterize the Philippine economy as “terminal”; however, the finality of this negative assessment assumes a continuing political *immobilisme*, featuring a political system that cannot replace a weakened leader who refuses to vacate his position in spite of the growing crisis and his declining political legitimacy.

The Political Crisis

The assassination of Senator Benigno Aquino mobilized opposition to President Marcos that is unprecedented in its size and social breadth. Opposition surfaced within Marcos's New Society Party (KBL) to his handling of the Aquino affair and the Board of Inquiry. In particular, Prime Minister Cesar Virata, Foreign Minister Carlos Romulo, and his successor, Arturo Tolentino, each took actions that undercut Marcos's efforts to sweep the crisis aside.29 In the May 1984 elections, the

moderate opposition, clustered around Salvador Laurel, achieved a positive elec­
toral showing that was unprecedented since 1972 and was unexpected by virtually
all observers. The Makati business community, which for years had suffered in
silence, was brought out into the streets and into the election campaign by the
Aquino assassination and the ensuing economic crisis. At times, Jaime Cardinal
Sin placed the Roman Catholic Church in direct opposition to the Marcos govern­
ment and to Imelda Marcos in particular. The peaceful opposition was supple­
mented by the student radicals and protesters, who became a “parliament of the
streets” under the leadership of Benigno’s brother, Agapito Aquino, and senators
Lorenzo Tanada and Jose Diokno of the postassassination organization called
Justice for Aquino, Justice for All (JAJA). Diplomatic sources indicate that JAJA
is heavily infiltrated by communist party operatives affiliated with the New Peo­
ple’s Army.

The almost universally held assumption in the Philippines is that responsibility
for the assassination of Senator Aquino must rest with either Imelda Marcos or
chief of the Philippine Armed Forces (AFP), General Fabian Ver. The Agrava
Commission, after an exhaustive investigation, found that Aquino had been killed
by a military conspiracy involving General Luther Custodio as well as enlisted
men under his command in the Aviation Security Command (Avsecom). The ma­
jority of the commission also specified that ultimate responsibility must rest with
General Ver, General Custodio’s superior. General Ver took leave of absence and
asked for a quick and speedy trial to clear his name. General Fidel Ramos, the
most respected military leader in the Philippines, assumed command of the AFP.

Prior to this juncture, General Ver and his military allies controlled all important
commands and had frozen out General Ramos (the commander of the Philippine
constabulary) and Juan Ponce Enrile (minister of defense). The political resurrec­
tion of both General Ramos and Minister Enrile, along with the May 14 election,
may be of singular importance to the possible reemergence of democracy in the
Philippines. If Ramos’s appointment becomes permanent and if he attains real au­
thority, this substantially lessens the prospect for a coup in the event of a succes­
sion crisis. While General Ramos might seize power to save the nation from chaos,
as a professional soldier and staunch believer in civilian control, he is unlikely to
imperil the integrity of the armed forces to save General Ver and Mrs. Marcos.

President Marcos initially took several steps to cut himself free from the assassi­
nation conspiracy and its cover-up. He sent both versions of the Agrava Commis­
sion report to a special court prosecutor and instructed the Agrava Commission and
its staff to cooperate with the court. The indicted conspirators have been brought to
trial, but Marcos himself reportedly has been masterminding the defense. The
Philippine Supreme Court has ruled that self-incriminatory statements made by
General Ver and other defendants of the Agrava Commission cannot be admitted as
evidence to substantiate the existence of a military conspiracy and cover-up. The

31 Guy Sacerdott, “The President’s Options,” and “Inadmissible Evidence,” Far Eastern Economic
Review, September 17, 1985, pp. 16–18.
trial of the former armed forces commander along with a host of other Philippine military figures is likely to drag on and ultimately to produce no clear outcome—at least regarding high-level military culpability for the assassination.

Marcos has exacerbated the domestic political crisis and worried Washington intensely by stating that he will reappoint General Ver if he is not convicted. The reappointment of Ver would strike a severe blow against the anticorruption reform movement within the armed forces. The movement, operating through the 3,000-member Philippine Military Academy Alumni Association (PMAAAA), is rapidly increasing its influence among young graduates of the academy and even some field and star ranks. To some extent, the movement, operating within a democratic and constitutional framework, has been endorsed by acting Chief of Staff Lieutenant General Fidel Ramos and Defense Minister Enrile. They are convinced that unless drastic reforms are instituted, the communist insurgency will escalate toward civil war and reach a point where the government might falter. They are also convinced that Marcos will not allow this to happen.32

The New People's Army (NPA), the military wing of the communist party, constitutes the final element of the political crisis facing the Philippines. As in any insurgency no one actually knows how strong the NPA has become since its formation in 1969. However, there can be no doubt that NPA strength has been rapidly increasing over the past four years, albeit from a very modest base. U.S. Department of Defense figures for 1984 estimated the NPA at 10,000 guerrillas, 10,000 sympathizers, approximately 60,000 collaborators within the Communist Party of the Philippines, and perhaps another 100,000 sympathizers in the communist-dominated National Democratic Front.33 Recent estimates place armed strength at the 12,000–15,000 level.

The Philippine government’s recent “white paper” on the NPA acknowledged a communist “political and military structure” in at least 1,700 of the country’s 42,000 villages. Particularly on the main southern island of Mindanao and more recently on the central island of Negros, the NPA has established a parallel government structure in many villages and rural areas. Also, the level of terrorism in urban areas has been increasing.

More significant in the long term, the NPA’s political cadres, without apparent hindrance from the government, are courting liberals, moderates, labor officials, lay leaders of the Catholic Church, and human rights activists. Within the Church, leftist priests, nuns, and lay religious leaders have formed an underground group, Christians for National Liberation, intimately tied to the NPA; and some have openly joined guerrilla ranks. Some of these opposition sectors were open to working with the communists in last year’s parliamentary elections in which 85 percent of the population voted, ignoring an NPA boycott. Of the 183 legislators

elected, 60 were drawn from the opposition, nearly all from the most moderate sectors. Now the NPA has abandoned the boycott tactic and will urge participation in local elections slated for May 1986. Some opposition figures have rationalized collaboration with the NPA, saying that by so doing they will have a “moderating influence” on the communists at the time of final victory. But also in the political equation is the NPA’s ability to fall back on its 12,000 armed guerrillas who threaten not only Marcos but also the moderate and responsible opposition, as not all moderates by any means are enamored of the NPA’s promises.

The current program of the NPA’s National Democratic Front calls for nationalization of most elements in the economy, termination of the U.S.-Philippines Mutual Defense Treaty, and closing of the two main U.S. military bases—Clark Air Field and the naval base at Subic Bay.

There can be no doubt that the NPA represents a serious threat to the Philippines. However, it is important to place our estimates in comparative perspective. For instance, if we double the total estimates cited above, the NPA and its base would still constitute only 0.6 percent of the 53 million people who live in the Philippines. The NPA looks serious but not awesome if we compare the NPA with the Hukbalahap communist rebellion in Central Luzon between 1949 and 1954. Accepting 12,000 as a reasonable estimate, this is equivalent to 2.2 armed NPA guerrillas for every 10,000 persons in the general population. The same statistic for the Huks in 1950 was 8.3 per 10,000. The Huks, who were defeated by the late Ramon Magsaysay, were more than three times as numerous on a per capita basis as the NPA is today. Furthermore, the major Huk concentration was within eighty-five miles of the seat of national power, Manila, whereas the NPA’s concentrations are in Mindanao and northern Luzon.

A final caveat regarding the NPA is that it has no external sources of support in money or materiel. Chinese support for the NPA had amounted to a few hundred thousand dollars per year under Mao; this subsidy has since ceased. The Soviet Union has no relationship with the Communist Party of the Philippines and, in fact, recognizes another communist group as the legitimate representative of communism in the Philippines. The Communist Party of the Philippines has perhaps not been recognized by the Soviets because they perceive it as pro-Maoist or at least pro-Chinese. The absence of sources of heavy armament is a crucial impediment to the NPA. The history of postcolonial rebellion in Southeast Asia confirms the vital nature of external assistance.34

Massive outside military and financial assistance becomes necessary if guerrillas are to become a formidable regular army capable of overawing or annihilating

government instruments of control (the army and police). Although the long-term preconditions underpinning insurgencies are home-grown, in most instances the cities cannot be overwhelmed by the countryside unless outside sources provide the ammunition, rockets, tanks, training, and spare parts requisite to a successful military assault on the national army and police force. Without significant foreign assistance the NPA can continue to grow and is capable of spreading instability even more widely throughout the archipelago, but barring a complete and total collapse of the morale of the Philippine army, there is virtually no likelihood that the NPA could successfully seize power by storming Manila. The rapidity with which the Huk rebellion disintegrated was largely due to the appearance of a dynamic political leader, Magsaysay. Even though the NPA is a much more modern and sophisticated revolutionary organization than the Huks were, in the absence of external support the NPA remains vulnerable when and if the Philippine political system again generates the kind of political/military campaign that it used so effectively in the 1950s.

The present state of political immobilisme in the Philippines probably precludes such a positive outcome in the near future, but gloom-and-doom scenarios are inappropriate so long as the Philippine political system retains the resilience to bring forward new leadership and new programs. If the present protracted succession crisis is resolved by opening up the political system, the NPA will become a soluble problem. The more protracted the succession crisis, the larger the problem will become and the greater the probability that foreign resources will be made available. Nonetheless, the Philippine system, at least theoretically, retains the capacity for generating the type of politico/military campaign that could lead to containment or victory over the NPA.

U.S. Policy and the Philippines

Until the assassination of Senator Aquino in August 1983 U.S. policy was predicated upon unstinting support for President Marcos. High-profile public initiatives on human rights under the Carter administration gave way under the Reagan administration to a more discreet policy, which emphasized the close connection between U.S. interests and the maintenance of the Marcos regime.

Prior to the assassination, the United States and the Philippines had just completed a remarkably amiable review of the Military Bases Agreement through which the United States retains unhampered use of air and naval facilities at Clark and Subic Bay. In recognition of the Philippine contribution to the existing mutual defense arrangements, President Reagan pledged his best efforts to gain congressional approval of $900 million in security assistance for the Philippines over the period FY 85–89: $300 million in Foreign Military Sales credits (FMS), $125 million in Military Assistance Program (MAP) grants, and $475 million in Economic Support Funds (ESF) for economic development purposes. Those involved in U.S.-Philippine policymaking in Washington and Manila in the early summer of 1983 remained concerned about the NPA but otherwise perceived that U.S.-Philippine relations were on an appropriate course.
The illness of President Marcos in late July 1983 underlined the instability inherent in depending too heavily on a single individual to support good bilateral relations. The assassination provoked an immediate change in emphasis in policies toward Manila. This alteration became apparent in the strong language issued by the U.S. Department of State on the day of the assassination. An official statement denounced the killing as "a cowardly and despicable act which the United States Government condemns in the strongest terms." It immediately served notice that the U.S. government expected a full and complete investigation: "The United States Government trusts that the Government of the Philippines will swiftly and vigorously track down the perpetrators of this political assassination, bring them to justice, and punish them to the fullest extent of the law." In congressional testimony only three weeks later, Deputy Assistant Secretary of State John Monjo indicated that the U.S. government did not accept the Philippine government's explanation of the tragic event:

The Aquino assassination has rocked the Philippines. It was a tragic event that has beclouded the reputation of the Philippine government. Many Filipinos, and not all of them opposed to the current government, suspect the complicity of elements of the government in the crime. . . . We do not have the answers to those questions yet. As we have stated, we look to the Government of the Philippines to provide them.35

In addition, the U.S. government placed itself squarely behind the movement to rebuild the democratic institutions that were dismantled when President Marcos instituted martial law in 1972. President Reagan's trip to Southeast Asia was canceled when tens of thousands of Filipinos from all walks of life were demonstrating against the Marcos government. The U.S. ambassador repeatedly addressed groups such as the Makati Business Group, stressing the need for rebuilding democratic institutions and the necessity of having fair and honest elections. In espousing these goals he took positions that were more in favor within the moderate opposition than at the presidential palace.

As the May 14 elections approached, testimony before congressional committees made it very clear that continued smooth relations with Washington were dependent upon fair elections. Members of the moderate opposition who visited Washington were able to meet with much higher level officials than had been the case when Senator Aquino visited Washington.36 Congressional resolutions, hearings, and statements by members all echoed the same message. A clear consensus had developed supported by both parties and on Capitol Hill as well as in the executive branch; the United States publicly and privately favored genuine elections and economic reforms to break up the agricultural monopolies that favored the personal friends of President Marcos. The United States went so far as to vote against a

World Bank loan to the Philippines in advance of the Philippine elections and during the protracted negotiations between the Philippines and the IMF. State Department officials bluntly and openly stated:

The U.S. as well as multilateral lending institutions continue to do all possible to ensure that our assistance programs contribute to the reforms needed to establish a basis for long-term growth. . . . Future assistance, to be effective, should be accompanied by Philippine efforts to remove the constraints that currently block the realization of the full potential of the Philippine economy, and we will use all the leverage at our disposal to ensure that the necessary reforms take place. 37 (emphasis added)

The third element of U.S. policy (after democratization and economic reform) has been maintaining the mutual security relationship. During 1983–84 a surprisingly broad consensus developed concerning the strategic importance of U.S. bases in the Philippines. However, in response to repeated inquiries from Congress, open testimony began to speak of alternative basing arrangements. Whereas during the Military Bases Agreement review process there had been extreme reluctance to consider alternatives to the Philippine bases, public testimony by Department of Defense officials spoke of the "continuous effort to review options and assess the costs of redeployment." 38 A clear public message was being sent to the Philippine government that although Clark and Subic are highly valued, there are alternatives, and the United States is actively considering them.

Congressional testimony also revealed a sober assessment of the problems of the armed forces in confronting the New People’s Army:

Declining defense budgets, mismanagement, and abuses contribute to the combat ineffectiveness of many AFP units, and the government’s emphasis on the external threat, . . . primarily from the Soviets and Vietnamese, . . . has resulted in past procurement plans that were ill-suited to combat an insurgency. 39

The administration’s policy continues to favor the full amount of security assistance due under the terms of President Reagan’s “best effort pledge”; however, there is renewed emphasis on weapons appropriate to counterinsurgency, such as transportation and communication systems rather than heavy weapons and high-performance aircraft. 40

The period since August 21, 1983, has witnessed a rapid and positive transformation of the situation in the Philippines. The Agrava Commission has carried out its inquiry and laid the groundwork for criminal prosecution of those responsible for Senator Aquino’s death. There have been massive, and for the most part peace-

37 Statement of John C. Monjo, Deputy Assistant Secretary, East Asian and Pacific Affairs, before the Subcommittee on Asian and Pacific Affairs, Committee on Foreign Affairs, House of Representatives, October 4, 1984.
39 Ibid.
ful, demonstrations demanding political reform. The succession law has been changed; the voting rolls have been updated; press freedom has expanded; and electoral districts have been redrawn. Eighty percent of the voters turned out for the May 14 election as the moderate opposition demonstrated its very considerable vote-getting power. Mrs. Marcos, once heir-apparent to President Marcos, has been forced from the center of the political stage, and General Ver has been removed from active command of the AFP. If someone had posited such developments shortly before Aquino’s death, he would have been dismissed as a dreamer. In fact, political evolution over the past two years has been remarkable, and no small amount of the credit belongs to U.S. policies favoring steady but orderly political transformation.

As in the case of policy toward Indochina, many salutary measures remain undone. On the economic side, the U.S. aid budget should probably be increased substantially and devoted specifically to stimulating the land reform process that has failed to reach fulfillment. Land reform, combined with breaking up the agricultural monopolies, would provide a hopeful development message at a time when Philippine development programs will be severely curtailed by the budget constraints implicit in the IMF austerity program. Land reform will not cure the ills of insurgency in the short run, but it would plant the seeds of long-term political stability in rural areas.

In politics, U.S. policy should look toward the 1986 local elections and the 1987 presidential elections. As in 1984, U.S. policy should be squarely on the side of genuinely democratic elections. Political immobility cannot be resolved unless President Marcos reverses his recent statements and indicates that he will not be a candidate for reelection in 1987. The sooner Marcos withdraws, the sooner the winnowing process can begin which will produce candidates from within the KBL and the moderate opposition. Obviously Mrs. Marcos should be encouraged to continue her retirement from elective office. Finally, President Marcos should be encouraged to retain General Ramos as chief of the Philippine Armed Forces. The ideal political outcome would be if the year 1987 appeared with President and Mrs. Marcos on the verge of retirement and General Ver removed from control of troops. Such developments would allow Philippine democratic traditions to rejuvenate the system by producing a new generation of leaders.

On the military side, the United States should be more assertive in the military assistance process to ensure that $425 million in FMS and MAP will result in an AFP better equipped to deal with an insurgency. Rather than merely responding to Philippine requests, the United States should participate in the preparation of a coherent five-year spending plan for the Philippine military. Joint U.S.-Philippine operations and exercises should also be encouraged to forge closer contacts with the upcoming generation of Philippine military officers; modest expenditures on such programs would encourage professionalism and give the Philippine officer corps a special stake in the continued physical presence of the U.S. military at Subic and Clark. Finally, military reform within the AFP should be given as much attention as democratic political reform. Until corrupt and abusive practices have
been eliminated at the local level, no amount of weapons will turn the insurgency situation around.

As a result of past history the United States retains a special relationship with the Philippines, which is currently facing difficult economic and political times that require a continuation of the kind of innovative activist policies that have been produced in Washington over the past two years. Progress has been substantial; the problem now is how to maintain the momentum in order to achieve economic liberalization, political democratization, and military reform.

CONCLUSION

Both Indochina and the Philippines represent policy challenges to U.S. policymakers and are likely to do so until the end of the decade. Minor tinkering is probably all that remains possible with the Kampuchean policy: (1) encouraging ASEAN to provide more assistance and training to noncommunist forces to make them equivalent in fighting capacity to the Khmer Rouge, (2) reiterating assurances to Thailand regarding the possibility of a Vietnamese attack, (3) recognizing Son Sann and Sihanouk, and (4) providing funds for nonlethal purposes to Sihanouk and Son Sann.

I do not believe that the Philippines is necessarily on the verge of an Iranian-style political meltdown. However, the problems remain very serious in both the long and short term. The situation requires fundamental political, economic, and military reform. U.S. policies have been remarkably successful following the Aquino assassination. While only a fraction of the job has been done, it has at least begun, and the trick will be to maintain the momentum until economic, political, and military reforms become a reality.

POSTSCRIPT: MARCOS’ LAST HURRAH

This chapter was written well in advance of the February 1986 climax of the succession crisis in the Philippines. The crisis that had gripped the Philippines from the assassination of former Senator Aquino in August of 1983 ended on February 25, 1986, when President Marcos fled the country. This remarkable turn of events resulted from constantly increasing pressure from Washington, massive and virtually nonstop negative coverage of the Marcos regime by the American mass media, a strong showing at the polls by presidential candidate Corazon Aquino, intervention in politics by the Philippine Catholic Church, and most importantly, crumbling support for the Marcos regime within the upper ranks of the Philippine military establishment. To the very end, President Marcos held most of the coercive cards, but these were rendered irrelevant by the willingness of tens of thousands of Filipinos to place their bodies in front of advancing tanks, thereby creating a standoff that revealed increasingly that the regime had lost its ability to dominate the opposition through either political legitimacy or coercive force.
Even in December 1985, sources within the moderate opposition did not think there was any way in which they could actually assume power. Even Aquino’s closest confidants thought that Marcos’s mobilization machinery was too strong and that it would allow the incumbent president either to buy the election or steal it. As one member of the Aquino entourage stated, “We cannot envision how we can win but we will try to make something happen, make Marcos commit a fatal error.”

Calling the snap election proved to be the fatal misstep for four reasons. First, President Marcos assumed that the opposition would be weak and unable to unify around a single appealing candidate. He assumed that Salvador “Doy” Laurel and Corazon Aquino would not be able to convince their faction-ridden political followers to fight a united campaign. This prognostication was upset by the intervention of Cardinal Jaime Sin, who used his moral weight to enforce unity around the Aquino candidacy. The American Embassay also played a part by insuring that the two sides would keep talking to one another. The result, in mid-December, was what Marcos most feared, the so called Coy-Doy ticket which united the appeal of a political innocent whose popular husband had been gunned down with the country’s only significant opposition political organization, UNIDO, led by Salvador Laurel.

The second aspect of Marcos’s election miscalculation was his assumption that the election would be fought according to “Philippine rules of the game.” Philippine elections during the democratic period prior to the declaration of martial law in 1972 always featured rampant vote buying. Philippine elections had always featured patronage democracy on a scale that would have made Chicago’s Mayor Richard Daley envious. In Philippine presidential elections in the 1960s, 10–20 percent of the voters exchanged their votes either for direct payments at the polling places on the day of the election or for jobs, special favors from government, and the like. Voting “early and often” had been more prominent in the Philippine democratic elections of 1965 and 1969 than it ever was in Mayor Curly’s Boston. Hence, in January 1986 Marcos political operatives were confident, even though opinion polls in December showed the two candidates running neck and neck with more than 15 percent undecided. They assumed that the fence-sitters would be readily mobilized by the KBL election machine during the last 72 hours before the vote. Aquino had money for neither precinct workers nor bus transportation to the polls and had forewarned publicly the utilization of payments at the polling places on election day.

The third aspect that Marcos did not anticipate was that this would be the first mass media election in the history of the Philippines. As an American Embassy official remarked early in December, “There are three major stories in the world: South Africa, Khadafy, and the Philippine elections. South Africa is no longer news and covering Kadafy is either boring or dangerous. That leaves only the Philippines.” By election day one thousand employees of the American mass media had descended on Manila. Many had never been to the country before, and Philippine history for most of them began in the summer of 1983 with the assassination of Senator Aquino. There was no appreciation of the fact that Ilocano candidates (like Marcos)
have always carried Ilocano districts in northern Luzon by thunderous majorities,\(^41\) that the martial law administration initially had doubled the rate of growth of real per capita income, and that Marcos, with a handwritten 1972 proclamation, had given the right to land ownership to all tenants working rice and corn land. To the press Marcos was a tired, corrupt dictator who could not possibly be popular, and certainly not overwhelmingly so, even with his own ethnic group. As the election approached the press was primed to write one story, “How Marcos stole the election.” Sticking to a “good” versus “evil” story one avoided complications such as explaining past voting patterns of northern Luzon, traditions of patron-client politics, and the peculiarities of Philippine pork-barrel democracy.

The fourth aspect that President Marcos did not appreciate was the sincere determination of Washington to ensure a fair vote count. The U.S. government as part of a bipartisan policy pinned its hopes on NAMFREL, the citizen’s poll-watching organization. When the policy was put in place there was no realization that NAMFREL itself would become relatively partisan during the course of the campaign. The assumption of the press and American politicians was that NAMFREL would operate as it had in earlier elections, as the equivalent, if you will, of the American League of Women Voters. For this reason, Senator Lugar, head of President Reagan’s official panel of election observers, endorsed the NAMFREL count before the voting began. As the vote totals at NAMFREL indicated an early Aquino lead, cheers rang out from the “nonpartisan” vote tabulators.\(^42\) Likewise, when NAMFREL refused (on grounds of fraud) to include the majority of votes cast in the Marcos strongholds of northern Luzon, ignorance of the political past of northern Luzon combined with NAMFREL’s League of Women Voters image to make the selective count acceptable to the international press and to wide segments of the American government, especially on Capitol Hill.

When the government election commission (COMELEC) and NAMFREL showed different election results, the assumption was that NAMFREL was objectively nonpartisan and reliable. NAMFREL refused to count 30 percent of the total vote nationally, and a majority of the vote in known pro-Marcos areas where there were no NAMFREL volunteers. NAMFREL informally reported (but did not include in its vote count) margins of 98–99 percent in favor of Marcos in some of these areas, particularly the Ilocano areas of northern Luzon. In the 1965 election, when Marcos won the presidency for the first time, Marcos as an Ilocano received 95 percent of the vote in purely Ilocano areas; however, NAMFREL in 1986 decided the high percentage favoring Marcos and turnout above the national average indicated fraud in northern Luzon and therefore refused to count the vast majority of votes from these areas. In addition, foreign reporters, unaccustomed to traditional Philippine election practices, placed great emphasis on instances of vote buying and the presence of coercion near the polls.


The election of 1986 was probably the most abuse-filled in Philippine history; however, what was unique was not the presence of abuses but the level of outrage expressed by the Church as amplified by the mass media. Finally, for the uninitiated foreign observers there was scant appreciation of the difficulty of determining the truth from either side in the highly partisan atmosphere of this particular election. In any case the true vote totals (which will never be known) probably showed the candidates within five percent of one another. Neither candidate achieved a clear mandate by the numbers, but Aquino won the media war. Both sides selectively tabulated returns, but Aquino's claims were given credibility by the Church, American politicians, and the American media. For the first time in Philippine electoral history there had been a close vote, and neither side was willing to accept the outcome. Marcos's solution was to remove vote counting from the hands of COMELEC and NAMFREL, giving it to the constitutionally appropriate vote-certifying organization, the Batasan, the legislature that just happened to be two-thirds controlled by Marcos's own party. The legislature certified Marcos as the winner, but the certification did not increase the legitimacy of Marcos's claim either inside or outside the Philippines.

At this point security was clearly beginning to disintegrate even in Manila. Cracks had begun to appear in the facade of the Philippine establishment. Defense Minister Enrile and Lieutenant General Ramos for two years had been quietly encouraging the military reform movement as part of their struggle to regain control of the military from General Fabian Ver (Marcos's former bodyguard and chauffeur who had been made commander of the Armed Forces of the Philippines [AFP] in 1981 and reinstated in that position after his acquittal in December 1985 on charges of complicity in the murder of Senator Aquino). In the immediate postelection furor it became increasingly apparent that Marcos would be forced to reassert his control by using the armed forces to restore order. Such actions would be opposed by the military reform movement, and the logic of the situation required that Enrile and Ramos be pushed aside and Ver maintained in control in spite of the fact that Marcos had announced Ver's retirement. At this juncture, Enrile and Ramos did something absolutely unprecedented in the history of the Philippine military. They went into open rebellion against the civilian authority of President Marcos, and they were given the wholehearted backing of Cardinal Sin. Their charges against the Marcos administration echoed those of the Church, the opposition, and the foreign observers. With their statements, as well as their personally courageous stand, Enrile and Ramos irretrievably committed Washington to pushing President Marcos out of power. Official American disenchantment with President Marcos had been growing steadily since August 1983 when the panicked inner circle of critically ill Marcos apparently carried out the hamfisted assassination of former Senator Aquino. From the assassination onward the attitude of official Washington permanently soured. Officials who previously argued that there was no alternative to Marcos began discussing the post-Marcos era. The assump-

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tion was that Marcos had entered a twilight period in which the United States must push for internal reform and democratization while simultaneously distancing itself from a corrupt and crumbling power structure. The ever rising tide of the communist New People’s Army combined with the rapidly declining economic fortunes to create a growing sense in Washington that something simply had to be done about the Philippines. This sense of foreboding brought Senator Laxalt’s October 1985 mission to Manila to urge President Marcos to undertake vital economic, military, and political reforms. The pressure from Washington led in turn to Marcos’s surprise announcement on November 5 that he would run for reelection. In early December 1985 Marcos chose to ignore Washington’s advice when he reappointed General Ver after a special court had acquitted Ver in the Aquino murder trial. President Marcos seemed, at that point, to have successfully defused Washington’s pressure by calling an election. What he did not anticipate was that the election would be quite unlike any election he had ever fought.

In the immediate post-February furor the Reagan administration seemed to hesitate in taking the final steps necessary to push Marcos from power. On February 11 President Reagan at a press conference suggested that fraud and violence had taken place on both sides. However, by February 19 the administration began to sever its connection with Marcos when Secretary of State George Shultz stated that “fraud and violence on a systematic and widespread scale” had been the work of Marcos supporters. The final outcome became inevitable when Juan Ponce Enrile and Fidel Ramos went into open revolt. At that point Washington threatened to cut off all military aid to the Philippines, and messages were conveyed through diplomatic channels that an orderly transition of power required the immediate exit of President Marcos.

No one knows the future at this writing in February 1986 because the outlines of the new Aquino administration remain unclear. However, the magnitude of the real problems would daunt even the most experienced political administrator. When the euphoria of the international press dies down and the New People’s Army continues killing provincial police and officials, the business class may prove constant in its refusal to invest in the Philippines, and the Church’s predilections for peace may collide with the army’s desire to take the offensive against the NPA. A point may be reached where the panacea of today (a brand-new leader) may give birth to the problems of tomorrow as events betray the extent to which the problems of the Philippines could not be solved merely by ridding the country of Marcos.

There can be no doubt that the Philippines will have opportunities to escape from the current economic crisis, but these opportunities will evaporate if they are not forthrightly seized and immediately implemented. The heterogeneous nature of the new ruling coalition may preclude the type of bold approach that could lay the foundation for investor confidence and sustained economic growth. Export-oriented economic restructuring is probably required, but the new government may feel itself beholden to the very import substitution capitalists who have been responsible all along for slow growth in the Philippines. Finally, the most fundamental problem
of an Aquino administration will be to avoid becoming afflicted with the Carter syndrome of unfulfilled good intentions yielding to national disunity and renewed malaise.

The above caveats notwithstanding, the Republic of the Philippines embarked on a new era, featuring a return to democracy under a leader whose campaign spurned the darker, more dishonest sides of the Philippine political tradition. Her attempts to institutionalize a new, cleaner form of democratic politics may capture the imagination, not only of her countrymen, but also of Washington. Hundreds of millions in economic and military assistance may become readily available and something akin to a Marshall Plan might be created for the Philippines which in turn might inspire renewed confidence among investors at home and abroad. At the very least, the seemingly unending downward spiral of the economy and polity in the twilight years of Marcos has been replaced, if only temporarily, with renewed hope and a modicum of political legitimacy. Observers should guard against heady optimism based on euphoria rather than fact, even while recognizing that the election of February 7, 1986, has turned a new page in Philippine history.
18. ASEAN-U.S. Economic Relations: An Update

Hadi Soesastro

SIX VIEWS ON THE RELATIONSHIP

For the purpose of analysis as well as formulation of policies on economic relations between the United States and ASEAN, it is instructive to examine the different views on the nature of that relationship. One view regards ASEAN-U.S. economic relations essentially as an aggregation of U.S. bilateral economic relations with the individual ASEAN members. Proponents of such a view point to the fact that each ASEAN country still views itself as entirely independent and has only marginally constrained its sovereignty for the purposes of ASEAN. Each country also wants to enhance its bilateral economic relations with the United States and not submerge them in ASEAN. This view, however, may no longer be appropriate since it totally disregards the existence of ASEAN as an institution of increasing importance.

Thus, the second view suggests the relevance of ASEAN as an economic grouping to function as a focal point in U.S. relations with the respective countries in the region. In addition to efforts to enhance their bilateral relations with the United States, the ASEAN countries have seriously promoted their association as an economic entity through the mechanism of dialogues with their main economic partners, including the United States. The meeting of ASEAN heads of government in

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1976 recognized the necessity to increase ASEAN economic cooperation with "third countries" groups of countries, and international organizations with the following objectives:

1. To accelerate joint efforts to improve access to markets outside ASEAN for their raw materials and finished products by seeking the elimination of all trade barriers in those markets, developing new uses for these products, and adopting common approaches and actions in dealing with regional groupings and individual economic powers.

2. To cooperate in the field of technology and production methods in order to increase the production and improve the quality of export products, as well as to develop new export products with a view of diversifying exports.

3. To cooperate in adopting joint approaches to international commodity problems and other world economic problems such as reform of the international trading system, reform of the international monetary system, and transfer of real resources in the United Nations and other multilateral forums with a view to contributing to the establishment of the new international economic order (NIEO).

4. To give priority to the stabilization and increase of export earnings of those commodities produced and exported by ASEAN through commodity agreements including buffer stock schemes and other means.2

Apart from those objectives, it is well recognized by ASEAN governments that the association can be sustained in part through the interest and attention given it by other countries. The United States, as Lawrence Krause has argued, should take ASEAN—as an institution—just as seriously as the members themselves do. He suggests further:

An appropriate institutional response would be to create an ASEAN section within the Foreign Commercial Service [of the United States]. That section would take the responsibility for ensuring an appropriate U.S. policy stance. Also a deputy assistant secretary of state should be designated for ASEAN affairs under the assistant secretary of state for Asia and the Pacific. Such a person would be responsible for institutional developments, including the preparation of ASEAN-U.S. dialogues. When the time becomes appropriate, an American ambassador to ASEAN should be appointed.3

As observed elsewhere: “As [the United States] sees ASEAN as a reality and approaches it as a cooperative economic union, so does ASEAN respond in that same light.”4

The third view sees the relations between ASEAN and the United States as a relationship between unequal partners, which typifies the North-South asymmetrical interdependence in trade, investment, aid, and unequal bargaining strengths.5

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2 See ASEAN Secretariat, 10 Years ASEAN (Jakarta, 1978).
5 Chia Siow Yue, “Development and Issues.”
Seen from this perspective, it is unavoidable for both parties to adopt opposite views on many bilateral, regional, and global economic issues. However, it is widely believed that both the United States and ASEAN have adopted a non-confrontative attitude in approaching those issues in their bilateral relations. Such an approach facilitates better communication, but it remains to be seen whether ASEAN-U.S. relations can contribute to a satisfactory solution to global North-South problems.\textsuperscript{6}

Rather than focusing on those conflicting North-South issues, the fourth view suggests that ASEAN-U.S. economic relations be seen from the many values and interests that both parties share in common.\textsuperscript{7} One such common interest is the security and stability of Southeast Asia. Both sides understand that economic development in the ASEAN countries is probably the most important determinant of regional stability. A U.S. policy that encourages trade with ASEAN countries and facilitates private American investment will be seen as a reaffirmation of a strong political and security commitment to the region. However, it may be difficult for the United States to transmit signals of security commitments through economic measures because the needs of the American economy may not correspond to ASEAN's economic requirements. It is equally unclear whether economic cooperation between ASEAN and the United States would be better facilitated under a more explicit security arrangement. It is widely recognized that politico-security considerations remain a major U.S. concern in its approach to the Southeast Asian region. However, it is unrealistic to expect that ASEAN would be prepared to engage in any arrangement of that sort.\textsuperscript{8} It has been argued elsewhere that in spite of the many common interests shared by ASEAN and the United States, their relations would remain minimal, among other things, because of ASEAN's prevailing ambivalence regarding its relations with this superpower.\textsuperscript{9}

Thus, despite the recognition of the security-prosperity links in Southeast Asia, ASEAN-U.S. economic relations should perhaps be guided by their own economic merits. Krause argued that a greater U.S. economic involvement in ASEAN serves the United States' own economic interests as well.\textsuperscript{10} It is not clear at present how far such increased interactions would lead to the establishment of more formal economic structures, such as a U.S.-ASEAN free trade area, which U.S. trade representative William Brock suggested in 1983.

A fifth view suggests that ASEAN-U.S. economic relations should be seen in the context of American versus Japanese economic interactions with ASEAN. Bilateral economic relations between the United States and ASEAN have implica-

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\textsuperscript{6} Soesastro, "Future ASEAN-U.S. Economic Relations."


\textsuperscript{9} Indorf, "Critical Undercurrents."

\textsuperscript{10} Krause, \textit{U.S. Economic Policy}.
tions far beyond that bilateral relationship. An important factor in this relationship is Japan’s economic role in the region. ASEAN wishes to see an increased U.S. economic presence in part to balance or prevent a Japanese overpresence. This should not mean that an increased U.S. economic role is pursued at the cost of Japan’s economic interests. Seen from a broader strategic perspective, a balance between the United States and Japan would be in Japan’s own interest since it guarantees a stable and enlarged ASEAN-Japan economic relationship. There have been indications that in fact, the United States encourages an expanded Japanese economic role in the ASEAN region and prefers Japan to take the lead in dealing and negotiating new arrangements with ASEAN. Krause has developed a different argument: Japan is the dominant economic partner of the ASEAN countries; “if the U.S. is successful in ASEAN, it will be able to meet the Japanese challenge in other areas as well.”

The sixth, and last, view is that ASEAN-U.S. relations should be put in a broader regional framework since the Asia-Pacific context of those countries has become increasingly important.

The above views could lead to the formulation of a variety of policy alternatives involving different combinations of those views. Of interest would be an examination of the extent to which those different views have influenced the nature of ASEAN-U.S. relations over time. Such a review, however, is beyond the scope of this chapter.

In general, bilateral ASEAN-U.S. relations over the last ten years or so, especially since the establishment of the ASEAN-U.S. dialogue in September 1977, have been promoted by ASEAN for a number of reasons. Bilateral U.S. relations with individual ASEAN countries remain important, but the ASEAN countries have increasingly formulated common approaches on many economic issues affecting ASEAN and have resorted to the ASEAN-U.S. dialogue as the forum for expressing their joint proposals and demands for greater economic cooperation in the areas of trade, investment, and development. The areas that were most suitable for bilateral ASEAN-U.S. dialogues largely coincide with those in the global North-South dialogue. It is inevitable that many economic issues in ASEAN-U.S. relations are addressed and approached from a North-South perspective.

ASEAN considers itself—often confirmed by outsiders—a moderating factor in the North-South dialogue. Through the ASEAN dialogues ASEAN can contribute to the satisfactory resolution of a number of North-South problems, primarily in the areas of trade and commodities. Successful negotiations on these issues by

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11 Soesastro, “Future U.S.-ASEAN Economic Relations.”
12 Krause, U.S. Economic Policy, p. 75.
13 Hadi Soesastro, “ASEAN and North-South Trade Issues,” Indonesian Quarterly 11(3) (July 1983):59–82. This suggestion was also made by Krause, U.S. Economic Policy, p. 81. More specifically, on the idea of the so-called Pacific Basin Economic Cooperation, see, e.g., Hadi Soesastro and Han Sung-joo, eds., Pacific Economic Cooperation: The Next Phase (Jakarta: Center for Strategic and International Studies, October 1983).
ASEAN with the United States and Japan in particular are models for global negotiations. ASEAN's motives, however, are not entirely altruistic, for ASEAN should attempt to optimize its own gains from these negotiations.

Some in ASEAN have argued that its position on the North-South dialogue should remain inseparable from that of the Group of 77 and that ASEAN should not seek a separate path. Others have argued that ASEAN should forge ahead with its own arrangements, stressing its own interest first and move toward a more comprehensive level only when a base agreement has been reached with one or two of the major industrial countries, the United States and Japan in particular. This latter view suggests in fact that emphasis should be placed on ASEAN dialogues with its main trading partners.  

Thus, the ASEAN-U.S. dialogue, the most viable mechanism for consultation and the only concrete manifestation of relations between the United States and ASEAN as a group, has in fact reinforced the North-South nature of that relationship.

Over the years, greater importance tends to be given by ASEAN to these dialogues partly because it regards them as its most successful achievement. This in turn has tended to reduce the function of the ASEAN-U.S. dialogue into a routine exercise, in which the same issues are discussed over and over again.

This chapter will examine only the issues and developments in ASEAN-U.S. economic relations over the last two years or so. The changing international economic environment of the 1980s, the global recession, and its fragile recovery seem to have influenced the way ASEAN assesses its relations with the United States, as manifested by the series of ASEAN-U.S. dialogues. ASEAN recognizes the need for fresh approaches, but that is as far as it has gone so far.

THE ASEAN-U.S. DIALOGUES: A REASSESSMENT

During the preparatory meeting for the fifth ASEAN-U.S. dialogue, both sides agreed to include in the agenda an assessment of the ASEAN-U.S. dialogues. At the fifth dialogue, in December 1983, ASEAN submitted a memorandum, which made the following points:

1. The agenda of past dialogues consisted of items relating to international trade and commodities, investment and finance cooperation, shipping, and development cooperation. In the actual dialogues international trade issues were discussed in great length, but most of the issues discussed were those articulated by the dialogue partners in various international forums. Investment and finance, shipping, and development cooperation were not given sufficient attention, and there was

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15 The earlier period has been reviewed by the author in "Future U.S.-ASEAN Economic Relations."
lack of focus in the discussion required for evolving constructive structures for trade and other economic activities.

2. In most of the discussions, the U.S. side either took note of ASEAN views and requests, or its responses were in the form of clarification or information on existing U.S. policies and activities on issues under consideration. In general, the dialogues did not result in concrete decisions of mutual benefit to the dialogue partners.

3. There has been some progress in the field of development cooperation in terms of concrete projects in agriculture, energy, public health, academic training, and research. In the main areas of attention in the dialogues, trade and commodities, only two major ASEAN requests were acted upon favorably by the United States. They were (a) the inclusion of Indonesia in the U.S.-GSP (generalized system of preferences), and (b) the reinstatement of Philippine rattan furniture in the U.S.-GSP. In investment and finance cooperation, none of ASEAN’s major requests was granted.

4. ASEAN believes that in order to strengthen its economic relations with the United States, the dialogues should be held at the appropriate ministerial level and with relevant government agencies on an ad hoc basis as and when necessary. Furthermore, ASEAN suggests that future discussions should be more focused on evolving constructive structures for trade and other economic activities as well as on the need for technology transfer. It also suggests that the United States establish a comprehensive structure for economic cooperation for ASEAN.\textsuperscript{16}

In view of the above assessment, the results of the ASEAN-U.S. dialogues have been meager indeed, in particular in the area of trade, which has been the main preoccupation of the dialogues.

The disappointing results of the dialogues, however, are not immediately reflected in U.S.-ASEAN trade performance. Based on the trade growth figures in Table 1, it could be concluded that in spite of poor results in the area of trade negotiations, trade between the United States and ASEAN has grown faster than between the United States and the rest of the world. U.S.-ASEAN trade performance in general has been better than that between the United States and the industrialized countries, oil-exporting less developed countries (LDCs), or non-oil LDCs.

U.S. imports from ASEAN grew by about 16.7 percent per annum during the period 1976–79, compared with 13.8 percent for total U.S. imports. The rate of growth of U.S. imports from ASEAN dropped to 8.4 percent in the period 1979–83, but during that period total U.S. imports increased by less than 5 percent. U.S. imports from Singapore and Thailand remained well above the average rate of growth of U.S. imports from ASEAN, whereas U.S. imports from Malaysia deteriorated most during the 1979–83 period. These different performances suggest that some of the problems may be specific to each ASEAN country.

<table>
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</tr>
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<td>12.7</td>
<td>20.5</td>
<td>17.9</td>
</tr>
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<td>2.6</td>
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<td>-15.0</td>
</tr>
<tr>
<td>Nonoil LDCs</td>
<td>14.4</td>
<td>3.4</td>
<td>15.9</td>
<td>9.9</td>
</tr>
</tbody>
</table>

*Less developed countries.


The United States has become Singapore’s largest trade partner outside of its intra-ASEAN trade (see Table 2). Trade between the two countries continues to grow and is not faced with any serious problem. One main problem area in the relations between the two countries at present is the question of piracy and copyright protection for U.S. products. Thailand has been equally successful in its exports to the United States. Recently, Thai tuna exporters have defeated attempts to raise tuna import tariffs in the United States as a result of legal arguments and intense lobbying by Thailand’s private sector, backed by its government. A sudden sharp rise—albeit from very low bases—in textiles and garments imports from Indonesia resulted in a harsh response from Washington, and since August 1984, textiles have been the hottest issue in Indonesia-U.S. trade relations. These recent problems suggest that most of the trade problems with the United States will have to be dealt with directly in Washington and must involve lobbying in Congress. These requirements are not met by the series of ASEAN-U.S. dialogues.

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As suggested by a recent survey, in view of their growing reliance on export revenue the ASEAN countries are forced to become more sophisticated in their response to protectionism in the industrial countries. “Merely pointing out their plight has won them little sympathy in Washington, especially when they are selling more and more to the United States and run trade surpluses with it year after year.” Furthermore, although all Asian countries have a stake in fighting protectionism, none dares rely too much on its neighbors in the battle, since one nation’s defeat in the trade wars often becomes another’s victory. These observations apply mostly to the newly industrialized countries (NICs) of Northeast Asia. However, one may not be surprised if they soon will become valid in the ASEAN region as well. This alone would suffice to encourage ASEAN to design fresh approaches and new trade strategies.

With regard to its trade with the United States, ASEAN must seek new exports. Table 2 suggests that such possibilities do exist in view of the fact that ASEAN’s exports to the United States are still behind its exports to Japan. In 1983, exports to the United States amounted to 18.3 percent whereas exports to Japan constituted 26 percent of total ASEAN exports. It should be noted, however, that nonoil (fuels) exports to the United States may be on par with those to Japan.

Through its dialogues with third parties, especially the United States and Japan, ASEAN has emphasized the need for specific actions in the area of trade, namely, the establishment of a stabilization of export earnings (STABEX) scheme to stabilize export earnings, through loans by the United States and Japan in particular; and

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Table 2
Destination of ASEAN Exports, 1983 (percentage share)

<table>
<thead>
<tr>
<th>Destination</th>
<th>United States</th>
<th>Japan</th>
<th>European Economic Community</th>
<th>ASEAN</th>
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</thead>
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<td>36.3</td>
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<td>9.1</td>
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</tr>
<tr>
<td>Thailand</td>
<td>15.2</td>
<td>15.5</td>
<td>23.0</td>
<td>14.3</td>
</tr>
<tr>
<td>ASEAN</td>
<td>18.3</td>
<td>26.0</td>
<td>10.1</td>
<td>20.7</td>
</tr>
</tbody>
</table>


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18 Ibid., p. 71.
increasingly for greater market access for ASEAN products in those countries.

An assessment of ASEAN-U.S. dialogues should include an examination of the adequacy of ASEAN approaches in dealing with the above issues. This is an urgent matter, especially in regard to market access as a result of the passing of the U.S. trade bill on October 12, 1984, which has restrictive and discriminatory features.

**COMMODITY ISSUES AND STABEX**

ASEAN's basic policy objectives in respect to commodity exports are threefold: (1) the attainment of more stable prices, (2) the steady long-term growth of export earnings in real terms, and (3) the securing of improved market access for raw and processed primary commodities to the markets of the industrial countries.

In the past, the ASEAN countries have relied on international commodity price stabilization schemes and on the compensatory financing facility (CFF) of the International Monetary Fund (IMF) to solve commodity export instability problems. Experience has shown the serious drawbacks of international commodity agreements based on supply control and buffer stock mechanisms. These schemes have created additional problems, which relate to financing of the buffer stock, fixing the basic price range, and administering the quota regulations. It should also be borne in mind that theoretically, any supply control program introduces rigidity into production and trade and thereby hampers movements toward more efficient resource allocation. The existing IMF CFF is also inadequate.

ASEAN's support for the integrated program for commodities (IPC) is based on the fact that the objectives of the IPC go beyond stabilization of commodity prices. The IPC also aims at improving the competition for natural products, marketing and distribution as well as product diversification, and expanding the processing of primary products.

At the global level, ASEAN has participated actively in the negotiations on the Common Fund of the IPC to finance commodity buffer stocks and other measures to stabilize commodity prices. ASEAN has also taken active part in the negotiations on commodities of particular interest to ASEAN, such as tin and natural rubber. These negotiations are carried out together with the negotiations on the Common Fund so that specific commodity agreements can benefit from the Common Fund when it becomes operational.

A number of commodities of interest to ASEAN, such as sugar and vegetable oils and seeds, do not lend themselves to the buffer stock approach. Hence, an alternative solution is called for. In this regard, the ASEAN countries consider the Lome type of STABEX arrangement (provided by the EEC to African, Caribbean, and Pacific developing countries) to have merit as a supplementary measure to the

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buffer stock operations for commodities under the IPC. At the ASEAN-Japan summit in Kuala Lumpur, ASEAN proposed that the Japanese work on a similar scheme between ASEAN and Japan. The United States and the European Economic Community (EEC) were also approached in the same fashion.

The Japanese have been willing to consider the proposal. However, the United States rejected STABEX in favor of continued efforts in the globally based North-South negotiations. The U.S. State Department specifically opposed Japanese involvement in a STABEX scheme. In the U.S. view, problems of instability in export earnings are more effectively addressed through IMF’s CFF.

In the first ASEAN-U.S. dialogue, STABEX was proposed by ASEAN as a transitional arrangement—pending finalization of the IPC—which could at a later stage be globalized. At the second ASEAN-U.S. dialogue in 1978, it was suggested that STABEX should be viewed as an additional and supplementary measure to the Common Fund and individual commodity arrangements, not as replacement. With the agreement reached on the establishment of the Common Fund in 1980, the STABEX proposals seemed to have been given lower priority on the agenda of ASEAN dialogues.

ASEAN itself thought it to be unfortunate that it had proposed the STABEX scheme. It was argued that: (1) the IMF CFF in fact is a good scheme and that the conditions attached to it are negotiable and manageable; and (2) STABEX, in the form of soft loans, is suitable for the poor African, Carribean, and Pacific countries, former colonies of the European community, which itself should assume moral responsibility for helping them; for this reason STABEX was considered unsuitable for the ASEAN countries.20

At the fifth ASEAN-Japan forum in 1982, ASEAN urged Japan to give priority to the eventual establishment of a globalized STABEX-type arrangement, thus supporting the position of the Group of 77 that such a facility should be additional to IMF CFF, other facilities, and actions taken under the IPC to deal with problems of price stabilization.

Similarly, in view of the slow progress in the implementation of the Common Fund, ASEAN urged Japan, which has ratified the Common Fund agreement, to support international moves to press on with the efforts in the preparatory commission. In particular, ASEAN stressed the importance of strengthening the second account of the Common Fund, which facilitates: (1) R&D aimed at strengthening the position of raw materials, (2) transport, marketing, and distribution of raw materials, (3) development and diversification of ASEAN’s natural resources, and (4) local processing of raw materials.

In regard to solving the commodity problems, ASEAN noted the greater and more difficult task toward the conclusion of international commodity agreements that constitute the pillars of the fund, although negotiations on the sixth Interna-

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20 Akrasanee, “ASEAN and the New International Economic Order.”
tional Tin Agreement (ITA) and on the International Natural Rubber Agreement (INRA) have been concluded within the framework of the IPC.

Apart from the above international commodity agreements, ASEAN continues to seek close support from its dialogue partners in several other areas, such as vegetable oil and seeds, tropical timber and timber products, banana, and hard fibers.

In summing up, it can be said that ASEAN’s joint approaches through the mechanism of the ASEAN dialogues with third countries, including the United States, have failed to bring about tangible results insofar as bilateral or regional arrangements—such as a regional STABEX for ASEAN—are concerned. While it may be true that ASEAN’s diplomacy on commodity issues at the global level may have had some effects, the difficulties in the way of creating and operating commodity prices stabilization arrangements remain insuperable.21

The fourteenth ASEAN economic ministers’ meeting in Singapore in November 1982 considered the need for fresh thinking and new initiatives in the area of commodities of interest to ASEAN, including the reassessment of its position regarding the IPC. Some time ago, the ASEAN countries were advised “to pool their resources to step up R&D jointly and remain competitive in raw material production rather than attempt to raise raw material prices through commodity control.”22

TRADE ISSUES AND ACCESS TO MARKETS

The current international trading system is under great stress as manifested in the various difficulties and contradictions in the conduct of trade. These difficulties arise from an ever-increasing degree of discrimination and the proliferation of flexible measures of protection (i.e., safeguards); the decline of the unconditional most-favored-nation (MFN) principle (in regard to the implementation of the multilateral trade negotiations [MTN] agreement/codes on nontariff barriers); the greater tendency to resort to bilateral procedures (e.g., voluntary export restrictions); and the hardened commercial policy of major importing countries, particularly on agricultural products.

The fourteenth ASEAN economic ministers’ meeting in November 1982 took a clear position on the above issues in preparation of the General Agreement on Tariffs and Trade ministers meeting the same month. Most of the issues have been dealt with in the various ASEAN dialogues with major trading partners, focusing primarily on improved ASEAN access to markets in industrial countries.

ASEAN has sought to eliminate existing barriers and to increase the range of its

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21 Indeed, a recent study by Seiji Naya attempts to calculate the cost of the STABEX and found the financial burden too high to make the proposal attractive or feasible. This information is based on personal communication with the author.

22 Ariff, Malaysia.
goods—manufactured goods in particular—that could enter the markets in the industrial countries free of duty or under certain preferences.

Special barriers to manufactured exports from LDCs have resulted from three distinct causes. Industrial tariff reductions have largely come about since World War II through reciprocal concessions among industrial countries on a MFN basis. As a result, the United States applies lower tariffs to the export of manufactures from the EEC, for example, than it does to those of most LDCs.

Tariff escalation is another source of special barriers. Industrial countries' tariffs weigh more heavily on manufactures than on raw materials. Quotas and a variety of voluntary agreements constitute another major source of special barriers. Under the trade rules adopted by the industrial countries, a sudden surge of imports can be met with trade restriction (safeguards).

The ASEAN memorandum on protectionism, presented at the second ASEAN-U.S. dialogue, cited the duty cases on textiles and garments brought against ASEAN countries by the U.S. Treasury on the grounds that their production is subsidized. This issue was finally resolved in ASEAN's favor. ASEAN has also brought its disappointments with the multi-fiber agreement (MFA) to the U.S. attention since the first dialogue. To counter both special barriers to exports and high production cost, the LDCs have urged the industrial world to make a unilateral cut in tariff on products imported from LDCs.

At the various ASEAN dialogues, trade issues in the MTN have been raised by ASEAN, and the dialogue partners have been urged to fulfill their commitments set forth in the Tokyo declaration and to improve their offers in terms of product coverage, depth of cut, and accelerated staging. In the MTN, the United States chose to offer permanent MFN reductions but expected some reciprocity. Other industrial countries focused their concessions for tropical products on their existing systems of preferences.

The tariff-cutting formula adopted at the MTN is believed to have a substantial effect on the exports of developing countries. At the first ASEAN-U.S. dialogue, for example, ASEAN submitted a list of products to be included in the U.S. offers, and later each ASEAN country indicated the extent of reciprocity it could grant to the United States in accordance with the Tokyo declaration. The United States agreed to give concessions to ASEAN exports, for example, on coconut oil imports from the Philippines on a zero tariff starting January 1981.

At the ASEAN dialogues, considerable attention was given to improvements in the GSP. ASEAN deems the GSP to be an important instrument for the expansion of its exports and the promotion of its industries. Lists of products proposed for inclusion in the GSP schemes of Japan, the United States, or the EEC have been submitted regularly and jointly by the ASEAN countries at the dialogues. In addition, a number of specific changes were proposed by ASEAN, covering: eligibility of all ASEAN countries (when excluded as a beneficiary country as an OPEC member); liberalization of the competitive need limitation; liberalization and simplification of the cumulative rules of origin (CRO); simplification of procedures
and data requirements for product requests; and the GSP as a permanent element in the international trading system and, more recently, on the so-called GSP erosion.23

Negotiations on GSP by ASEAN lend themselves to the mechanism of dialogues, namely, bilaterally between the GSP "donor" and the GSP "recipient." The GSP, it should be noted, involves a unilateral concession by the donor, and its GSP donor introduces its own unique preference scheme. As a group, ASEAN seems to have gained some concessions from its negotiations on GSP with the United States as well as with the EEC and Japan, such as in the application of CRO for ASEAN as well as in the expansion of product coverage. However, specific studies evaluating the effects of GSP, such as the EEC-GSP on ASEAN products24 or on a more global scope,25 suggest the quite meager trade benefits of the GSP. Thus, ASEAN's emphasis on improvements in the GSP, which has become an important feature in the agenda of its dialogues, does not seem all that meaningful.

One should examine, however, how far ASEAN has been affected by the U.S. move in March 1984 to tighten restrictions on duty-free access to the U.S. market. This move was part of an annual product review of the 3,000-plus articles from 140 countries allowed entry under the U.S. GSP. As of March 30, 1984, imports valued at $11.9 billion last year were excluded from the U.S. duty-free list. Some $10.7 billion was automatically excluded because of the program’s competitive need limitation.26 The remaining $1.2 billion in imports was "graduated" from GSP.

Indeed, the current major issue of wide-ranging implications to ASEAN, which has now come to the fore in its negotiations with the industrial countries, is the so-called "graduation" of the ASEAN countries. The graduation, if accepted, implicitly means ineligibility for a variety of preferences or facilities, including the GSP, thus automatically moving the ASEAN countries from GSP rates to MFN rates. For a number of reasons, including political ones, ASEAN strongly rejects the graduation concept. Nonetheless, ASEAN needs to consider the U.S. proposal for the introduction of a preferential rate, which is an intermediate rate between the GSP rate and the MFN rate, which is meant to be applied to countries that have graduated to a higher stage of development.

While most of the above problems are encountered by ASEAN in its trade with many industrial countries, some of them are more pronounced when dealing with the United States. The U.S. Trade and Tariff Act of 1984 includes an eight-and-a-23 As importing countries lower many of their tariffs and duties, the difference between the new (MFN) rates and the GSP rates is lessened. Thus, LDCs benefit less from the GSP program. The United States, Japan, and the EEC refused to recognize the problem of GSP erosion.
26 This competitive need limitation is applied when GSP imports of any particular item exceeds 50 percent of total imports of that item or when the value of that import is above $57.7 million.
half-year extension of the GSP, which includes the elements of graduation, and eligibility is linked to recipients' respect for intellectual property (patents, trademarks, etc.). The bill also includes reciprocity measures that allow the president to retaliate when barriers to U.S. exports are not removed by negotiation.

Another main concern of the ASEAN countries relates to U.S. policy on access by LDCs to the GATT code on subsidies and countervailing measures. U.S. policy extends the benefit-of-the-injury criterion to acceding LDCs only if and when they enter into a commitment that satisfies the U.S. government to phase out their export subsidies.

CONCLUSION

Various stopgap measures, while negotiable, definitely remain but are wearisome. Many trade issues encountered in the operations of the international trading system today may be the symptoms of only more fundamental problems of the world economy today. Thus, trade issues cannot be isolated from other economic (and sociopolitical) problems in the monetary, fiscal, and investment fields, which must operate in a world economy, especially by the industrial countries.

In the dialogues with the United States and other countries, ASEAN always presents a set of issues covering trade, development, investment, and other areas of cooperation. ASEAN is well advised to present these issues in a more systematically thought-out package.

There still is a great uncertainty as to whether the world economy will soon come out of the recession. Opposing sign are still present. Many trade problems may automatically recede with a vigorous recovery of the world economy. However, prolonged recession will most likely lead to a collapse of the international trading system.

At the fifth ASEAN-U.S. dialogue, ASEAN expressed the need for the establishment of a comprehensive trade and economic cooperation program to enhance economic relations between ASEAN and the United States. Such comprehensive economic structures may indeed be desirable, but they are not easy to design or to implement. Much of ASEAN's worry, which led to that proposal, seemed to be based on the U.S.-Caribbean Basin Initiative (CBI) on the one hand and the effects of the slow economic recovery on the other hand.

ASEAN is less concerned with the effects of the CBI, but it is wondering why a similar arrangement could not be made between the United States and ASEAN. However, it is far from clear whether ASEAN is politically prepared to engage itself with the United States in such a structure. Economically speaking, such a structure may not guarantee that the damage to U.S. partners would be minimized during a recession or economic slowdown.

Meanwhile, the effects of continued protectionism and the more widespread application of the graduation principle could be divisive for ASEAN. ASEAN should not ignore the need for an assessment and reexamination of its own structure.
19. Economic Relationships Between ASEAN and the United States

Bruce Glassburner

INTRODUCTION

Good economic relations are in the interest of the United States and also of the six ASEAN countries. Expanded trade, which comes with reduced trade restrictions, would be to the mutual benefit of all. Better international financial institutions, which facilitate trade and improve the international allocation of financial resources, would also benefit the parties materially. Moreover, good trade and financial relationships are a major aspect of political interaction in the sense that cordial, healthy economic relations are supportive of international political order, and poor economic relationships sour the political atmosphere.

Nevertheless, ASEAN and the United States have chronic differences. The most obvious feature of the five ASEAN-U.S. dialogues (the first was in September 1977, in Manila, the most recent in December 1983, also in Manila) is the persistence of contention. At the same time, these relations appear to be very cordial—perhaps too much so. It is possible that a less cordial, more active dialectic with somewhat more friction could lead to more progress in alleviating the problems.

Not all the issues are of the same degree of importance either politically or economically. A fair amount of pure rhetoric on less important issues is retained largely for ceremonial purposes. It may be that the process has become so repetitive that the significance of some of the issues has been diminished by a sense of futility. If so, it is unfortunate because there remain matters of importance on which progress is needed.

From a purely economic point of view, success in U.S.-ASEAN negotiations is of greater importance to the six ASEAN countries than it is to the United States. Like all large continental nations with a wide variety of resources, internal trade provides the United States with the vast majority of its production and consumption needs, as well as market demand for output.
In 1983, for example, export demand constituted only 9.2 percent of the U.S. gross national product, and imports 11.3 percent of aggregate supply. These percentages are in contrast to exports as a percentage of GNP for the six ASEAN countries, as shown in Table 1. The Philippines, despite nearly three decades of import substitution, remains twice as trade-dependent (as measured by the export ratio) as the relatively free trading United States. Singapore’s exports exceed GNP by 34 percent, a reflection of that nation’s vast entrepôt trade.

Table 1

<table>
<thead>
<tr>
<th>Country</th>
<th>GNP (Y)</th>
<th>Exports (X)</th>
<th>X/Y (%)</th>
<th>( % of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>Rp. 57,695.0 bil.</td>
<td>13,345.0 bil.</td>
<td>23</td>
<td>16</td>
</tr>
<tr>
<td>Thailand</td>
<td>B. 899.0 bil.</td>
<td>207.0 bil.</td>
<td>27</td>
<td>13</td>
</tr>
<tr>
<td>Philippines</td>
<td>P 282.6 bil.</td>
<td>75.3 bil.</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>Malaysia</td>
<td>M$ 64,272.0 mil.</td>
<td>36,388.0 mil.</td>
<td>57</td>
<td>14</td>
</tr>
<tr>
<td>Singapore</td>
<td>S$ 34,485.0 mil.</td>
<td>46,155.0 mil.</td>
<td>134</td>
<td>13</td>
</tr>
<tr>
<td>Brunei b</td>
<td>US$ 4.1 bil.</td>
<td>3.9 bil.</td>
<td>95</td>
<td>13</td>
</tr>
</tbody>
</table>

a All U.S. trade ratios from FEER (1984).

b For Brunei, 1982 data, from FEER (1984); also gross domestic product (GDP) rather than gross national product (GNP).

NOTE: Rp.=rupiah; B.=baht; P=Philippine peso; M$=Malaysian dollar; S$=Singapore dollar; US$=U.S. dollar; bil.=billions; mil.=millions


To emphasize the point of relative interest further, it is worth noting that U.S. exports to ASEAN in 1983 amounted to $9.5 billion and imports from ASEAN to $12.3 billion. As percentages of total U.S. exports and imports, these were 4.7 percent and 3.6 percent, respectively. As indicated in Table 1, U.S. trade is approximately three times more important to the ASEAN countries. This imbalance, of course, is one of the sources of frustration on the part of the ASEAN representatives to the dialogues. Repeated pleas from ASEAN for more liberal treatment are met with polite explanations that much has already been done by way of special treatment for ASEAN and other developing countries, and, given domestic resistance to import competition, little more can be expected in the absence of reciprocal concessions on the part of ASEAN.

Other quantitative aspects of U.S.-ASEAN trade and investment are shown in Tables 2 through 5. The predominance of petroleum and natural gas is striking, constituting virtually a third of total 1983 U.S. imports from ASEAN. In that area, U.S. trade provides foreign exchange of great importance (more than $4 billion) but does virtually nothing by way of creating employment—which for the larger
ASEAN members is of vital importance, given their rapidly growing labor forces. On the other hand, U.S. purchase of $2.3 billion in integrated circuits is very helpful, as is the $1.3 billion in animal and vegetable products.

Table 2
Composition of U.S.-ASEAN Trade, 1983
(millions of U.S.$)

<table>
<thead>
<tr>
<th>Category No.</th>
<th>Description</th>
<th>U.S. Exports</th>
<th>U.S. Imports</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Animal and vegetable products</td>
<td>1,053.6</td>
<td>1,272.3</td>
<td>-218.7</td>
</tr>
<tr>
<td>2</td>
<td>Wood and paper, printed matter</td>
<td>184.7</td>
<td>334.7</td>
<td>-150.0</td>
</tr>
<tr>
<td>3</td>
<td>Textile fibers and products</td>
<td>299.1</td>
<td>815.9</td>
<td>-516.8</td>
</tr>
<tr>
<td>4</td>
<td>Chemical and related products</td>
<td>1,523.1</td>
<td>4,866.6</td>
<td>-3,343.5</td>
</tr>
<tr>
<td>5</td>
<td>Nonmetallic minerals and products</td>
<td>123.5</td>
<td>99.6</td>
<td>23.9</td>
</tr>
<tr>
<td>6</td>
<td>Metal and metal products</td>
<td>5,755.2</td>
<td>4,800.0</td>
<td>955.2</td>
</tr>
<tr>
<td>7</td>
<td>Specified, miscellaneous, and nonenumerated products</td>
<td>465.9</td>
<td>536.9</td>
<td>-71.0</td>
</tr>
<tr>
<td>8</td>
<td>Special classification provisions</td>
<td>69.9</td>
<td>184.8</td>
<td>-114.9</td>
</tr>
<tr>
<td>9</td>
<td>Temporary provisions</td>
<td></td>
<td>10.5</td>
<td>-10.5</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>9,475.0</td>
<td>12,921.3</td>
<td>-3,446.3</td>
</tr>
</tbody>
</table>


Table 3
Leading U.S. Exports to ASEAN, 1983
(millions of U.S.$)

<table>
<thead>
<tr>
<th>Category No.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Animal and vegetable products</td>
<td>1,053.6</td>
</tr>
<tr>
<td></td>
<td>Wheat</td>
<td>353.2</td>
</tr>
<tr>
<td></td>
<td>Cigarettes and cigarette leaf</td>
<td>144.9</td>
</tr>
<tr>
<td></td>
<td>Soybeans</td>
<td>126.2</td>
</tr>
<tr>
<td>2</td>
<td>Wood and paper, printed matter</td>
<td>184.7</td>
</tr>
<tr>
<td></td>
<td>Chemical wood pulp</td>
<td>43.4</td>
</tr>
<tr>
<td>3</td>
<td>Textiles and apparel</td>
<td>299.1</td>
</tr>
<tr>
<td></td>
<td>Cotton, less than 1⅝ in length</td>
<td>187.5</td>
</tr>
<tr>
<td>4</td>
<td>Chemical and related products</td>
<td>1,523.1</td>
</tr>
<tr>
<td></td>
<td>Crude petroleum</td>
<td>424.9</td>
</tr>
<tr>
<td></td>
<td>Chemical mixtures and preparations</td>
<td>157.2</td>
</tr>
</tbody>
</table>

310
<table>
<thead>
<tr>
<th>Category No.</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Animal and vegetable products</td>
<td>1,272.3</td>
</tr>
<tr>
<td></td>
<td>Coffee</td>
<td>209.1</td>
</tr>
<tr>
<td></td>
<td>Coconut oil</td>
<td>176.7</td>
</tr>
<tr>
<td></td>
<td>Sugar</td>
<td>107.9</td>
</tr>
<tr>
<td></td>
<td>Pineapple</td>
<td>104.2</td>
</tr>
<tr>
<td></td>
<td>Shellfish</td>
<td>81.9</td>
</tr>
<tr>
<td>2</td>
<td>Wood and paper, printed matter</td>
<td>334.7</td>
</tr>
<tr>
<td></td>
<td>Plywood</td>
<td>158.1</td>
</tr>
<tr>
<td>3</td>
<td>Textiles and apparel</td>
<td>815.9</td>
</tr>
<tr>
<td>4</td>
<td>Chemical and related products</td>
<td>4,866.6</td>
</tr>
<tr>
<td></td>
<td>Crude petroleum and natural gas</td>
<td>4,170.6</td>
</tr>
<tr>
<td></td>
<td>Natural rubber</td>
<td>599.6</td>
</tr>
<tr>
<td>5</td>
<td>Nonmetallic minerals and products</td>
<td>99.6</td>
</tr>
<tr>
<td></td>
<td>Rubies and sapphires</td>
<td>69.1</td>
</tr>
<tr>
<td>6</td>
<td>Metal and metal products</td>
<td>4,800.0</td>
</tr>
<tr>
<td></td>
<td>Monolithic integrated circuits</td>
<td>2,268.0</td>
</tr>
<tr>
<td></td>
<td>Office machine parts</td>
<td>669.2</td>
</tr>
<tr>
<td></td>
<td>Unalloyed tin</td>
<td>249.2</td>
</tr>
<tr>
<td></td>
<td>Main printed circuit boards</td>
<td>100.3</td>
</tr>
<tr>
<td></td>
<td>Hand-held CB radios</td>
<td>83.3</td>
</tr>
<tr>
<td></td>
<td>Other radiotelegraphic equipment</td>
<td>79.0</td>
</tr>
</tbody>
</table>

Table 5
U.S. Direct Investment Data for ASEAN, 1983
(millions of U.S.$)

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount (millions of U.S.$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>3,042&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1,118</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,102</td>
</tr>
<tr>
<td>Singapore</td>
<td>1,965</td>
</tr>
<tr>
<td>Thailand</td>
<td>729</td>
</tr>
<tr>
<td>Total</td>
<td>7,956&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup> Includes an estimated $600 million outside the oil sector.
<sup>b</sup> The latest figure (1978) currently available for Brunei was $5 million.


At the initial session of the U.S.-ASEAN dialogues, held in Manila in September 1977, it was stated in an ASEAN memorandum that "ASEAN's position on the North-South Dialogue is inseparable from the position of the Group of 77 countries of UNCTAD." Allowing for diplomatic hyperbole, that statement gives a good indication of how the dialogues have been conducted as far as economic issues are concerned. The following list outlines the issues discussed at the 1982 dialogue, the last year for which full minutes are available.

1. The international economy and the U.S. role
2. Trade issues of a wide variety of types
   a. Quotas
   b. Generalized system of preferences (GSP)
   c. General Agreement on Tariffs and Trade (GATT) codes
   d. Commodity markets and agreements
3. Investment and finance
   a. Aid levels
   b. Access to U.S. capital markets
   c. U.S. interest rates
4. Shipping and private enterprise

THE INTERNATIONAL ECONOMY AND THE U.S. ROLE

Despite the rapid growth of the developing world over the last three decades, the United States, Western Europe, and Japan remain the world's dominant economic forces, their rates of expansion of trade having profound spread effects. Until 1982-83 U.S. stagflation had been of primary concern in the dialogues, but the startling expansion of the U.S. system in 1983 and 1984 changed the tone of the

<sup>1</sup> But not "hegemonic." See Baldwin (1984), who argues that the United States can no longer "make the rules of the game" in international trade.
discussion. Real U.S. GNP (1980 prices) fell by 2.1 percent between 1981 and 1982, then grew by 3.7 percent between 1982 and 1983, a turnaround of 5.8 percentage points! Even more startling has been the leap in the quarterly GNP figures between the second quarter of 1983 and the second quarter of 1984—when the United States behaved like a Pacific Basin NIC (newly industrialized country), with a growth of 10.2 percent.

Unfortunately, this lusty boom dropped off precipitously in the third and fourth quarters of 1984, and some economists predicted that U.S. economic growth in 1985 will be insufficient to prevent a rise in the rate of unemployment. If this should occur, it has ominous implications for the developing countries that rely to any significant extent on U.S. markets. Not only does it portend a decline in the rate of U.S. demand for imported goods, but also the continued strength of U.S. protectionism.

Protectionism in the United States is a matter of concern to the exporters of ASEAN and other U.S. trading partners, not because of the quantitative importance of export sales, which are prevented by that protectionism, but for other reasons. Total textile imports by the United States from ASEAN in 1983 were valued at less than $1 billion. U.S. tariffs and quotas are designed not to reduce imports, but rather merely to slow down their rate of growth. Thus, total trade losses from such restrictions in any given year are probably less than 5 percent of any nation's total trade bill. However, the United States has played a historic role as the leader of the post—World War II effort to liberalize world trade; hence the symbolic significance of a rise in U.S. protection is great.

In addition, protection is concentrated in labor-intensive production areas because of the impact that international competition has on domestic unemployment. For the developing countries this is most discouraging because most of these nations have high rates of unemployment (both open and disguised), often have rates of labor force growth in the range from 2.5 to 3.0 percent per annum, and are seeking desperately for ways to expand employment opportunities. As the experience of the Pacific Basin export-led growth cases (Japan, Hong Kong, Singapore, Taiwan, and South Korea) has shown, labor surpluses can be turned into full employment and rapidly rising real wages in a strikingly short period of time by taking advantage of markets for goods in which their abundant labor gives them comparative advantage.

It is unfortunate, therefore, that so little in the way of trade liberalization was accomplished by the Reagan administration during its first four years. Ostensibly, the administration believes in the beneficence and efficacy of market forces, but it is apparently as readily influenced by vocal economic interests as its opponents in the Democratic party. Perhaps, if the boom had come earlier so that it could have been exploited as a "window of opportunity" for trade liberalization before the pressures of the presidential campaign became dominant, we might have seen

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some pulling back from the insidious growth of nontariff barriers. But with Walter Mondale making political capital out of the protection issue by playing up the role of foreign competition (which was perceived—correctly or not—to be creating and sustaining unemployment in U.S. industry), Reagan understandably postponed action on that front, despite his huge early popular lead and easy victory.

In his second term President Reagan faces the possibility of a rise in the unemployment rate and a Congress of mixed sympathies toward his objectives; so it must be expected that domestic economic policy concerns will remain in the forefront. In any case, the Reagan leadership is suspect on the matter of the genuineness of its international trade liberalism. The Republican party has a tradition of protectionism. Perhaps this president genuinely believes in freedom of trade and will try to take advantage of a political climate that allows him room for maneuver. As a very popular lame-duck president, he can afford to be less responsive to popular pressure and may envisage an opportunity to make his mark in history as a trade liberalizer. By the same token, members of Congress, knowing that he cannot be a candidate in 1988, are unlikely to be very responsive to his wishes, particularly late in his second term. In sum, prospects for greater U.S. trade liberalization do not appear to be bright.

Be that as it may, there is no questioning the fact that over the past two years, rapid growth in the world's largest economic system has made a very positive contribution to expansion of the world economy. The gigantic U.S. government deficits that served to stimulate this rapid growth have, however, had some important side-effects, discussed later in this chapter.

TRADE POLICY ISSUES

Quotas

The range of specific issues falling under this rubric is almost endless, and we will make no effort to comment on all of them. Quotas, whether on textile imports to the United States or any other commodity category, are a particularly entirely obsolete, and adjustment assistance is the best available alternative. quantitative flexibility, that is, they offer the opportunity to sell in the protected market so long as the seller is willing to meet competition carrying the handicap of discrimination in favor of the domestic producer. Moreover, a part of the increased prices paid by domestic consumers is captured as revenue by the government of the importing country.

Quotas are inferior on both counts. Being quantitative restrictions, they provide access to the protected market only to those favored by being given a share of the quota. That means that the increase in domestic price brought on by the protection gives a windfall to the favored foreign producer as well as to the domestic producer. No revenue is produced by a quota. It is conceivable that an established exporter of textiles from, say, the Philippines, will actually find the quota arrangement more, rather than less, profitable. However, his compatriots in the Philippines
or his prospective competitors from Singapore or Indonesia may find themselves shut out of the market altogether. It would be better economic policy for protection to be abolished in favor of adjustment assistance in the United States—both from the point of view of ASEAN (and other producers of textiles with comparative advantage) and that of American consumers and exporters.

The textile industry is the classic case of a labor-intensive industry and, therefore, is most appropriately left for the labor surplus nations to exploit. It is undeniable that the United States has a problem with a textile industry that still employs many people. This is an industry that Americans of the older generation, particularly in the eastern states, regard with special affection because of its historical role as the employer of thousands of immigrants and because it was here that the first successful craft labor union organizations were established. But the pattern of provision of legal shelters from competition for workers in that industry is now entirely obsolete, and adjustment assistance is the best available alternative.

**Generalized System of Preferences (GSP)**

Trade preferences, whether generalized or not, have not proven to be a very successful instrument of shelter from protectionism for the developing countries, primarily because they have provided an opportunity for window dressing which looks like liberalized market access. GSP is analogous in one respect to intra-ASEAN trade liberalization, which has been dominated by the lowering of tariffs on goods that are traded little if at all or are not likely to be traded very much. Similarly, the developed nations that have adopted GSP have been very selective in the preferences they are willing to make available. Moreover, neither the theoretical nor the empirical arguments for trade discrimination are strong. Reciprocal trade liberalization based on the most-favored-nation principle is an economically sounder approach and is more likely to succeed politically in the United States.

**GATT Codes**

The General Agreement on Tariffs and Trade (GATT) has, in principle, recognized the case for discrimination in favor of the developing countries, but it has yielded little benefit for developing countries thus far, and it seems unlikely that it will do so in the future. Liberalized GSP has its proponents in the U.S. Congress, but congressional sentiment would surely be more easily rallied if ASEAN and other nations of the “South” would show some evidence of willingness to make reciprocal trade concessions.

This would be not only good politics on the part of the developing nations, but also good economics. While levels of protection in the developed countries are inconsistent with efficient use of their own and the world’s resources, they are

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3 As opposed to preferences to former colonies with established trade patterns with the colonizing nation.
extremely light by comparison with those of most developing countries, including all of the four larger ASEAN members (Glassburner, 1982, 1984).

It would be useful for ASEAN, in connection with efforts to open markets within the association, to attempt reciprocal liberalization, extending to at least some major trading partners. Perhaps the Pacific Basin forum is a good place for probing this approach. I expect the Reagan administration to react positively to any such effort if only because it is more likely to make headway in Congress with reciprocity than with arguments for liberalized preferences.

By the same token, I think that ASEAN and the “South” generally would stand to gain from support of additional multilateral trade negotiations under GATT, and particularly so if they made motions in the direction of participation in the bargaining rather than as petitioners for privilege. This implies a facing up to the issue of “graduation,” by stages, from the status of developing countries (see Chapter 18 of this volume).

Commodity Markets and Agreements

On the issue of international commodity agreements, the developed nations in general, and the United States in particular, have been painfully slow to support even the Common Fund idea. The capitalist nations of the world are not enthusiastic about cartels under any circumstances, and although the example of OPEC (Organization of Petroleum Exporting Countries) deriving advantage at the expense of the industrialized countries may have been stimulating to the spirits—if not the economies—of the developing countries, it has not made believers in ubiquitous cartel action on the part of the industrialized losers.

Aside from this understandable reluctance—based on simple economic interest—to support with enthusiasm the development of a TINPEC, a RUBBERPEC, or a COFFEEPEC, is the fact that management of commodity markets with buffer stock action is technically very difficult, requiring specific market forecasting and subtle timing; and it is also expensive by comparison with alternative policies, such as financial facilities designed to provide balance of payments relief.

INVESTMENT AND FINANCE

Aid Levels

The United States has not been the most generous of nations in the granting of economic assistance to the poorer nations of the world. Most of the other members of the Organization of Economic Cooperation and Development (OECD) have allocated considerably larger proportions of GNP to aid. This situation is unlikely to

4 In 1983, U.S. Official Developments Assistance was 0.24 percent of gross national product. This compares with a median ratio for OECD nations of 0.47 percent (World Bank, 1984).
change under the Reagan administration, many of whose members have grave doubts about the efficacy of concessional lending through governments. We will not examine these arguments here but only observe that there does not seem to be a great deal of passion in evidence on one side or the other of the issue of more versus less aid in Washington.

The administration appears to have the World Bank on the defensive, but that may very well pass as soon as there is a change in the presidency of that institution. If Paul Volcker should, indeed, prove to be A. W. Clausen’s successor, as has been publicly rumored, it seems unlikely that it would make major differences in the World Bank’s approach, or in the U.S. level of support. Conceivably Volcker would be an even more vigorous supporter of a strategy of structural adjustment as opposed to monetary and fiscal accommodation of balance of payments difficulties, but that would be a change in degree rather than of fundamentals. That approach is neoclassical, broadly speaking, as opposed to structuralist, and is therefore at least roughly consistent with the economic ideology of the present U.S. government.

Cries from the conservative right wing for the curbing of World Bank activities, claiming that they lock in structural flaws in debtor countries, will surely continue to be heard. As the U.S. right wing endeavors to gain control of the Republican party, there is likely to be a good deal of harsh rhetoric on these issues, but radical reaction seems unlikely to capture the levers of policymaking. U.S. moderates recognize that the World Bank and the International Monetary Fund (IMF) serve the interests of neoclassical economics tolerably well and should provide a defense against attacks from either right or left.

More specifically with reference to ASEAN as an organization, U.S. support of association projects, as opposed to national investment programs, has been largely one of moral support. The Japanese have been the larger figure in that arena. There is a good deal of skepticism concerning the complementation projects, seen either as specific projects or as an exercise in multinational planning. National planning is bad enough.

Access to U.S. Capital Markets

The international climate for private sector borrowing on the part of developing countries is not good, and it is unlikely that the U.S. government will do very much to improve access. Correctly or not, it is widely believed in the United States that American banks were pushed into lending excessively to such countries as Mexico and Brazil and then blamed for overextending themselves when debt problems became critical.

U.S. Interest Rates

A variety of factors have contributed to the very long period of inordinately high real U.S. interest rates. Table 6 compares U.S. Treasury bill rates with the rate of inflation as measured by the GNP deflator. It shows the consistently rapid rise of
real rates of interest from negative real rates in the late 1970s to positive real rates up to and exceeding 6 percent per annum. By historical standards, these levels are astronomical. Modern capital markets are extremely complex, and it is risky to attempt any simple explanation of this quite amazing situation, but it seems inescapable that the sevenfold increase in the U.S. government deficit lies at the bottom of the problem. Whereas in 1979 the budget deficit was $27.9 billion, it exceeded $190 billion in 1983 and is expected to exceed $200 billion in 1985. The Reagan administration has been able to accomplish this at the same time that inflation has been brought down from more than 9 percent to approximately 3 percent. This could be accomplished only by means of noninflationary borrowing, which means that private U.S. and foreign borrowers have been induced to purchase U.S. government securities by offering them at the high real rates of interest shown in Table 6.

Table 6
Nominal and Real Interest Rates, 1977–84

<table>
<thead>
<tr>
<th>Year</th>
<th>Nominal Interest Rate</th>
<th>Inflation Rate</th>
<th>Real Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>5.27</td>
<td>5.80</td>
<td>-0.50</td>
</tr>
<tr>
<td>1978</td>
<td>7.22</td>
<td>7.39</td>
<td>-0.16</td>
</tr>
<tr>
<td>1979</td>
<td>10.04</td>
<td>8.66</td>
<td>1.27</td>
</tr>
<tr>
<td>1981</td>
<td>14.08</td>
<td>9.60</td>
<td>4.09</td>
</tr>
<tr>
<td>1982</td>
<td>10.72</td>
<td>6.02</td>
<td>4.43</td>
</tr>
<tr>
<td>1983</td>
<td>8.62</td>
<td>3.87</td>
<td>4.57</td>
</tr>
<tr>
<td>1984 (A)</td>
<td>9.58</td>
<td>2.47</td>
<td>6.94</td>
</tr>
<tr>
<td>1984 (B)</td>
<td>8.05</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

KEY: Nominal interest rate: treasury bill rate, average for period.


Real rate: \[\left(\frac{1+r}{1+p}\right) - 1\], where \(r\) = nominal rate, \(p\) = inflation rate.

1984 (A): averages, January–July; inflation rate measured by the wholesale price index.


The United States has thus become an international debtor of colossal size, in competition with all other prospective borrowers, whether governmental or private. This means that there is "crowding out" of weaker borrowers and that all borrowers must pay these very high real rates of interest in order to compete with the U.S. Treasury. Indeed, most less developed countries must pay a premium as compared with the U.S. government because of their more modest credit ratings.

Unfortunately, this situation is not likely to be altered very much in the near future. The alternatives to continued growth of the U.S. government deficit are not
politically attractive, even to a lame-duck administration. They call for a radical closing of the gap between revenues and taxes. The fond hope of the supply-siders in the United States that economic growth would close the gap is only the faintest of hopes at this juncture. Rather than seeing growth reduce the deficit, we appear to have seen the expanding deficit generate the growth. 5

Now the administration faces the hard choice between finding ways of raising additional internal revenues and reducing government expenditures. Given what appears to be an obdurate attitude on the part of the administration toward reducing funds to the military establishment and faced with the prospect of popular hostility toward any effort to reduce welfare or other government services, the administration finds itself confronted by its own election campaign commitment against raising taxes—hence nowhere to go.

As an economist, I hope for, but do not expect, a sharp reversal on the part of the administration, preferably on defense expenditures, perhaps as a result of a favorable outcome of the November 1985 summit meeting with the Soviet Union, to be followed by heavy pressure on Congress to raise taxes. In short, a display of genuine statesmanship, forsaking supply-side economics and the right wing of the Republican party. The administration's reversal of position on exchange market intervention in September 1985 gives grounds for hope for policy flexibility.

To repeat, I do not expect this to happen, and even if it were to happen, it would take us into a difficult period of economic readjustment, quite probably involving a resumption of recession (if we are not already there in 1985). The alternative to a strategy of "biting the bullet" with reduced defense expenditures and increased taxes is a continuation of an untenable state of affairs, which will surely lead to a worse situation eventually. The world is hardly ready for a more serious recession in the United States, but it is even less ready to cope with a U.S. economic disaster involving either a capital market crisis or adoption of an inflationary debt-financing policy. While there is some leeway for reflation in the United States, financing a deficit of $200 billion or more by selling any very large proportion of it to the Federal Reserve System invites hyperinflation.

As a footnote to this rather grim picture of U.S. finances, there is a silver lining, as viewed from the vantage point of U.S. trading partners—including ASEAN. That is the huge U.S. trade deficit. A necessary concomitant of the huge capital inflow generated by heavy U.S. borrowing has been a strong dollar, relatively weak competition from U.S. exports abroad, and a huge increase in U.S. imports. From that point of view, the Reagan administration has served the rest of the world well.

However, the day of reckoning may not be far off. The dollar should weaken

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5 This is not clear-cut. This has been "tight money" deficit financing; hence the source of stimulus was not the classic case of deficit-expanded aggregate demand depicted in elementary economics texts. Stimulation came from the direct stimulation of increased government expenditure ("balanced-budget multiplier effect") and the surge of investment associated with high U.S. rates of return.
with the growth slowdown and the (probable) decline in interest rates that has accompanied shrinking demand for capital, and the import demand in the United States will slacken.

This process has been hastened since late September 1985, as the result of Federal Reserve coordination with the central banks of Europe and Japan. The yen value of the dollar dropped by 13 percent between mid-September and early November. One has to hope that these adjustments will be effective quickly, and lead to a healthy resumption of economic growth, but without strong moves to control the deficit, the adjustment cannot go very far. From the ASEAN point of view, the best bet for a prosperous future would appear to be sustained good growth of the Japanese and other Pacific-rim economies, and for resumption of growth in the European Economic Community.

**SHIPPING AND PRIVATE ENTERPRISE**

One can readily sympathize with U.S. trading partners who find themselves excluded from discussions of rates set by U.S.-based shipping conferences. Unfortunately, shipping is one of those areas, like national airlines, where every nation appears to regard its own shipping company as a symbol of national pride, with the general result that national preference intrudes to raise shipping costs and create friction in economic relationships generally. Without defending U.S. policy in any sense, it is necessary to point out that ASEAN is not innocent of this folly. One would like to see the United States unilaterally liberalize its shipping policy and promote international competition on as free a basis as possible. In particular, the requirement in some aid contracts that 50 percent of materials shipped be in United States bottoms is indefensible. But (to cite an example familiar to me) comparable policy on the part of the Indonesian government, giving monopoly power to its national shipping company, PELNI, means losses in material welfare to the Indonesian people, as well as to their trading partners; and Indonesians can afford it much less than affluent American consumers. Fortunately, policy changes made in April 1985 have substantially reduced PELNI’s monopoly power.

The Reagan administration is laudably doing what it can to encourage ASEAN countries to rely increasingly on their private sectors. However, not much progress in that direction is likely to come through discussion of the matter in such a forum as the U.S.-ASEAN dialogues. However cogent the arguments put forward by the U.S. delegations, they are likely to be met with skepticism and dismissed as U.S. government rhetoric. This is unfortunate because, broadly speaking, economic virtue lies in moving in that direction in ASEAN, particularly in Indonesia.

While the Indonesian government has repeatedly stated its intention to move in the direction of greater reliance on private initiative and private investment in the period of the fourth Five-Year Plan, little, if any progress is discernible in that direction thus far. The United States can help Indonesia in this effort (and the Philippines in its adjustment program) primarily by getting its economic house in order and moving as expeditiously as possible toward stable growth and expanding
international trade. Trade liberalization will also contribute positively. This is because the expanding of production capability to take advantage of external markets is one of the most accessible escape routes for private entrepreneurs who are hampered in their internal markets by reservation of sectors of the domestic economy for state enterprises or favored private enterprise.

CONCLUSION

The U.S.-ASEAN dialogues serve a useful purpose in that they direct the attention of important people in the governments involved toward reviewing the situation annually and toward the effort to understand one another somewhat better. However, the pattern of issues discussed and the tone of the rhetoric have become overly repetitive. It would be well to pause for a year and to have a conference on the conference to see if there is some way of rejuvenating the agenda. It would be fruitful for the ASEAN delegations to drop much of the UNCTAD agenda (quietly, of course) and concentrate on trying to convince the United States that they really do favor trade liberalization and are willing to make trade concessions in order to achieve that objective.

From the U.S. side, it would be encouraging to see the Reagan administration take a firm position on freedom of international trade and do battle with the protectionists within its own party and in Congress. An occasional action in the direction of unilateral liberalization, for example, with GSP, would be gratifying in this regard. However, it is necessary for ASEAN to see the United States for what it is rather than as they would like it to be. It is a huge, open society, in which decisions are made in the context of political pluralism. The economic system is huge and unwieldy, not merely because of its openness and market orientation, but because it is too complex to be easy to understand.

Probably the United States will face a serious adjustment problem as a consequence of its deficit “binge” since 1980. The danger is that the rigors of that adjustment will intensify national economic xenophobia. However, the most immediate problem is the economic slowdown and reduction of demand for ASEAN’s and other imports. For ASEAN’s economic future is heavily dependent on an expanding international economy and the willingness and ability of the ASEAN countries to take advantage of trading opportunities.

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20. The Soviet Union and Southeast Asia

Leo E. Rose

Soviet policy continues to be characterized by an awareness of the opportunity and need to become more widely involved in the geopolitics of Southeast Asia, but it is also characterized by uncertainty and apparent confusion about how this involvement can be best achieved. The inconsistencies and contradictions evident in Soviet policy toward the "two Southeast Asias"—ASEAN and Indochina—reflect a conflict in interest perceptions as well as a propensity to opt for immediate rewards rather than potential longer term gains in an area that is probably still defined as important and manipulatable but not really vital to the Soviet Union. The moratorium on basic foreign policy decision making that was an implicit factor in what was the third successive "succession period" in Soviet politics (1975–82, 1982–83, and 1983–85) has had a fallout effect on Soviet policy in Southeast Asia, though it is unlikely that this region figured prominently in Moscow's considerations and calculations on the host of more critical foreign policy problems that require attention.

In any case, Southeast Asia must be a very complex and difficult area for the Soviet Union to define priorities and evolve policies that fit into its broader Asian and global policy guidelines. Moscow is caught between an interest in expanding relations with at least some of the ASEAN states without having to compromise its support of Vietnam on Cambodia and related issues—not really a feasible policy option at this time. It also faces problems in combining policies that are nominally directed at the "normalization" of Sino-Soviet political relations with their present policies in Southeast Asia that have an apparent anti-Chinese objective—to incorporate both Southeast Asias into the Soviet's "containment of China" policy. In relations with the ASEAN states there is the dilemma posed by Moscow's ardent courtship of the established "bourgeois" governments in most of these states and some lingering hopes of becoming the ideological and political sponsor of the diverse collection of "revolutionary" parties and organizations—most of them with People's Republic of China (PRC) connections—that are dedicated to the
overthrow of the existing regimes. And, finally, there is the still-confusing question of what to do about the United States in Southeast Asia in view of the proclivity in Soviet sources to continue to hope that the U.S.-PRC relationship will eventually disintegrate.

These, then, are some of the questions I will try to address in this chapter—focusing almost exclusively on recent developments. Nothing much will be lost because of the lack of a historical background since the same combination of conflicting policies that Moscow has applied to this confusing complex of opportunities and pitfalls over the past decade or two still characterized Soviet policy in Southeast Asia in 1985.

ASEAN VERSUS VIETNAM

There can be no doubt that in Southeast Asia the Soviets have given the highest priority to their relationship with Vietnam and its two client Indochinese regimes in Cambodia and Laos; all other policy considerations have to be adjusted and accommodated to this fact of life. As most commentators on this subject have noted, there have been both rewards and losses for the USSR in this decision. And, as is to be expected, on occasion the Soviets have made some gestures toward the ASEAN states—and even occasionally to Cambodia and Laos—that are intended to project an image of the Soviet Union that is not completely tied in with Hanoi's objectives and policies in Southeast Asia and toward the PRC.

Unfortunately, any realistic appraisal of the Soviet role in the region since 1978 can only conclude that the USSR has become a supportive force for Vietnam; it is only the more naive and/or the more optimistic that can view Moscow as a moderating influence, much less a check, on Hanoi. If either of these governments has been in a subservient position in their relationship, it has been the Soviet Union—at least, to date. This may not necessarily be the case in the future, but as yet there is nothing in Soviet behavior to indicate any great compulsion or interest in liberation from this demeaning status. We can safely presume that the Soviet objective is to bring the Indochinese states into the Soviet orbit economically, politically, and strategically, and in the long run Soviet policy there may have this result. But in the short run, Moscow seems to feel obligated to provide whatever Hanoi requests without any well-coordinated or realistic set of preconditions. The Soviets certainly appreciate the benefits that have accrued to them from the Vietnam connection, for example, naval and air bases—a physical presence in Southeast Asia. But even some Soviets may wonder occasionally if the price has not been too high in terms of relations with ASEAN, the PRC, Japan, and the United States.

The argument has been made by Douglas Pike that the USSR and Vietnam are bound together in an extraordinarily close and even intimate association. It is a relationship built on the product of opportunism and dependency, opportunism on the part of the Soviet Union and dependency on the part of the Vietnamese.1

This is a correct appraisal in terms of the present policies and sets of objectives of both governments since Hanoi could not carry out its current expansionist, hegemonistic-based policies in Indochina without the political, military, and economic support of the Soviet Union. But the appraisal of comparative status between the USSR and Vietnam changes substantially if the subject is shifted to viable policy options. Vietnam could achieve most of its basic objectives in Indochina, if in somewhat modified form, through sensible accommodations with the ASEAN states, the United States, Japan, and even the PRC. In the process, its near-total current dependence on the Soviet Union would be greatly reduced. For Moscow, however, there is no way in which it can continue to play a major role in Southeast Asia—dependent as it is upon the balancing role of Soviet military capabilities in the area to the PRC, the United States, and even ASEAN—without its Vietnam connection and bases. This places a somewhat different perspective on the dependency syndrome in this particular case. Vietnam has not yet had the good sense to even explore its policy options in any very thoroughgoing fashion, in part perhaps to avoid arousing suspicions and concerns in Moscow while Soviet support is still badly needed. This is not, however, a reasonable "permanent solution" to the myriad of problems besetting Hanoi and the evident inadequacy of the Soviet Union as the sole source of aid.

The Soviets and Indochina

The alliance relationship between Moscow and Hanoi took a few years to develop after the North Vietnamese had established their control over South Vietnam in 1975, perhaps an indication that there are substantial differences in the two states' political, strategic, and economic perceptions. But by 1979, Vietnam had become so overinvolved in its expansionist programs in Indochina and in meeting the Chinese counteractions that Hanoi felt compelled to accept a position within the Soviet-bloc system in exchange for the military and economic aid it required. As a concession, Hanoi reluctantly granted the Soviets military "access rights"—now more accurately described as a base—to the Cam Ranh Bay and Da Nang facilities.

Cam Ranh Bay and Da Nang are the only tangible gain the Soviets have made in Vietnam that is potentially of long-term significance, but they are indeed important. Soviet naval and air forces, based at or utilizing these military facilities, can now project their power into the Southwest Pacific, the Indian Ocean, the straits linking these two oceans, as well as Southeast Asia. Since military power is the major instrument that the Soviets can utilize in extending their influence into this distant area, given their limited economic capacities and substantial political liabilities in Southeast Asia, the base facilities in Vietnam are necessary for an assertive Soviet policy in the region. They are, moreover, a relatively small but vital link in the Soviet's strategic encirclement of the PRC and thus important to Moscow's globally oriented strategic policy or—under a different set of circumstances—a useful bargaining point in Sino-Soviet negotiations.

One wonders, however, just how long term the agreement on Cam Ranh Bay
will prove to be. When (and if) the Soviets ever become serious in their low-key dialogue with Beijing on the "normalization" of Sino-Soviet political relations, it would seem unlikely that the PRC would agree to any set of terms that did not include the termination of the use of Cam Ranh Bay by Soviet forces. Similarly, if Vietnam were to try to achieve a modus vivendi with the PRC on Indochina, Beijing would almost certainly insist on Vietnam becoming "another Egypt" with respect to Soviet military involvement in Indochina in exchange for a compromise agreement on the status of Cambodia and Laos. It may be for these reasons that the Soviets have avoided their usual predilection to use concrete for every conceivable purpose in their construction work at Cam Ranh Bay and have, instead, brought in mobile equipment and facilities that can be easily and quickly removed.

This is not intended to underestimate the importance of Cam Ranh Bay to the Soviets or the many ways in which this base facility further complicates the decision-making process in the USSR at a time when the new Soviet leadership appears to be interested in introducing some constructive policy innovations into a moribund and outdated foreign policy. We can be sure that the military places a high value on Cam Ranh Bay and will agree to the "elimination" of this facility only under strong pressure from other forces in the Soviet governing system. It is possible, for instance, that the military would not consider the sacrifice of Cam Ranh Bay and other forms of direct military involvement in Indochina as a reasonable price to pay for a political accommodation with the PRC on the only terms Beijing would now be willing to accept—an approximately equal status in the world among communist systems and no coordination of the two countries' foreign and strategic policies. The Soviet Foreign Ministry and some Central Committee organizations might well be prepared to accept "normalization" of relations with the PRC on minimal terms since the existing situation is an enormous complication in Moscow's international relations. However, the probable negative attitude of the military could not be easily ignored.

For the same reasons, the compulsions upon the Soviets to be accommodating to the Vietnamese and to avoid any policies and actions in Southeast Asia that would threaten the existing partnership are further enhanced by the Cam Ranh Bay and Da Nang base facilities. There are, undoubtedly, some important Soviet leaders and bureaucrats who would argue for a more autonomous, middle-ground position for the USSR in Southeast Asia, but it is doubtful that they would receive much attention from that small but heterogeneous group that dominates decision making in the Kremlin. It may have been the case that it was an eager Moscow that pressed a reluctant Hanoi assiduously on Cam Ranh Bay and Da Nang, but it is not at all clear that, in policy terms at least, the Soviet Union came out better than Vietnam in this particular venture. Soviet relations with the PRC, Japan, the United States, and, to a more limited extent, the ASEAN states were adversely affected by this development, which was correctly seen by everyone not wearing the "China-is-the-ultimate-enemy" blinders as a serious and threatening development to their strategic and security interests. Vietnam, meanwhile, obtained what could become a very useful bargaining point in some negotiations with these same powers further down the road.
The heavy economic price the Soviets pay for their supportive role of Vietnam has been designed "to anchor the Soviet presence in Vietnam." Their economic aid program is not only large in absolute terms—estimates run from $3 to $5 million a day or about 25 percent of the total Soviet economic aid to the outside world—but also is directed toward long-term projects scheduled for completion in the 1990s, which is seen as a deterrent to any change in alignment by Hanoi. The Soviets provide most of Vietnam's arms—more than $1 billion since 1980—without which Hanoi could not conduct its expensive operations in Cambodia and Laos while at the same time confronting the Chinese on Vietnam's northern border. Thus, the economic ties that bind Vietnam to Moscow are indeed impressive and not easily dissolved—or so it would appear.

But here again, the Vietnamese basic dissatisfaction with the USSR as their primary source of external assistance has also been indicated on several occasions. The Soviets provide comparatively large amounts of economic aid, but some of this is of doubtful utility to the Vietnamese as it is dependent upon what the USSR is capable of providing rather than upon Hanoi's priority lists. Not only do the Soviets lack the capacity to provide some forms of economic assistance that Vietnam requires badly, but Hanoi's Soviet connection on its Cambodian adventure has cut off Vietnam's economic ties with most of the other major sources of economic aid. The probability is that Vietnam would do better on development programs that are dependent on external aid without the Soviet alliance and with a much broader range of international economic connections. It is true, of course, that it would be difficult to replace the USSR as a source of military assistance, but then the termination of the Soviet connection would, presumably, be made in the context of agreements with ASEAN and with the PRC that would obviate Vietnam's need for such massive military assistance. Thus, the "neocolonialist syndrome," based on economic dependency principles, seems no more applicable to such relationships within the communist system than they are to the usual North-South relationships in a world of diverse and competing external-oriented economic systems. Under its present policy positions on the key issues, Hanoi will continue to be a Soviet dependency economically, but there are other viable and, presumably, attractive options available to the Socialist Republic of Vietnam (SRV).

The Soviet-Vietnam relationship is, of course, the dominant factor in the definition of Soviet policy in Cambodia and Laos as Moscow has publicly, and seemingly in practice, supported Hanoi's hegemonistic claims over all of Indochina. This is reflected in the Soviet economic aid programs in both countries. In Cambodia, for instance, direct Soviet economic aid decreased modestly each year from 1980 to 1984—though the final figures for 1984 are still in a state of flux. Most economic

3 In mid-1984, e.g., one well-informed Soviet specialist on Cambodia was confidently predicting that Cambodia was on the verge of becoming a rice exporter once again (Gennady I. Chufrin, "Five Years of the People's Revolutionary Power in Kampuchea: Results and Conclusions," Asian Survey 24(1) [November 1984]:1143). But by late 1984, some Soviet reports were quietly admitting that the USSR would have to provide substantial food-grain assistance to Cambodia on a "one-time ad hoc" basis.
aid to Cambodia, including some which is Soviet in origin, is channeled into the People's Republic of Kampuchea (PRK) through Vietnam under the 1981 trilateral agreement on economic relations and is identified as Vietnamese aid to Cambodia. The Soviets have also largely abandoned grant aid to Cambodia in favor of project aid. This may enhance Cambodia's long-term dependence on the Soviets for some key development projects whose benefits will begin to become evident in the 1990s. However, Cambodia's drastic immediate economic requirements in the mid-1980s are met largely by Vietnam, and it is the latter that is the basic concern of the beleaguered officials in Cambodia these days. Thus, whether by intent or by the compulsions of the limited Soviet aid capacity—or both—the USSR plays a subordinate role to Vietnam in the economic sphere in the subordinate Indochinese states.

There were some hopes and even expectations expressed in ASEAN and Western sources a couple of years ago that the USSR and the SRV had different interests and, therefore, would evolve somewhat different policies on Cambodia and perhaps even Laos. Moscow, it was suggested, would then occupy a middle-ground position between ASEAN and Vietnam and could emerge as a constructive force in the achievement of a mutually acceptable compromise agreement on Cambodia. This may well have been the role the Soviet government would have preferred to assume, but once again the compulsions of their subordinate status to Hanoi on Southeast Asian policy matters dictated otherwise. From the evidence available through 1985, Moscow carefully aligns itself with Hanoi's positions on Cambodia and related issues and does not stray any distance from these guidelines. Whether Moscow has been an influential voice in Vietnam's decision making is not clear. But the few steps that Hanoi has taken in the direction of a more moderate and accommodating attitude on Cambodia in the past few months would seem to be based upon a somewhat more realistic appraisal of what is possible and pragmatic by the Vietnamese leadership rather than upon advice from outside. The Soviets will certainly go along with these still minor but potentially significant changes in Vietnamese policy. Once again, however, this could be reflective of Moscow's determination not to be caught marching out of step with Hanoi on these issues. Thus, as of now, the Soviets may not be an obstacle to a Cambodia agreement (though the state of Sino-Soviet relations at the time might well impact on Moscow's response), but it is highly unlikely that the USSR will be a significant contributory force to such an agreement unless Hanoi gives the Soviets the go-ahead to serve in a mediatory capacity.

The USSR and ASEAN

There isn't really much to be said on this subject that isn't already common knowledge. The Soviets have demonstrated a strong interest in expanding political and economic ties with the ASEAN states since 1975, and in some cases even earlier. But the high value placed upon the Vietnamese connection and the unwillingness in Moscow to do anything to endanger that relationship has under-
mined its overtures to the "other" Southeast Asia. Soviet missions appear in the ASEAN states on a regular and comparatively frequent basis, but the results are almost always the same. The Soviets endorse, and then further exaggerate, the view heard in some ASEAN quarters that the PRC is the more serious threat in the long run (this qualifying clause is usually dropped by the Soviets) and that a unified Indochina under Vietnamese hegemony would be a useful buffer to Chinese expansionism in Southeast Asia. But then the ASEAN leaders note that an over-armed Vietnam backed by the Soviets is the more immediate security threat to the ASEAN system, and they ask the Soviets what Moscow can and will do about this. The evasive answers received, when stripped of the usual gaudy rhetoric, is "nothing"—unless Hanoi asks Moscow to step in and do something. The dialogue usually stops about there, for neither side has anything particularly constructive to add.

Even the Soviet efforts to expand economic relations with the ASEAN states have not been particularly fruitful to date. There are very good economic reasons for this since the dynamic ASEAN economies have already established highly valued economic relations with some of the Western states, Japan, and other Third World states. On occasion, an ASEAN leader will expound upon the utility of diverting some of their international economic relations to the Soviets and the Eastern bloc of states, but on examination (assuming the statement was meant seriously in the first place) this has not appeared to be a very attractive policy alternative. In any case, the figures on ASEAN-Soviet trade are not much more impressive in 1985 than they were in 1975, and Soviet investments in ASEAN have been close to nil. Moreover, even if there were not these economic obstacles to expanding ASEAN-Soviet trade, the political deterrents would probably produce about the same results since one of the economic costs to the Soviets from their Vietnam connection has been to limit access to the ASEAN trade system.

One other still minor complication in ASEAN-Soviet relations that could assume greater importance in the future is the evident Soviet interest in some of the leftist revolutionary movements in the ASEAN states. Virtually all of these had had a pro-PRC orientation in the period following the Sino-Soviet split and the division of the communist states and movements into pro-Soviet and pro-PRC camps. However, the advice and guidance coming from Beijing these days, which, in effect, instructs the revolutionaries to make temporary adjustments with the existing governments, cannot be palatable to some of these groups. There appeared to be an opportunity here for the Soviet Union to exploit, either acting in coordination with Vietnam or behind a Vietnamese facade, but this has not yet been accomplished to any significant extent. The problem for Moscow and Hanoi is essentially the same as that faced by Beijing, namely, that when a choice has to be made between efforts to improve relations with the existing governments or offering themselves as external sources of support to weak, dissident-ridden revolutionary movements, there isn't much doubt what the decision will be in any of these capitals these days. Nor is it possible now to play coy games with ASEAN governments under which friendly formal relations are maintained with the government while supportive rela-
tions are directed toward a revolutionary movement in a particular country. The old PRC distinction between "government-to-government" and "party-to-party" relations in Southeast Asian states is no longer a viable policy option for either China, the Soviet Union, or Vietnam.

The one possible exception within the ASEAN system in 1984–85 is the Philippines, and the Soviets have been directing special attention to this country for some time now. The Soviet campaign has been directed at both the Marcos government—whose leadership has been highly lauded in the Soviet media on several occasions—and at the opposition movements to the Marcos regime for their supposedly critical attitude toward the U.S. bases in the Philippines. One good example of the diversity in the Soviet approach was provided by the visit of I. P. Kalin, deputy chairman of the USSR Supreme Soviet Presidium, to the Philippines in April 1983. Kalin and his delegation praised almost every political grouping in the Philippines whatever their political orientation and position, while at the same time calling for a substantial expansion of USSR-Philippine economic and cultural relations. Everyone in the Philippines lauded his statements without commenting on their lack of substance in the emerging political context in the Philippines—and also welcomed the proposals on expanded economic ties. Some Philippine industrial and consumer goods were displayed at an exhibition in Moscow later in the year, but nothing much in tangible trade and investment relations has occurred yet.

One possible revolutionary movement in Southeast Asia that could become the target of Soviet policy is the New People's Army (NPA) in the Philippines, which would appear to be an independent national movement without any substantial Chinese or other international links. The NPA has been expanding its activities in some areas of the Philippines in recent months, apparently on the basis of internal support rather than external aid. According to some reports, the Soviets are now indicating a strong interest in the NPA and may even be providing a modicum of financial assistance already. But for Moscow to move with any real effect in support of the NPA, it would have to abandon its efforts to woo the Marcos government factions as well as the moderate noncommunist political movements, which, at this point, would appear to have the greater capacity to provide the basic support structure for any successor regime. The Soviets might be prepared to gamble on the NPA since they have nothing of substance to lose in the Philippines, but a policy of support for a revolutionary movement in one ASEAN state would be certain to have a negative impact on Soviet relations with the other member states.

This might seem to be a small price to pay if one consequence of developments in the Philippines would be the emergence of a strong anti-American movement and demands for the removal of U.S. military bases. This would be a serious setback for the United States, but it would also raise some very basic questions within ASEAN on the regional system itself and on security issues. It is unlikely, however, that any noncommunist alternative to the Marcos government would want to endanger its relations with its ASEAN allies on an issue on which there is not as yet a broad consensus within opposition Philippine political groupings.
CONCLUSION

Soviet policy in Southeast Asia is not, of course, limited to the regional states, as Moscow’s relations with the PRC, Japan, the United States, and even the Non-Aligned Movement (NAM) are seriously affected by developments there. Sino-Soviet relations still constitute the main ingredient in Moscow’s decision making on Southeast Asia. The Soviet Union has become so deeply and expensively involved in this region primarily, but by no means exclusively, because of Moscow’s efforts over the past decade to use both carrots and sticks in the dialogue with the PRC over the normalization of relations. The sticks are, of course, the “second front” on the Sino-Vietnamese border, which now has assumed a more threatening character with the expanding Soviet military presence at Cam Ranh Bay and Da Nang and in the waters around the contested islands off the Vietnam and Chinese coast. The carrot would be a settlement of the Sino-Vietnamese dispute but, as now defined by Moscow, on terms that would not require the Soviet Union to “abandon” its Vietnamese ally or to surrender its right to use their military facilities in Indochina. This particular carrot, unfortunately for Moscow, is considered inedible by the Chinese, and the current situation in Indochina remains the single most important obstacle to any real improvements in Sino-Soviet relations. Moscow and Beijing will continue to fight their Southeast Asian war indirectly and on carefully limited terms, but it still constitutes a confrontation and is defined as such in both countries’ foreign and security policies.

Japan-Soviet relations have also suffered a setback because of developments in Southeast Asia since 1978. As is usually the case with Japan, its authorities have studiously avoided direct involvement in the dispute between the two Southeast Asias that are aided by the Soviets and by the Chinese and Americans, respectively. But some relatively strict—for Tokyo at least—limitations on economic relations with Vietnam and, more important, economic policies toward the ASEAN states that are strongly influenced by regional political and strategic factors have been introduced by Japan. Southeast Asia, and in particular the Malacca Straits, are now seen as vital interests in Japan. Soviet policies that contribute to destabilization in Southeast Asia and, potentially at least, threaten the oil lifeline between the Indian Ocean and the Western Pacific must now elicit some form of response from Japan. There are, of course, innumerable factors in Soviet-Japanese relations and in Northeast Asian developments that explain the substantial reduction of the interest and enthusiasm in Japan for a major Japanese role in the development of the Siberian resources of the USSR, but Soviet policies in Indochina and in Afghanistan can only reinforce this policy orientation.

Finally, there is the old but ever-enduring problem of Soviet-U.S. relations. These have been in a state of suspense—in both meanings of the word—since the Soviet aggression against Afghanistan in December 1979. The developments in Southeast Asia and, in particular, the extension of Soviet military activities on a regular basis where in the past they had made largely token appearances have of
course been a contributing factor to the strong sense of concern felt in the United States as well as the determination to meet these challenges to American military power in areas of vital importance to the United States—as even some of our most Eurocentric Eastern Establishment specialists on strategic issues have finally come to recognize. A new mood on the renewal of a meaningful dialogue on their strategic relationship has become evident in both Moscow and Washington since the November 1984 U.S. presidential election. But on the assumption that the dialogue will be revived in substantive terms, it can be expected that both the United States and the Soviet positions on Southeast Asian issues will be strongly influenced by disagreements over the Cam Ranh Bay base and direct Soviet military involvement in Indochina. This could provide the basis for some important differences between the United States and one or two of the ASEAN states, which sometimes seem to view the USSR as a balancing factor in their region without giving proper consideration, in my view, to the critical ways in which the Soviets obstruct a broader regional settlement that would be useful to ASEAN, the Indochinese states, the United States, Japan, and the PRC. The U.S. government will not be attracted by such simplistic strategic thinking, even in a global environment in which the effort will be made to resolve differences with the USSR.

I will conclude this analysis of Soviet involvement in the very complex and, at times, bewildering international politics in Southeast Asia with the point I made in the introduction. There are some seemingly attractive and useful opportunities for the Soviet Union in this region when each of these are viewed in isolation from the broader framework and the more long-term consequences of a particular decision. But for every gain there have been serious losses for the USSR. And the ways in which Soviet involvement in the region on its current policy basis has seriously complicated relations with the ASEAN states, the PRC, Japan, the United States (and probably eventually Vietnam) raise doubts about the efficacy of its policies in Soviet terms. Moscow could be a useful mediator in the region if it was prepared to argue the case for a compromise solution with Hanoi. But there would seem to be little likelihood of the USSR’s assuming such a position until and unless its more fundamental differences with the PRC and the United States are resolved. And this involves basic policy decisions in several areas of the world, not just Southeast Asia.
21. The People’s Republic of China and Southeast Asia: Protector or Predator?

Sheldon W. Simon

INTRODUCTION

Has the People’s Republic of China reemerged on the contemporary international scene as the new middle kingdom, playing the role of protector to those neighbors willing to acknowledge its regional prominence and predator against those who refuse to acquiesce? There are indeed parallels between the PRC’s current policies toward the ASEAN states and Vietnam and Beijing’s historical relations with the various kingdoms that ruled adjacent to its southern borders. The essence of Beijing’s policy, then and now, is that the PRC must play a primary role in determining regional order, particularly with respect to relations with major external actors. Neighboring states must, at minimum, deny access for those extraregional actors with which the PRC is in conflict. Vietnam currently defies both of these dicta, while the ASEAN states—some enthusiastically, others reluctantly—appear to accept Beijing’s criteria for cordial relations.

This chapter explores the dynamics and dilemma of the PRC’s contemporary relations with Southeast Asia. It hopes to elucidate the trade-offs confronting PRC policymakers regarding such goals as regional dominance, disruption of the Vietnam-Soviet alliance, and good relations with Southeast Asia’s most important regional group, ASEAN. Insofar as Beijing works toward the realization of one set of goals, there may be sacrifices with respect to others. Moreover, because it lacks the capability to exclude either the United States or the Soviet Union from Southeast Asia, the PRC must develop policies designed either to coexist with both or tilt toward the superpower least threatening to its other goals. Since the early 1970s, that tilt has been toward the United States.

The United States’ military presence in the western Pacific on the Soviet Asian periphery has complicated Moscow’s force planning, constituting a tacit deterrent
against any Soviet military adventure in the PRC per se. Once it had become clear, however, that the United States was committed to balancing the Soviet military build-up in Asia, the PRC, since 1982, dropped its earlier rhetoric suggesting an alliance between Washington and Beijing. Its new more evenhanded foreign policy is designed to restore its status in the Third World generally and to underline its independence of any great power as befits its role as an important regional actor in its own right. In its new position of selective nonalignment, the PRC warns Third World states of the dangers inherent in superpower contention, particularly as each competitively arms its local clients. Given the PRC's view of the legitimacy of its own primacy in Southeast Asia, dependence on either superpower by Southeast Asian states in the long run is unacceptable, for these states will inevitably be exploited for superpower advantage.¹

Thus, the PRC has refrained from overtly military collaborative activities with the United States. As of early 1985, for example, there were still no definite arrangements for U.S. Seventh Fleet port calls along the China coast, a project first raised by Deng Xiaoping in 1979 and approved in principle by Secretary Hu Yaobang in November 1984. Nor has there been a major weapons purchase, though several military delegations have held discussions in both capitals. In sum, because of the Reagan military build-up, the Chinese perceive and project for the foreseeable future a strategic stalemate between the superpowers, which provides it with increased foreign policy maneuverability. Furthermore, by declaring a more independent foreign policy in a more relaxed international environment, Chinese leaders reinforce the liberal economic policies they are adopting at home. If Beijing's strategic environment is seen as relatively stable, then additional resources can be devoted to civilian activities, and foreign investment need not be interpreted as mortgaging the nation's patrimony to external interests.²

Despite the foregoing argument that the PRC is effecting a more evenhanded relationship with both superpowers, the PRC readily acknowledges that only the Soviets constitute a long-term geostrategic threat and that good relations with the United States remain essential to cope with that threat. U.S. and Chinese interests with respect to the Soviet presence in Asia are certainly compatible. Insofar as there are difficulties in the relationship, they may be traced back to the Ford administration's Pacific Doctrine, which tried to compensate for a reduced U.S. mili-


² For authoritative PRC statements emphasizing Beijing's independence from both superpowers and its identification with the Third World, see the Ministry of Foreign Affairs article carried by Xinhua in Foreign Broadcast Information Service (hereafter FBIS), Daily Report: China, September 13, 1984, pp. K1–2; and the address by Foreign Minister Wu Xueqian to the Thirty-ninth U.N. General Assembly, Xinhua, September 26, 1984, in FBIS, Daily Report: China, September 27, 1984, pp. A2–3.
tary presence in the region by encouraging a Chinese security commitment. U.S. reliance on the PRC to balance Soviet-Vietnamese actions in Southeast Asia was accelerated during the Carter years, based on the belief that Washington and Beijing could forge an alliance acceptable to the ASEAN states as long as the focus of that alliance was against Vietnam and the Soviet Union. At best, that underlying assumption has proved only partially accurate. ASEAN’s views of the PRC are much less unified and benevolent than the Americans believed, and the association’s perceptions of the Soviets are probably less negative in the long term than the Americans had hoped.

SINO-SOVIET RELATIONS: IMPLICATIONS FOR SOUTHEAST ASIA

The intractibility of the Sino-Soviet dispute is a source of gratification for all of Southeast Asia, including Indochina and ASEAN. As long as the communist giants confront each other, Vietnam is assured that no deal will be struck that might remove Soviet protection against the Chinese “elder brother.” For ASEAN, the Sino-Soviet conflict precludes a united front of Asian communist states operating on Vietnam’s behalf from both land and sea.

At bottom, Sino-Soviet relations will remain strained, not so much because of ideological or territorial issues (these are symptoms rather than causes of the overall relationship), but rather as a result of the Soviet Union’s refusal to accept the legitimacy of Chinese nationalism. For Moscow, the PRC has yet to repudiate Maoism, despite economic liberalization and the Four Modernizations, because the Chinese Communist Party (CCP) has not rehabilitated the “internationalists” within the party (read former pro-Soviet leaders) such as Wang Meng and Gao Gang. The PRC’s new form of market socialism, then, is merely a new nationalist deviation rather than an opportunity for rapprochement.

Thus, a major Soviet aim in Asia continues to be the prevention or delay of the PRC’s attaining great power status. The gradual accretion of Chinese military power will be directed, therefore, primarily toward the Soviet border lands and against any Soviet Asian ally, that is, Vietnam. Additionally, Beijing’s position in the great power triangle must remain skewed in favor of the United States. Sino-U.S. relations will remain closer than either Sino-Soviet or U.S.-Soviet relations. Beijing’s efforts at tension reduction with the Soviets should be seen as a policy to improve its leverage in the trilateral relationship without strengthening the Soviet position.


5 Norman D. Levin and Jonathan D. Pollack, Managing the Strategic Triangle: Summary of a Workshop Discussion (Santa Monica: Rand Corporation, 1984), pp. 46, 47.
The PRC's dominant strategic view of the USSR is centered on the concept of encirclement. The Soviets are seen to be deploying naval forces in the Indian Ocean and the South China and East China seas. Vietnam's ties to the USSR, comparable to the Soviet base agreements with Ethiopia, are part of a strategy to gain control of an arc stretching from the Persian Gulf to the Sea of Okhotsk. Thus, Chinese efforts to put obstacles in the way of this build-up and to urge Third World states to resist Soviet blandishments constitute a major line of Chinese foreign policy. As Xinhua explained in 1980:

The Soviet Union moves from north to south while its proxy, Vietnam, moves from east to west to carry out Moscow's southward strategy that aims at controlling the oil-producing regions in the Middle East, North Africa and the Gulf area, on the one hand, and Southeast Asia and the Strait of Malacca on the other, with the Gulf area being the most strategically important. The Soviet Union will not be satisfied or stop its step without hitting its strategic targets. Control of Afghanistan and Indochina is only the first two steps in the southward strategy, and the next step is to seize "oil-supply centers" of the West in the Middle East, . . . control the passage from the Indian Ocean to the Pacific, and cut off "the lifeline of the West" at sea.

Beginning in 1982, the Chinese and Russians returned to the bargaining table, renewing sporadic efforts at normalizing relations. While little progress toward this end has apparently been achieved, Hanoi is concerned because one of the central problems raised by Beijing in these discussions is the Cambodian issue. Vietnam undoubtedly fears the prospect of the Soviet Union's joining the PRC, as it did in both the 1954 and 1962 Geneva agreements, to betray Vietnamese interests. Thus, Vietnam warned Moscow in the January 1984 Indochinese foreign ministers' conference communiqué that Sino-Vietnamese problems were a matter for bilateral discussions and that the Soviets should keep out of these issues.

Nevertheless, there was some evidence in 1983 that the Soviets were urging both the PRC and Vietnam to compromise over the Cambodian issue by providing some role for the non-Khmer Rouge elements of the resistance coalition in the Heng Samrin government. Soviet diplomatic pressure was apparent when Cambodian Foreign Minister Hun Sen visited Moscow in September 1983 and reportedly agreed for the first time to accept the possibility that Sihanouk and Son Sann could eventually play some role in the country's politics. Vietnamese sources similarly indicated a readiness to accept a return of Sihanouk, though in both cases, it is

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7 Cited in Yaacov Y. I. Vertzberger, Coastal States, Regional Powers, Superpowers, and the Malacca-Singapore Straits (Berkeley: Institute of East Asian Studies, 1984), p. 69. See also Marion K. Leighton, "Soviets Still Play Dominoes in Asia," Wall Street Journal, October 14, 1983. Note, however, that there are some reports that the Chinese would be willing to accept a Soviet naval presence in Southeast Asia at Cam Ranh Bay if the Cambodian issue was satisfactorily resolved. This interpretation of Chinese policy emphasizes that the bases are meant to counter U.S. deployments in the Philippines. By inference, this reasoning abandons Beijing's more prominent concerns over a Soviet encirclement strategy; see Far Eastern Economic Review, June 23, 1983, p. 14.
understood that any resistance personnel accepted in Phnom Penh would be subordinated within the Vietnamese client state apparatus.  

These periodic diplomatic soundings may be interpreted most accurately as ploys by Hanoi to separate the Sihanouk and Son Sann elements from the Khmer Rouge in the Coalition Government of Democratic Kampuchea (CGDK). If successful, the only politically acceptable components of the Cambodian resistance would no longer have an effective military wing (the Khmer Rouge forces). The co-optation by the Socialist Republic of Vietnam (SRV) of the noncommunist resistance elements would lead to their emasculation as a political force; and an isolated, illegitimate Khmer Rouge guerrilla army might well rapidly degenerate into banditry. From Vietnam's view no role for Pol Pot's forces can be acceptable, not because of their previous depredations, but because they constitute a Chinese instrument for keeping the Vietnamese bogged down in Cambodia and thereby economically weak and diplomatically isolated.

These hopes seem to have been abandoned in 1984 as Chinese assaults in the Vietnam border region were stepped up following Vietnamese attacks on Khmer resistance enclaves along the Thai border. The Soviets, in turn, rattled their sabers in April 1984 by mobilizing a carrier task group around the Minsk and engaging in amphibious maneuvers with marines on Vietnamese beaches for the first time. Subsequent Chinese attacks of regimental size on a number of strategic Vietnamese positions in late April were described by intelligence sources as the largest since the PRC's February 1979 invasion. In another show of force Beijing's southern fleet, including destroyers, frigates, and submarines, sailed toward the disputed Spratly Islands, most of which are under Vietnamese control. The upshot of this flurry of military activity was the postponement in mid-May of a visit by Ivan Arkhipov, a first deputy premier, who would have been the highest ranking Soviet official to visit the PRC in fifteen years. While the Arkhipov visit was subsequently rescheduled for early 1985, Sino-Soviet talks on Vietnam have not led to a change in position by either side.

THE PRC AND ASEAN: THE UNEASY PARTNERSHIP

The PRC faces a legacy of suspicion in Southeast Asia that is difficult to overcome. Over the past three decades Beijing has been viewed as a source of arms and training for the pro-PRC communist insurgencies of the region. Although high-level CPC officials have insisted for several years that the "Chinese Communist Party has declared on many occasions that it will never interfere . . . in the internal affairs of any country by using its relations with the party of that country," this

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disclaimer has been received with skepticism.\textsuperscript{11} For at least two of the ASEAN states (Indonesia and Malaysia) the PRC has been openly treated as a greater threat to the region than Vietnam.\textsuperscript{12} Even Singapore and Thailand, generally more favorably disposed to ties with the PRC, realize that an inordinate military dependence on Beijing could jeopardize ASEAN solidarity.

The perspectives and objectives of the ASEAN states differ significantly from those of the PRC on the Cambodian issue. While the former seek a Vietnamese withdrawal from Cambodia, they oppose any return of the Khmer Rouge to governance. Moreover, the ASEAN states do not endorse Beijing’s strategy of “bleeding Vietnam white.” To do so would remove an important buffer to increased Chinese influence in Southeast Asia. Furthermore, in the process of carrying out a war of attrition against Vietnam, the Soviet presence in the region will inevitably increase, postponing even further any realization of ASEAN hopes for a Zone of Peace, Freedom, and Neutrality (ZOPFAN). In effect, the ASEAN states face a dilemma: If they rely on Chinese military aid to keep the Cambodian resistance viable, then they cannot exclude Beijing’s political influence in the region.\textsuperscript{13}

For Thailand, however, the PRC has been the only external power actually willing to shed blood on its behalf. People’s Liberation Army (PLA) pressure on Vietnam’s northern border is closely correlated with Vietnam People’s Army (VPA) attacks on resistance enclaves along the Thai-Cambodian frontier. Some Thai military officials have reportedly stated that even a Hanoi-leaning Cambodian solution would endanger Thai security. Therefore, Thailand might have to form long-term security ties to the PRC—a development that could lead to severe strains within ASEAN.\textsuperscript{14} As the frontline state, then, Thailand possesses considerable leverage for keeping the ASEAN outliers on the Cambodian issue in line. Unless Indonesia and Malaysia support Thailand’s insistence on a complete Vietnamese withdrawal from Cambodia, they risk pushing Thailand closer to the PRC, an outcome all ASEAN members wish to avoid.

Indonesia is the ASEAN state most dissatisfied with backing Thai security interests. “Unofficial” visits by armed forces commander General Benny Murdani and Center for Strategic and International Studies director Jusuf Wanandi to Hanoi in late 1983 provided an opportunity for Jakarta to articulate its dissent from overall ASEAN strategy on Cambodia and to essay a new initiative toward the SRV by reassuring Hanoi that it has a vital security role to play in Southeast Asia if only it

\textsuperscript{11} Statement by the International Liaison Department of the CPC Central Committee, Xinhua, September 15, 1984, in FBIS, Daily Report: China, September 17, 1984, p. A3.


\textsuperscript{13} This point was made to the author in an interview with a Malaysian Foreign Ministry (Wisma Putra) official in Kuala Lumpur, May 29, 1984.

were willing to compromise on the Cambodian issue. Fortunately, for ASEAN, regional cooperation is at a level sufficient to tolerate differences in security views between Thailand and Indonesia. Whereas the Thais increasingly seem to view the Cambodian conflict in East-West terms (as do the Americans and Chinese), for Indonesia it is primarily a regional issue and potential trap for ASEAN insofar as it reinforces the PRC’s role as Thailand’s backer.15 Neither Malaysia nor Indonesia wishes to see the PRC share U.S. security responsibilities in Southeast Asia. The longer the Cambodian conflict continues, the more this apprehension will increase.

THE PRC AND VIETNAM: THE CONFLICT CORE

The PRC’s primary strategic goals in Southeast Asia are to deny advantage to its international adversaries and to establish a position of dominance vis-à-vis its immediate neighbors. Vietnam’s decision to align with the USSR both because it could provide more reconstruction assistance and was willing to back Hanoi’s hegemonial position within Indochina ensured that the close relationship between the PRC and Vietnam characteristic of the war years could not be sustained. The PRC’s limited invasion of Vietnam’s six northern provinces in February 1979, subsequent to the latter’s occupation of Cambodia, was intended to demonstrate that the SRV would not be protected from Chinese wrath because it had a new treaty with the USSR. As Michael Leifer has noted: “The related idea of teaching Vietnam a lesson had the additional purpose of seeking to explode the myth of Vietnamese invincibility. To this end China was prepared to sacrifice men for limited and temporary territorial gain.”16

Although Beijing’s punitive policy has increased the price Vietnam must pay to maintain its position in Laos and Cambodia, the costs to the PRC have been considerable. Vietnam was not prevented from discharging most of its ethnic Chinese into the South Sea or across the PRC’s borders. Hanoi’s alignment with the Soviet Union was accelerated, thus distorting the PRC’s strategic priorities: the object of the attack on Vietnam was to counter the extension of Soviet influence, not to promote it. Nevertheless, if Beijing’s policy is analyzed as a long-term undertaking, its geographical position enables it to apply persistent pressure throughout Indochina, both through its own armed forces as well as its aid to insurgents in Laos and Cambodia, at an acceptable cost. The PRC’s purposes are to prevent Vietnam from consolidating a puppet regime in Cambodia, to make Hanoi exceed its resource capacity, and ultimately to agree to a settlement that would entail a complete withdrawal from Cambodia and the tacit recognition that the PRC has a major role to play in security arrangements for Indochina. Paradoxically, however,

a Chinese military threat is also useful to Vietnam's leadership as long as that threat is deterred. After more than forty years of continuous warfare, pressures exist throughout Vietnam for both political and economic relaxation. These are alluded to regularly in annual Vietnam Communist party reports on societal conditions, which warn against the rise of individualism and growing desires for private benefit. A belligerent PRC helps the current generation of Vietnam's leadership legitimate the maintenance of a command economy and a large-scale military, thus restraining pressures for political liberalization and economic freedom.

For Beijing the Hanoi problem has two dimensions, the Sino-Soviet, by which Vietnam acts in the service of the USSR to encircle the PRC, and one of regional competition. Both the 1979 war and Beijing's continuing military pressure on Vietnam's border were undertaken to maintain the PRC's credibility—that its warnings were not to be taken lightly, particularly by those countries on its borders. Beijing's prestige had been damaged by the impunity with which Hanoi had treated ethnic Chinese in Vietnam and had toppled the PRC's ally in Cambodia.17

Since the PRC had not shrunk from military confrontation with a much more powerful neighbor (the USSR in 1969 and 1971), it could hardly be expected to retreat from a dispute with a smaller, weaker state, which also happened to be scorned as an ungrateful neighbor—one which had accepted $20 billion in aid through two Indochina wars and then blatantly betrayed the relationship by turning to the Soviet Union to support its Cambodian adventure.18

Because Beijing sees its dispute with Hanoi as a manifestation of Vietnam's hegemonistic design, no resolution can be achieved until the SRV withdraws from Cambodia and a government is installed there which accepts the PRC's security interests as legitimate.

The PRC has also warned ASEAN that unless the Soviet-Vietnam alliance is broken, the Russian navy will advance from Cam Ranh Bay to the Malacca Straits, constituting a direct threat to the sea-lanes between the Indian Ocean and the Pacific.19

THE SOUTH CHINA SEA DIMENSION

While attention has been focused on the Southeast Asian mainland as the primary location for regional confrontation, future conflict zones may well be located on the waters and island groups of the region with the PRC as a major contender. The South China Sea is rife with conflicting jurisdictional claims growing out of overlapping 200-mile exclusive economic zones (EEZs), the potential involvement of external powers as backers of one or another disputant, and the reported existence of vast quantities of undersea mineral and energy resources. This heady mixture is fermented through the growing maritime capabilities of the littorals, the

17 McMillen, ed., Asian Perspectives, p. 179.
19 Vertzberger, Coastal States, p. 70.
the U.S. Seventh Fleet, and, most recently, early stages of a
PRC blue-water navy.

The Sino-Vietnam bilateral dispute was carried out to the South China Sea to­
ward the end of the Second Indochina War. Vietnam's claim that two-thirds of the
Tonkin Gulf were territorial waters in early 1974 in part precipitated Beijing's oc­
cupation of the Paracel Islands later that year. Conflicting claims were further
staked when Hanoi seized six Spratly islands in 1975, in violation of what the PRC
declared had been Vietnam's earlier recognition of Chinese sovereignty there. Inter­
estingly, Beijing hinted in 1979 that it might be willing to make concessions on
its land boundary dispute with Vietnam if the latter would be "reasonable" on the
South China Sea issues. When the PRC began oil exploration in the Gulf of
Tonkin in late 1979, it stayed away from the disputed areas by confining its ac­
tivities to an area east of the 108° east line claimed by Vietnam as its sea boundary.

Vietnam, too, has proposed the principle of "equal and mutual benefit" as a
basis for the division of the South China Sea, suggesting that Hanoi might be
prepared to divide the Gulf of Tonkin if Beijing agreed to recognize Vietnamese
sovereignty over the Spratlies. The PRC's reticence in taking up this offer is at
least partly attributable to several ASEAN states' claims to parts of the Spratlies
too. That is, a Sino-Vietnam condominium in the South China Sea could under­
mine the PRC's united front with ASEAN against the USSR/SRV encirclement.

The South China Sea dispute with Hanoi is portrayed as another component of
Hanoi's hegemonic designs and has become inextricably intertwined with the
continuing war in Cambodia. An ironic footnote to this assessment is the PRC's
tacit acceptance of the KMT's occupation of the largest Spratly island, Itu Aba,
since 1946, for it gives Beijing a stronger claim to the Spratlies than Vietnam.

In late May 1984, the Sixth National People's Congress of the PRC discussed
incorporating the Spratlies into the Hainan Island administrative region. Possible
military action by the PRC and Vietnam around the islands have discouraged
oil exploration in the vicinity. Beijing's intransigence contributes to the percep­
tion among some ASEAN states that the PRC constitutes a future threat to re­

To dramatize its claims to the South China Sea littoral, Beijing sent elements of
its fledgling blue-water Southern Fleet to circumnavigate the region in May 1983.
The ships sailed to the southernmost point claimed by the PRC—James Shoal,
only about twenty nautical miles north of Sarawak. The PRC's warships have re­
cently been equipped with lines for the transfer of supplies at sea, and the South­
erm Fleet also added an oiler and submarine support ship. Nevertheless, Beijing's
ability to project force on a sustained basis as far south as the Spratlies is severely

20 An excellent discussion of these issues may be found in Chang Pao-min, "Sino-Vietnamese Ter­
gritorial Dispute."
21 Ibid., p. 44.
22 Richard D. Fisher, Jr., "Brewing Conflict in the South China Sea," Asia Studies Backgrounder
limited. The area is outside the range of its land-based naval air, while the islands are within range of Vietnam’s air force and, of course, Soviet Badger aircraft operating from Cam Ranh Bay.

As a prelude to its force build-up in the South China Sea, the PRC has been developing the Paracels as a new naval base. In particular, the facilities on Woody Island could be used as a staging point for a future campaign to capture the Spratlies. It contains facilities to service the major warships of the Southern Fleet, projected to become the country’s largest.\(^{24}\) If, however, Vietnam continues to be the beneficiary of Soviet arms transfers—including Petya-class frigates, SU-17 fighter bombers, Koni-class frigates, and Foxtrot submarines—it is extremely unlikely that the PRC will be in a position to enforce its claims.

THE PRC AND THE CAMBODIAN CONFLICT: IS THERE A SOLUTION?

From a geostrategic perspective there are serious differences between the ASEAN states and the PRC over the future balance of power on the mainland of Southeast Asia, more precisely concerning Vietnam’s role. Because Indonesia and Malaysia perceive the PRC as the principal source of threat to the region, they insist that Vietnam has a legitimate role in helping to establish a regional order, providing Hanoi agrees to reduce its security dependence (though not necessarily abolish it) on the Soviet Union.

While Indonesia and Malaysia seem prepared to accept Hanoi’s preeminence within Indochina, the issue still to be settled is the character of Vietnam’s role. Hanoi’s January–February 1985 military destruction of both the Khmer People’s National Liberation Front (KPNLF) and Khmer Rouge base camps along the Thai frontier and the almost inevitable spillover of some fighting once again into Thailand appear to have solidified ASEAN and strengthened its stand against Vietnam. In its toughest statement to date, the ASEAN foreign ministers on February 11, 1985, called on the international community to assist all Khmer freedom fighters, implicitly including, for the first time, the Khmer Rouge.\(^{25}\) The latest ASEAN foreign ministers’ statement was a logical follow-up to their July 9–10, 1984, meeting, which had also castigated Vietnam’s “aggression” on the Thai-Cambodian border. In their July communique, the ASEAN states endorsed Prince Sihanouk’s proposal for “national reconciliation” in Cambodia. ASEAN’s interpretation of this concept is that talks should take place between the Heng Samrin regime as simply one Cambodian faction and the Sihanouk and Son Sann components of the coalition. Vietnam presumably would not be represented in these discussions.\(^{26}\) The idea is, however, a nonstarter, primarily for two reasons. First, as indicated earlier, Hanoi would never voluntarily relinquish control of the Cambodian regime, an outcome at least theoretically possible if the Heng Samrin group


\(^{25}\) See the report in the *Bangkok World*, February 11, 1985.

was to become a minority in a new coalition. Second, the Khmer Rouge, as the militarily strongest faction within the CGDK, refuses to engage in any dealings with Heng Samrin. Nor is there any evidence that the PRC is willing to endorse an ASEAN proposal that would exclude the Khmer Rouge from participating in a new government of “national reconciliation.”

Resolution of the Cambodian issue centers on the question, will Beijing accept a Hanoi-dominated Indochina as long as there is no direct military threat to Thailand and Soviet base facilities are reduced, say, to the pre-1980 situation? Such an outcome might be preferred by ASEAN, but would it be acceptable to Beijing? In effect, this outcome would unite Vietnam with ASEAN to insulate the region against the PRC. Another problem with this solution would be its unacceptability to Thailand, which sees the consolidation of Vietnamese influence in Indochina to be a direct threat to its borders. The other ASEAN states cannot provide the same kind of guarantee against the erstwhile threat that the PRC can.27

In restraining Vietnamese hegemonism, the PRC argues that it not only checks the regional ambitions of a small state but also restrains the global threat of a superpower. Indeed, the Soviet military presence at Cam Ranh Bay has been the key to the PRC’s acceptability as a tacit ASEAN ally. Beijing’s cordial relations with ASEAN may well depend on a continuation of the Cambodian stalemate. Should a settlement be achieved, in all probability the old endemic suspicions of the PRC’s regional intentions will again dominate ASEAN’s policies toward it.

Beijing has publicly stated its support for the various ASEAN-initiated U.N. resolutions on a solution for Cambodia, including the proposal “that after Vietnam’s withdrawal of its troops, Cambodia is to become a democratic, peaceful, neutral, and nonaligned country under international supervision.” Nevertheless, the PRC continues to provide more aid to Pol Pot’s Khmer Rouge than to the other noncommunist elements of the resistance.28 This refusal to abandon the Khmer Rouge suggests Beijing’s disinclination to jettison its primary instrument of influence in Cambodia in exchange for a settlement that would still leave Vietnam as the dominant state in Indochina. “Bleeding Vietnam” remains Beijing’s top priority.

The PRC has tendered its own interpretation of the ASEAN foreign ministers’ four-party coalition idea, which emerged from their July 1984 annual meeting.29 This concept would, according to Beijing, legitimate a Khmer Rouge role in a new Cambodian government of reconciliation, presumably attendant upon a Vietnamese withdrawal. However, the PRC was reported to have rejected an ASEAN sugges-

tion that some of the most notorious Khmer Rouge be removed from Cambodia in order to facilitate a political settlement. The PRC also appeared to veto prospects for any secret meetings between Sihanouk and Heng Samrin representatives in Paris to discuss implementation of the July ASEAN resolution on a reconciliation government. Beijing seems to be saying that its support for the resistance coalition is premised on the maintenance of its tripartite composition. That is, the PRC is willing to rely only on the Khmer Rouge to protect its interests in any future Cambodian government. If that is Beijing's bottom line, however, then the political compromise with Vietnam and the Heng Samrin government desired by ASEAN may be unattainable.

Vietnam's efforts between November 1984 and February 1985 to break the political stalemate through a decisive military victory over the resistance may be seen as a device to convince ASEAN and the United States—if not Beijing—that they are bankrolling a losing proposition and would be better advised to seek an accommodation with the Heng Samrin regime on terms acceptable to Hanoi.

The PRC's response to Vietnam's military juggernaut in western Cambodia has been measured. On the one hand, the PRC has increased the size of its military forces on Vietnam's border from twelve divisions in 1979 to nineteen in early 1985. Foreign Minister Wu Xueqian in Bangkok reportedly reassured Thailand that the PRC would "teach Vietnam a lesson" if Vietnamese forces carried their attack on Cambodian guerrillas into Thailand. The phrase was the same used prior to Beijing's 1979 invasion of Vietnam's six northern provinces. In fact, Beijing stepped up artillery barrages along Vietnam's frontier. It also promised to increase military aid to Son Sann's KPNLF forces and dispatched a large military delegation to Thailand to arrange logistics.

On the other hand, Beijing has not launched a second full-scale assault on Vietnam, comparable to 1979, despite the decimation of KPNLF and Khmer Rouge base camps. There are at least two explanations for this caution. One is political—the PRC has finally positioned itself so that it is improving relations with the Soviets (the January 1985 visit of Soviet First Deputy Premier Ivan Arkhipov was described as particularly cordial) and is simultaneously negotiating some military purchases from the United States, as reported in accounts of U.S. Joint Chiefs head General John Vessey's visit, also in January. Chinese leaders may not want to jeopardize current political arrangements with the superpowers by initiating a new military adventure.

The other explanation is military. Unlike 1979, Vietnam now deploys some 60 percent of its frontline forces north of Hanoi. A Chinese attack would be met with

much larger forces than its predecessor six years earlier. Therefore, the PRC has
taken the tack that Vietnam’s advances in Cambodia are militarily insignificant.
Specifically, the PRC Foreign Minister claimed that the Vietnamese simply over­
ran empty Khmer Rouge base camps as the guerrillas slipped away with their
weapons. According to Prince Sihanouk, Chinese leaders told him they would not
intervene in Vietnam unless it appeared that the resistance was about to be com­
pletely crushed.33

The PRC’s apparent diplomatic retreat from the January threats has probably
raised doubts within ASEAN about its reliability against Vietnam. The PRC has
sought to alleviate these concerns by accelerating the delivery of new supplies to
the guerrillas and by urging ASEAN to remain united against Vietnamese gambits,
such as those proffered at the tenth Indochinese foreign ministers’ conference in
January 1985. In the conference communiqué, the foreign ministers raised the pros­
pect of free elections that would exclude only the Khmer Rouge. Hanoi seemed to
be offering its own variant of Sihanouk’s proposal for a national reconciliation
government, although with the proviso that the Heng Samrin regime be the core
and not a minority faction.34

ASEAN appealed to U.S. Secretary of State George Shultz at the July 1984
foreign ministers’ conference to convince Beijing that Hanoi’s interests must be
considered in any Cambodian settlement. But the United States continues to main­
tain a low profile, believing it benefits in the short term by providing moral support
to ASEAN, military aid to Thailand, and political backing to the PRC. Isolating
Vietnam and the USSR in Southeast Asian security affairs at very low cost, while
maintaining close relations with ASEAN and the PRC, is a comfortable policy for
Washington, especially since Southeast Asia comprises a region of low priority to
U.S. policy planners.

An optimal political solution is at least theoretically possible. It concedes to
Vietnam a coalition government in Cambodia that would incorporate both Heng
Samrin and noncommunist elements and be favorably disposed to Vietnam. In ex­
change, Hanoi would withdraw its forces. This change of military deployments and
political complexion in Cambodia would mitigate Vietnam’s dependence upon the
Soviet Union and reduce the perceived Soviet threat to the region in ASEAN, the
PRC, and the United States. It would meet the Thai and ASEAN concerns that
Bangkok had been relying too closely on the PRC as a security guarantor against
Vietnam. It would permit Hanoi to avoid subordination to the USSR and reduce
the PRC’s hostility.35

ouk’s statement of February 7 is reported by Agence France Presse (Hong Kong) in FBIS, Daily
34 Hanoi’s diplomatic goals toward ASEAN and the United States, growing out of the January 1985
Indochinese foreign ministers’ conference, are discussed in Nayan Chanda, “Hanoi Drops a Hint,”
35 The ramifications of this possible solution are discussed in Buszynski, “United States and Southeast
Asia,” p. 240.
Nevertheless, despite offers to hold elections, which emanate intermittently from Hanoi, skepticism is warranted. As Karl Jackson has noted, the whole concept of power sharing with noncommunist elements is antithetical to the manner in which a Leninist party operates once it is in power. Moreover, there is little incentive for Hanoi to compromise on the issue of power sharing if the Vietnamese believe they have the Khmer resistance in retreat.

Because the PRC traditionally has sought a dominant influence over the countries along its Southeast Asian borders, it would probably reject any solution that did not provide a role for its surrogate, the Khmer Rouge. If the Khmer Rouge are excluded from a settlement, even though Vietnam's overall position in Indochina is weakened by an agreement not to station its forces outside its own territory, Beijing would view the outcome as a loss. That is, the settlement would demonstrate that Beijing was unable to control events in its immediate neighborhood, the primary reason for attacking Vietnam in February 1979. If the PRC accepts the negotiated settlement suggested above, the PRC acknowledges that it has fought in vain over the past six years and that it is indeed a "paper tiger" in regional security affairs.

Can a moderate leadership in Beijing, bent on trying to reform and modernize an increasingly resistant military establishment, risk the possibility of being accused of betraying the nation's security interests and giving in to both the "great" and "small" hegemonisms in Southeast Asia? Deng Xiaoping has enough difficulties orchestrating his domestic economic, administrative, and political reforms without having to worry about an attack on his flank by a disaffected military, which would accuse him of insufficient patriotism and concern for national security. In all probability the PRC will remain a protector to Thailand, a predator to Vietnam, and an incipient problem for the other ASEAN states, which worry about what role Beijing desires in Southeast Asia if and when its modernization program reaches fruition in the early twenty-first century.

For now, the status quo, despite its not inconsiderable costs and ambiguities, seems to be the most probable future. From ASEAN's perspective, it is not an intolerable situation. After all, as long as the PRC, Vietnam, and the USSR are at sword's point with one another, they cannot turn their less than benevolent intentions upon the remainder of the region.

36 Personal communication, February 15, 1985.
22. ASEAN and the Great Powers

Zakaria Haji Ahmad

Barely eighteen years old in 1985, the Association of Southeast Asian Nations has existed since 1967 but was, in fact, a languishing body until resuscitated by the dramatic events surrounding the U.S. withdrawal from and subsequent collapse of South Vietnam. As a result of the debacle of 1975, as well as the Vietnamese invasion of Cambodia in 1978, there has been a united, political stand for an organization whose explicit objectives are socioeconomic in nature. In evaluating ASEAN as an actor in the international relations of Southeast Asia, one must bear in mind that the association has been active for only a decade and is still evolving, with the addition of Brunei to the original list of five member states occurring as recently as January 1984.

In reviewing ASEAN’s relations with the great powers, namely, the United States, the Soviet Union, the People’s Republic of China, and Japan, we must mention that above all else, the grouping is a noncommunist association, and as such it has an ideological raison d’être that cannot be discounted. As G. H. Khaw has noted, ASEAN’s formation in 1967 was “criticized by Vietnam, the PRC, and the Soviet Union as an anticommunist military alliance serving American interests,” even though in the late 1970s ASEAN “was avidly courted by these three communist countries.” ASEAN is not only a noncommunist association but also an anticommunist one. All the ASEAN countries are basically democratic in a Western sense, albeit with varying degrees of state control over individual rights and liberties. Similarly, as an economic grouping, the ASEAN member states have free-market economies, though again with varying degrees of state control. At the

The views expressed here are those of the author and do not necessarily represent or reflect those of ISIS Malaysia and its supporters.


2 Ibid., pp. 236–37.
same time, ASEAN's objectives and postures are sometimes ambiguous, an ambiguity in its basic nature that has been a strong point in its favor in relations with the great powers. For example, although ASEAN does not regard itself as a military pact, in some respects it is a security partnership, and military/security ties have been constructed on bilateral and trilateral bases among the member states.

Two caveats are pertinent. In utilizing the term great powers, I follow Jorgensen-Dahl's thinking, that is, the United States, USSR, PRC, and Japan are all external to the region, and yet each has the capacity to influence events in Southeast Asia. When discussing ASEAN, I consider the organization as a unit, in spite of divergent views and differences in each member's bilateral relations with the great powers. Nonetheless, for the sake of parsimony, I shall deal only briefly with the subregional dimensions of ASEAN's relations with the great powers.

ASEAN's relations with the great powers have increased in importance only since 1975. Indeed, the real period of modern Southeast Asian relations began when all the countries of the region had to deal directly with one another as sovereign states without the direct involvement of external powers. There are two areas that deserve analysis: the ASEAN position on Cambodia and ASEAN dialogues with the United States and Japan for the purposes of facilitating cooperation. Responses to both problems illustrate ASEAN's tilt toward a Western-type approach to international relations and modernization.

The problem of Cambodia is a central element of ASEAN's relations with the great powers. It is not only a rallying point of ASEAN solidarity and for its sustained existence as a cohesive, regional grouping, but it is also responsible for the attention external powers pay to ASEAN and to Southeast Asia as a whole. As long as the Cambodian situation is viewed as an international problem, the role and involvement of the great powers cannot be divorced from the calculations of ASEAN as well as its antagonist, Vietnam. Apart from an international solution for Cambodia, the refugee problem and their eventual placement in other countries constitute yet another factor for great power interests in Southeast Asia. However, the spectacular economic performance of the ASEAN members during the 1970s is also a prime factor in drawing the attention of the great powers to the organization, as well as noncommunist Southeast Asia's wealth and strategic location.

Despite the noncommunist, ideological underpinning of ASEAN, it is erroneous to regard it as a bloc. Indeed, from 1975 and until the present, there has been a conscious desire within ASEAN officialdom to deny the division of Southeast Asia into a two-bloc region, with Vietnam leading Indochina on the one hand and ASEAN on the other. ASEAN is a grouping of sovereign, individual nation-states at varying levels of modernization and with national interests that are not always in

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4 This view is based on the author's interviews with several Malaysian diplomatic officials. There is probably less cognizance of ASEAN as a bloc among its own diplomats.
concord. Indeed, it has readily been observed that the ASEAN member states are basically economic competitors, which explains to some extent the lack of intra-ASEAN regional economic cooperation.5

ASEAN's style and pattern of decision making provide clues to an understanding of its cohesion or lack thereof. Decision making is based on consensus (musyawarah-mufakat), whereby any dissenting opinion essentially stalemates a discussion and delays decision and where agreement is reached laboriously after all parties are satisfied there are no disagreements.6 In the area of economic cooperation especially, a formula has been worked out because of fears of Singapore's presumed ability to gain in any cooperative economic endeavor. Decisions prior to January 1984 (when Brunei became the sixth ASEAN member) could be obtained on a four-plus-one basis, that is, when Singapore concurred with the other members.7

This four-plus-one formula was achieved only after difficulties were resolved over negotiations regarding ASEAN Industrial Projects (AIP) in terms of equity participation. Although Singapore decided not to go along with its own AIP, it agreed with the decision of the other four partners over the status of their AIP projects. After Brunei's entry, however, it is not clear if a system of four-plus-two or five-plus-one will become the new norm. As ASEAN's newest member, Brunei has not yet engaged fully in the negotiating processes of the association, although this may be due to organizational and logistical problems. Thus, in ASEAN diplomatic discussions with the European Economic Community, decisions arrived at by the resident ASEAN ambassadors through ASEAN committees in the various European capitals have to be transmitted back for Brunei's assent since it does not yet have full diplomatic representation in the EEC.

Although the formulas worked out govern economic questions, it is apparent that their bases are political in nature and have much to do with competing national interests as well as lingering mutual suspicions. Lack of progress in regional economic cooperation reveals that political problems exist within ASEAN. Attempts to achieve some form of cooperation continue, however, and this is significant in and of itself. Regional unity is most apparent in trade negotiations between ASEAN and other countries, and the importance of such efforts is underscored by the willingness to go to the highest official levels to achieve economic cooperation whenever an impasse develops. It also indicates commitment on the part of the highest echelons of the ASEAN leadership to continue the search for cooperation and unity with ASEAN.

In the political sphere, but specifically over the Cambodian issue, the consensus-building mechanism takes on a different form, though essentially the pattern may

7 For an elaboration, see Zakaria Haji Ahmad and Withaya Sucharitthanarugse, The World of ASEAN Decision-Makers: A Study of Bureaucratic Elite Perceptions (Singapore: Institute of Southeast Asian Studies, in press).
also be likened to a four-plus-one formula. In this case, however, it is the other members that go along with the fifth actor, that is, Thailand. ASEAN consensus is predicated on Thai perceptions of the Cambodian issue. As ASEAN’s frontline state—since it borders Cambodia and is faced with the threat of Vietnamese aggression—Thailand’s interests dominate and structure ASEAN’s relationship with the great powers, especially regarding the central issues of Cambodian self-determination and Vietnamese military withdrawal. It seems clear that bringing Brunei into ASEAN has not diluted the willingness to give primary consideration to Thailand’s frontline interests.

The members of ASEAN have jointly espoused the principle of the Malaysian-initiated Zone of Peace, Freedom, and Neutrality (ZOPFAN) for Southeast Asia; however, the notion is paid lip service and is not seriously pursued by the ASEAN countries. The major reason for downplaying the ZOPFAN at present is the perceived lack of a guarantee of a neutral Southeast Asia. By neutral I mean “noninterference” by the great powers. A study of ASEAN perceptions indicated that as an ideal ZOPFAN “still is the symbolic expression of the desire for regional independence from great power conflict” but that “it is not considered a practical alternative to the maintenance of a regional balance of power.”\(^8\) Hence, the existence of foreign military bases in ASEAN is not regarded as contradicting the ZOPFAN principle as idealized but not as practiced. In this regard, a U.S. military presence is welcome and, indeed, is seen as an insurance against the threat of external aggression in the region.

The United States is probably more welcome today in ASEAN than ever before, in spite of its defeat in Vietnam in 1975. Alone among the great powers, the United States enjoys a position of not being hated, albeit not necessarily being loved. It is seen as the only power able to exert itself in the region, providing a balance of power by deterring Vietnamese, Soviet, and Chinese expansionism amid the constant flux of Southeast Asian international relations. ASEAN has called for greater U.S. action over the Cambodian issue, especially in terms of aid to the Coalition Government of Democratic Kampuchea (minus the Khmer Rouge). However, in spite of the expressed interest in continued retention of U.S. bases in the Philippines, in the long term ASEAN believes that less reliance should be placed upon the U.S. role in the region. The United States is still traumatized by its Vietnam experience (the “Vietnam syndrome”). Nonetheless, aid has been given steadily to Thailand and the Philippines to bolster their military capacity and political resilience. However, the U.S. diplomatic role in Southeast Asia will remain circumscribed as long as there are no diplomatic relations between the United States and Vietnam. On a different plane, the developing countries of ASEAN look to the United States as a source for their manufactured exports and hope that U.S. trade policies will not undermine ASEAN efforts to secure the optimum prices for primary commodities.

The United States is thus seen to be benign in its approach to ASEAN, but no one in ASEAN expects the United States to become more involved than it already is in Southeast Asia. One aspect of this view is the concern that the United States is too engrossed in its rivalry with the Soviet Union. Even its role in Southeast Asia is perceived by the United States in terms of U.S.-USSR power rivalry.\textsuperscript{10} A related issue is whether the United States would prefer Japan and the PRC to play a larger role in Southeast Asian security as "surrogates." Any U.S. actions along these lines would be viewed as potentially destabilizing to the long-run security of the region, insensitive to ASEAN fears, and fulfilling only U.S. national interests.

The majority of ASEAN member states are, however, more wary of the roles of the other three powers, namely, the Soviet Union, the PRC, and Japan. Although the members realize that the PRC is not likely to mount an invasion of an ASEAN country,\textsuperscript{11} there is considerable fear of its power in the region. This is because historically most of the communist parties that have waged and are still waging insurrection in virtually all the ASEAN countries, save for Brunei, have been or are pro-Beijing. For Malaysia, especially, it is very irritating that even though there are normal diplomatic relations, the Chinese Communist party continues to have moral ties with the outlawed Communist Party of Malaysia.\textsuperscript{12} As long as paradoxical situations of this nature persist, the ASEAN countries will view the PRC's objectives as anything but benign.

Fear of the Chinese in ASEAN cannot be overstated. Overseas Chinese in the various countries usually dominate the business and trade sectors, are viewed with resentment and hostility, and are perceived as a potential fifth column. For this reason, the recent increase in Sino-U.S. security ties is viewed with concern by ASEAN.\textsuperscript{13} Various ASEAN spokesmen, especially in Malaysia and Indonesia, point to the specter of the PRC as the long-term threat to the region. ASEAN remains fearful of the implications of U.S. aid to the PRC, especially the sale of some military weapons along with nuclear technology (presumably for civilian use).

As the PRC proceeds with its modernization and becomes more of a "capitalist" state, one wonders whether the Chinese threat is more economic than military in nature. The PRC could become a serious competitor, particularly in manufactured goods already produced by the ASEAN countries. In addition, the PRC may draw away investments that otherwise would find their way to the ASEAN countries. A frequently asserted fear is that the United States may be using the "China card" in its global rivalry with the Soviet Union, thus sacrificing the interests of the ASEAN states in the process. There is also the fear that a continuing Chinese

\textsuperscript{10} Ibid., passim.
\textsuperscript{13} See Pacific Forum, U.S.-China Relations and the Future of the Asia-Pacific Region (Honolulu, 1984); and Pacific Forum, Pacific Forum ASEAN Trip Report.
interest in Southeast Asia means Soviet involvement because of Sino-Soviet rivalry. Thus, the Chinese presence makes it more difficult to remove great power competition from the region.\textsuperscript{14} In addition, there is also concern that a U.S.-PRC-Japan consortium of interests is developing in order to thwart Soviet expansionism in Southeast Asia and the western Pacific.

Paradoxically, fear of the Chinese has not precluded a coincidence of position between ASEAN and the PRC on the situation in Cambodia. Both ASEAN and the PRC believe that the Vietnamese invasion and occupation is illegal and that Vietnam should withdraw and allow for a process of self-determination by the Cambodian peoples. This coincidence of position does not mean that ASEAN agrees with the PRC’s “final solution” for Cambodia. However, by maintaining a relationship with the PRC on the Cambodian issue, ASEAN has obtained a means for restraining the Chinese input into local communist parties. In order to maintain ASEAN’s support on Cambodia, the PRC may be required to tone down, if not virtually halt, assistance to the pro-Beijing communist movements in noncommunist Southeast Asia. Indeed, at the close of the 1970s, counterinsurgency operations in ASEAN posted significant gains because government propaganda could state that the PRC, the “mentor” of the indigenous communist parties, had, in fact, sided with ASEAN over Cambodia. On the other hand, ASEAN has not yet fully resolved the question of the role of the Khmer Rouge in post-Vietnam Cambodia, an issue that is related to the PRC’s continuing support of this strongest partner of the Cambodian resistance.

Within ASEAN, there has been concern that frontline state Thailand may be tilting in the Chinese direction against its traditional and historical enemy, Vietnam. In this regard, U.S. aid to Thailand (and to the PRC as well) indicates a Sino-U.S.-Thai consortium of interests against that of Vietnam and the Soviet Union. It may be argued that ASEAN support for its frontline partner forecloses many of the possible diplomatic solutions to the Cambodian issue and that Thailand has the most to gain from the ASEAN position on Cambodia. Furthermore, it may be posited that in Thailand, the PRC has gained its entry into Southeast Asia and ASEAN.

ASEAN views the USSR quite differently from the PRC. Although the notion prevails that the USSR, like any communist state, should be kept at arm’s length, if it were not for current Soviet support for Vietnam in sustaining the occupation of Cambodia, the USSR would be more welcome as a legitimate, external actor in Southeast Asia. The USSR has gained considerable military facilities in Vietnam,\textsuperscript{15} but for a variety of reasons it has less capacity to project this force for military or political ends in Southeast Asia. The Soviet proposal for a collective security system for Asia has been received with lukewarm enthusiasm for ASEAN, and its diplomacy in general has suffered because of the repeated exposure of

\textsuperscript{14} Pacific Forum ASEAN Trip Report, passim.

covert Soviet operations in the area. In large part, the Soviet attempt to become "the new boy on the block" has been thwarted by lack of Soviet diplomatic finesse as well as by skillfull U.S. diplomacy.

Sentiments have been expressed in Malaysia that the Soviets should be "encouraged" to play a role in Southeast Asia to "balance" the Chinese threat. However, in Indonesia and Malaysia, the "Malay countries" of ASEAN with clearly expressed fears of the PRC, an understanding has grown that the best solution for ASEAN would be a region or subregion (including especially Vietnam) that would be free of both the Soviet and the Chinese presence. This understanding was expressed in the Kuantan Principle proposed in 1980 by Tun Abdul Razak and President Soeharto.

Fear of the Soviets has not been downplayed by ASEAN security officials. In private, government officials talk of Soviet designs for gaining influence by subversion and other means. That the Vietnamese are portrayed as Soviet proxies (or vice versa) does not facilitate Soviet attempts to downplay their own adversarial role in East-West confrontation scenarios in the region. Moreover, in early 1985 Soviet leaders such as Deputy Foreign Minister Mikhail Kapitsa attempted to gain influence by stating that the Soviet Union can "guarantee" peace for Southeast Asia once a Cambodian solution has been reached; in ASEAN circles this was interpreted as being of dubious intent. The Soviets are also perceived as wanting to sow division in ASEAN over differences in views over Cambodia. In addition, ASEAN officials remain wary of Soviet initiatives that could embroil the region further in the Sino-Soviet rivalry.

The triangular relationship among the United States, the USSR, and the PRC in the Asia-Pacific region is less apparent within ASEAN. Save for Singapore and to a lesser extent Thailand, fear of the USSR is not as apparent. The United States is not seen as a reliable ally, and over the last five years there has been increasing emphasis in ASEAN on self-reliance in defense and security matters. In Thailand there has been a greater reliance on the PRC in terms of an overall security umbrella against the threat of Vietnam, as well as a steady source of arms aid. But the question of a triangular relationship does not arise because, in large part, the United States, the USSR, and the PRC cannot ignore the role and interests of Vietnam.

18 Ibid.
Irrespective perhaps of the various facets of the triangular relationship of the great powers, Vietnam almost certainly can act independently of the consequences of such a triangle of interests. That is, Vietnam probably has the inclination to disregard these powers even at the risk of the consequences of such actions. In the final analysis, Vietnam will regard its own interests as the most vital and not be dependent on any external great power. This is of course a moot point since the three-sided relationship does revolve around Vietnam in the Southeast Asian context.

While the United States, the PRC, and the Soviet Union are viewed largely from a security and political perspective in ASEAN’s relations with them, in noncommunist Southeast Asia Japan, as the world’s second largest economy, poses as an economic power without military might. However, it is Japan, alone among the four great powers, that some forty-four years ago invaded Southeast Asia and attempted to rule the region as part of its “Greater Asia Co-Prosperity Sphere,” and this episode of history is not forgotten by the current Southeast Asian ruling elites. In the postwar period, Japan has become ASEAN’s most important trading partner, prompting the characterization that “Southeast Asia is to Japan what Africa is to Europe or Latin America is to the United States.”

As developing countries with policies of industrialization, the ASEAN countries have become increasingly frustrated with Japan’s policies on imports. Even though Japan remains a primary and significant source of foreign investment, the ASEAN countries have become increasingly perplexed by Japan’s restrictions of access for ASEAN’s manufactured goods. Although in a sense symbiotic, Japan-ASEAN trade is unevenly balanced because Japan exports chiefly industrial goods to ASEAN while ASEAN exports primarily raw materials. Nonetheless, the largely economic role of Japan provides inputs to ASEAN’s political stability and economic growth, which in turn contributes to the security, resilience, and general well-being of noncommunist Southeast Asia. The question is whether in the long run this relationship will become increasingly difficult as ASEAN attempts to industrialize but remains unable to penetrate the Japanese market in spite of so-called market liberalization measures.

In Cambodia, Japan has played a positive role in undergirding ASEAN’s position by maintaining the suspension of aid to Hanoi. In 1984, Japan attempted to play a larger role by seeking to take an active lead in peacekeeping operations for a Cambodian settlement, as well as by underscoring international negotiation efforts. The Japanese role in ASEAN thus far has been appreciated. However, ASEAN remains apprehensive about Japan’s playing a bigger security role in the region, either at the behest of others or because circumstances warrant increased activity to ensure the security of the sea-lanes through which Japan receives more

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21 For an elaboration of Japanese trade issues, see Narongchai Akrasanee, ed., ASEAN-Japan Relations: Trade and Development (Singapore: Institute of Southeast Asia Studies, 1983).
than 80 percent of its energy needs and supplies.22 It is unlikely that Japan would return to its militaristic posture of the 1940s as long as the United States remains the dominant power in the Pacific.23 Japan at present is a positive factor for ASEAN and for regional security, but the future remains less clear. Trends in Sino-Japanese trade and other relationships portend a sharp decline in the animosity that characterized the relationship in the earlier part of this century.24 A Sino-Japanese alliance could have negative repercussions on the ASEAN region. However, potentially negative effects could be mitigated if Japan proved willing to play a more international role25 and consulted with ASEAN to bring about mutually beneficial results in economic, political, and security matters.26 The image of Japan will also be enhanced to the extent that it supplies a developmental model for Southeast Asia.

In terms of the ASEAN dialogue with the United States and Japan, the data indicate lack of real progress on issues like technology transfer, market access, shipping rights, and trade imbalances, which are major obstacles to better relations. In particular, ASEAN is perturbed by the failure of Japan and the United States to realize that resolving these problems would contribute to greater security and more durable relationships with ASEAN.

The issue is not just a question of inequity in an interdependent world but is related to a seeming lack of appreciation of the needs of the Third World by the free, industrialized powers. On the other hand, ASEAN has discovered that the communist powers, the very countries most opposed to the ASEAN political economy, are willing buyers or alternative customers for ASEAN goods. Although such goods are mainly primary commodities, ASEAN in large part enjoys a favorable trade balance with these countries.27 Both the Soviets and Chinese have bought rubber stockpile releases from ASEAN countries and generally seem receptive to more extended trade ties. In 1984, Malaysia even considered the Soviet Union as an alternative source of supplies for heavy-lift helicopters because purchasing them in the USSR would also redress the unfavorable trade balance.28 However, it is...

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22 Such a fear of Japanese actions over sea-lanes are recognized as “acceptable” since any attack on those lanes of communication is considered an act of war (Pacific Forum ASEAN Trip Report). However, Japanese responsibility in the patrolling of sea-lanes 1,000 nautical miles radiating from Tokyo is less clear and still subject to U.S.-Japan discussions.

23 B. K. Gordon, “Pacific Futures for the USA,” paper read at the National University of Singapore-Singapore Institute of International Affairs International Conference on “Moving into the Pacific Century: The Changing Regional Order in the Asia-Pacific,” in Singapore, November 5–6, 1983.


25 Of the sort proposed by Akio Morita of the Sony Corporation; see his “Japan: Where to Go from Here?” Japan Times, March 12, 1985.


27 See the views and perceptions contained in Pacific Forum ASEAN Trip Report.

unlikely that the Soviets or the Chinese will be able to make diplomatic or political inroads in ASEAN as a result of extensive trade ties. As the PRC modernizes, it is more likely that it will become a serious competitor in manufactured consumer and industrial goods, and thus it is not certain if it can play a positive role in ASEAN's economic development.

Such circumstances on a more general level denote the complexity of the international arena for the ASEAN countries as they continue to search for solutions to their political, economic, and security challenges. ASEAN has no interest in being drawn into any conflict between the great powers, though inevitably it has had to deal with external actors in the Southeast Asian region. In this sense as well, Cambodia has been not only a catalytic factor for ASEAN solidarity but a dilemma, because solving the Cambodian problem requires the involvement of great powers from outside the region.

Of course, in the event of a major conflict ASEAN would have little choice but to become involved on the side of the noncommunist powers. Great power involvement in the Cambodian question complicates the possibility of finding a Southeast Asian solution to this Southeast Asian problem. Worse still, Vietnamese intransigence and its 1985 military campaign in Cambodia raise the danger of escalation; one leading Thai scholar, Sukhumbhand Paribatra, has referred to this situation as the "beckoning of war." 29

For the most part, ASEAN has resisted the temptation to form a military pact, although this has precluded neither security cooperation on a subregional basis nor the need for a security element in the organization's make-up. Over the last decade, there have been noticeable shifts toward military self-reliance because of declining faith in promises of help from great powers such as the United States or even from fellow members of ASEAN. It can be argued, of course, that self-reliance is the best strategy for ASEAN in the long run because it means that great power military intervention becomes less relevant to Southeast Asia.

Nevertheless, the role of the great powers, especially in politics, security, and economics, will remain important. ASEAN cannot discount the possibility of a Sino-Soviet rapprochement, which in turn will have different repercussions on the regional security situation in Southeast Asia. The great powers do not act unilaterally, nor do they have their individual policies in perfect concert. Thus, ASEAN has discovered the paradox that in spite of political affinities, U.S. and Japanese trade policies tend to corrode political linkages while Soviet and Chinese trade behavior tends to ameliorate political antipathy. Such politico-economic niceties, however, do not signal that ASEAN will be drawn into an anti-Western or pro-communist orientation. The ASEAN countries will continue to function as a political grouping with socioeconomic objectives independent of any great power.

ASEAN is unwilling to be drawn into grandiose economic schemes that will dilute the very basis of its own unity. The decision was made in 1984 to restructure the ASEAN dialogue with Pacific countries as a group and not as previously on an

individual basis. Although this will mean dialogues on a six-plus-five basis, it would be premature to expect concrete results from this effort. ASEAN’s reluctance to be drawn into a “Pacific community” grouping is based on a fear that advanced countries will dominate, to the detriment of the equality that has been a hallmark of ASEAN as a regional body of individual member states.30

It is now a decade since the end of the Vietnam War and the real beginning of ASEAN. The fundamental questions that are being raised relate to the future: Where does ASEAN go from here? How long can ASEAN maintain its position on Cambodia? Should political/security cooperation in the organization be enhanced? How will it relate to the interests of the great powers? These are difficult issues, and they remain dependent on the general well-being of the individual members. ASEAN’s unity on Cambodia and its common stand vis-à-vis its dialogue partners is primarily an outcome of the shared positions of its present leaders. Whether or not this can be sustained through the generational leadership changes of the 1980s remains to be seen.

Finally, ASEAN’s relations with the major powers is as much a regional body’s posture as it is an outcome of six individual sets of bilateral relations with external actors. In spite of different national interests, the best interests of ASEAN, through the consensus formula, have remained the mainstay of the group’s cohesion. The great powers will continue to exercise an influence on ASEAN and Southeast Asia. The region will continue to manifest international tension and hence will not be free from interaction of the interests, both positive and negative, of ASEAN and the great powers.

22. Dan C. Sanford. *The Future Association of Taiwan with the People's Republic of China, 1982* ($8.00)
23. A. James Gregor with Maria Hsia Chang and Andrew B. Zimmerman. *Ideology and Development: Sun Yat-sen and the Economic History of Taiwan, 1982* ($8.00)
26. Patricia Stranahan. *Yan'an Women and the Communist Party, 1984* ($12.00)
29. David Bachman. *Chen Yun and the Chinese Political System, 1985* ($15.00)

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5. The Japanese Challenge and the American Response: A Symposium, 1982 ($6.00)
8. George De Vos, Editor. *Institutions for Change in Japanese Society*, 1984 ($15.00)
12. Leo E. Rose and Noor A. Husain, Editors. *United States–Pakistan Relations*, 1985 ($17.00)
17. Karl D. Jackson, Sukhumbhand Paribatra, and J. Soedjati Djiwandono, Editors. *ASEAN in Regional and Global Context*, 1986 ($20.00)

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