OBSTACLES TO DEMOCRATIZATION IN SOUTHEAST ASIA

A STUDY OF THE NATION STATE, REGIONAL AND GLOBAL ORDER

Eric Paul
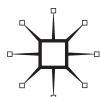
Obstacles to Democratization in Southeast Asia

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Erik Paul
Vice-President, Centre for Peace and Conflict Studies, University of Sydney, Australia

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In an increasingly interdependent world, the issue of democratization of the nation state has become a critical problem because global economic and security interests threaten the viability of the nation state. The nation state continues to be the primary focus for the identity and well-being of the majority of people, and it is largely within the nation state that the struggle for social justice takes place. There is no world state, or world nation state, to provide individuals with civil, political and economic rights. While there exist a global state, it is essentially a grouping of a few powerful states and its institutions of global governance. It is a power paradigm which does not grant the individual with civil and political rights of a world citizen. In that sense, there is no political identity of a world citizen but only that provided by the nation state.

Democracy, like the good society, should be considered as an ideal. The American philosopher John Dewey considered democracy as a moral ideal and a matter of faith in humanity, a work in progress, and that democracy could not be achieved without 'a significant redistribution of power and for the economy to be publicly controlled so that the divisions of labor may be free where they are now coercive' (Westbrook 1991:442). Political scientist Robert Dahl held the same view and argued that political equality was a defining aspect of democracy, and that modern corporate capitalism tends 'to produce inequalities in social and economic resources so great as to bring about severe violations of political equality and hence of the democratic process' (Dahl 1985:60). Democratization is the struggle towards that ideal, for more equality in power, income and wealth among citizens of nation states and for all people in the world at large. Democratization is the advancement

of social justice and towards inclusion. It is a struggle which Turin University Professor Norbeto Bobbio argues is inspired by an egalitarian ideal and policy 'typified by the tendency to remove the obstacles which make men and women less equal ... [and] to eradicate ... the three principal sources of discrimination, class, race, and sex' (Bobbio 1996:80, 86). Ultimately, democratization is a question of power and the redistribution of power.

But globalization weakens the nation state by transferring major aspects of its sovereignty to undemocratic global institutions and financial markets dominated by Western interests and over which civil society has little or no say. Citizens have lost control over important economic decisions which affect their well-being, yet they are confronted with the destructive impact of a trading, financial and ecological regime which serves the interests of the few. Moreover, the hegemonic struggle among powerful states continues unabated, shifting from the cold war to a 'war on terror'. In the name of the national interest, or the pursuit of happiness and liberty, states aggress against other nation states or deprive their own citizens of their political power and human rights while embarking on another costly and destructive armaments race. A US-based Jacobin agenda for a global 'free' market and to bring 'democracy' to all, far from establishing peace for all, has, instead, caused great economic and political instability and has damaged nationalistic responses.

Regionalization as part of a gradual limitation of sovereignty can save the nation state from the dangers of nationalism and chauvinism while forming building blocks towards a more peaceful and cosmopolitan world order. The history of the European Union (EU) is instructive in this context and provides a useful model for the future development of the Association of Southeast Asian Nations (ASEAN). The 1957 Treaty of Rome embodies the commitment of the six signatories to voluntarily achieve political unification in order to save the nation state from another war. Former French president Francois Mitterrand once said that 'nationalism is war' because he understood, as did other European leaders of the same vintage, that it was critical to preserve the nation state while diluting the poison of nationalism, and thus create a Europe of nations. Alan Milward, professor of economic history at the London School of Economics, wrote that 'the European Community has been its [the west European nation state] buttress, an indispensable part of the nation-state's post-war reconstruction. Without it, the nation-state could not have offered to its citizens the same measure of security and prosperity which it has provided and which has justified its survival'

(Milward 1992:3). According to the Hungarian historian and member of the European Parliament George Schöpflin the EU is the 'most effective conflict-resolution mechanism ever devised' (Schöpflin 2007).

At the 2003 Bali II Concord, members of the ASEAN agreed to form a free trade area as part of an ASEAN community by 2020 and proclaimed their commitment to democracy. This was the first time in its history that the organization used the word 'democracy' in an official accord, and claimed that ASEAN 'subscribed to the notion of democratic peace, which means all member countries believe democratic processes will promote regional peace and stability' (Luard 2003). Four years later, member states signed the ASEAN charter to promote and to advance a free trade area and 'the principles of democracy, the rule of law and good governance, respect for and protection of human rights and fundamental freedoms' (Pratachai 2007). ASEAN's history and the authoritarian regimes of several member states, however, raise the question of the viability of ASEAN to evolve into an organization capable of integrating the region and progressing towards a regional community and market. Regional integration and the formation of a regional community are contingent on the capacity of the member countries to gradually surrender their sovereignty to a new entity. But this is unlikely to be achieved peacefully unless their societies are willing to do so and to actively participate in the process of integration.

A major hypothesis is that the realization of a functioning ASEAN community is predicated on the existence of more open and democratic societies. Regional integration presupposes the existence of a politically active civil society. It means that citizens' interests are vested in local organizations which can negotiate with the state in vital areas of resource allocation, taxation and national economic strategy. Organizations representing farmers, urban workers, small businesses, bureaucrats and professional groups for example, must be satisfied that they will get a fair share out of the gains from regional market arrangements before the state can consent and successfully advance regional integration. The collective support from such different interest groups is likely to be one of the most important factors in the success of regional economic integration efforts. The active engagement of citizens presumes a level of political equality which is denied by authoritarian regimes. Political equality is usually related to national wealth and the distribution of wealth in society. Many have argued that a more democratic society requires the formation and expansion of a middle class. In other words, society needs to create a large number of opportunities for education and employment that lead to the creation of lifestyle niches

which have been widely called middle class. Paul Colinvaux made a useful link between freedom and resources and wrote that liberty 'is the opportunity for any adolescent to be recruited to any of several large niches of perceived quality, the necessary conditions for which opportunity are perceived resources in excess of the requirements of all the people who seek them and an absence of oppression' (Colinvaux 1983:252).

People in an authoritarian state are disenfranchised and kept out of domestic politics, so a regional agreement would be seen by the citizens as another mechanism for maintaining a coercive and repressive regime and little to do with improving the equitable distribution of the country's political power and benefits from economic growth. The capacity for authoritarian regimes to promote regional integration is constrained because they rely on widespread repression and the control of civil society to maintain their power. An authoritarian regime corrupts the structure and function of the state to serve the interests of the few. This situation leads to widespread corruption because those in power use the commonwealth to maintain their power by buying allegiance and positioning their cronies to manage the economy and control the state's repressive apparatus. Moreover, the power elite access the commonwealth to build vast personal fortunes for themselves, their families and cronies. What has been called 'crony capitalism' leads to the mismanagement of the economy and the misallocation of resources and is often responsible for increases in inequality and poverty in society. Peaceful regional relations are always compromised because authoritarian ideology excludes 'others' based on religion, race or both, and rejects the more inclusive civil and political rights formalized in the United Nations declaration and covenants.

Southeast Asia's social movements accept the importance and potential of regionalism for the welfare of people. The working group on ASEAN Solidarity for Asian People's Advocacy (SAPA) supports regionalism 'founded on citizens' rights and the cultivation of democratic processes', and maintains that 'an active citizenry that participates in democratic political life promotes dynamic economic development and peaceful diversity' (SAPA 2007). The organization links the development of a free trade area and economic integration with social justice. Trade and Free Trade Agreements (FTAs) must be clearly related to the creation of employment and improvement in working conditions, and there must be a direct link made between states' commercial interchange and the advancement of human rights in the countries involved. SAPA writes that regionalism and economic cooperation must be in 'the

pursuit of sustainable development, equity, inclusion and empower-ment. The pursuit of ASEAN's economic development shall not be at the expense of labor, environment, and human rights standards. Regional economic initiatives should be open, and transparent. It puts people at the center and seeks their participation' (SAPA 2007).

Democratization in Southeast Asia and the transformation of ASEAN to a more democratic regional organization is dependent on the nature of the world order. Sociologist William Robinson argues that nation states are being incorporated into a transnational state (TNS) which is 'constructing a new global capitalist historical bloc' (Robinson 2003:43). The TNS is made up of supranational economic and political organiza-tions which include the International Monetary Fund (IMF), the World Bank (WB), the World Trade Organization (WTO), the United Nations (UN) and other global institutions and supranational forums like the Group of Seven (G7). The process of integrating the nation state into the TNS uses a number of mechanisms to transnationalize the state and civil society through the international division of labour, the role of transnational corporations and financial institutions, the input of transnational capital and the transformation of the state itself into a structure of power which can easily accommodate the demands of global capital and respond to the need to control civil society. The out-come is to embed society into a market economy integrated into a wider global neoliberal economy. Robinson and others have made the point that regionalization is a major mechanism for the transnationalization of the state and the formation of the TNS. A primary role of regional organizations such as ASEAN is to liberalize national economies, to loosen up national sovereignty and to become a major vehicle for the integration of the region into a global capitalist economy (Gamble & Payne 1991; Held 2004; Robinson 2003).

Robinson's analysis focuses on the historical shift of capitalism's locus from the nation state to the transnational state, from a confined geographical political space to the earth's entire geography and human-ity. This transfer of sovereignty is part of a more general process in the formation of a 'single global society marked by the transnationaliza-tion of civil society and political processes, the global integration of social life, and a global culture' (Robinson 2003:13). Robinson writes that 'globalization does not imply an absence of global conflict, but rather a shift from inter-state conflict to more explicit social and class conflict' (ibid.:27). The transformation of the nation state into a 'neo-liberal national state' and component of the TNS leads to a decline in national social cohesion, growing internal inequality and increasing

'repressive social control measures' (ibid.:46). Robinson dismisses the hegemonic struggle among major powers whereby the United States is simply playing the leading role 'on behalf of an emergent hegemonic transnational configuration' (ibid.:49). This implies that capitalism and market forces can subsume and eventually harness and transform the powers of nationalism and racism. Unfortunately, the hegemonic struggle which has led to a series of disastrous wars is alive and well. According to historian Peter Katzenstein, there is a long tradition in US foreign policy 'of dividing the world into a racial hierarchy' but in recent years these racial categories have become less obvious and have been replaced 'by allusions to cultural and civilizational values. Still, a hierarchical view of the world is at times still recognizable in current public debates' (Katzenstein 2005:57, 58). The hierarchical view of the United States of the world is matched by that of other major countries such as China where there exists a distinct and powerful discourse about the superiority of Chinese culture.

Market forces, greed and the desire for loot is not enough to send armies to kill others. Killing has to be legitimized by the hatred of the 'other', based on a mixture of religion, nationalism and racism. What allows these forces to play an important role in the global struggle for hegemony is the concentration of power in a small elite. The TNS is part of a world order where major powers are basically violent and unwilling to give up their sovereignty in favour of a global state and governance, ruled by international law dictated by the United Nations' covenants on human rights. The problem which applies to all major powers is the disparity of power inside societies. Noam Chomsky relates violence with the 'way power is concentrated inside the particular societies' (Chomsky 2002:315). Political inequality and the concentration of power in the hands of the few leads to the corruption of power and the use of violence to 'solve' economic and social problems.

Sustainability of the system

The transnational state is better viewed as a global state controlled by a small group of countries advancing an ideology preaching the supremacy of an Anglo-Saxon form of capitalism to maintain a global apartheid system based on world poverty and inequality. The incorporation of the nation state in a global capitalist economy will further exacerbate power maldistribution, corruption and violence. There are many questions about the sustainability of the new world order, and whether it can accommodate the needs of humanity and maintain the US-type

lifestyle for a global minority. Military expenditures in current wars and military build-up are translated into unmet basic needs for billions of people. Moreover, the world is faced with an ongoing environmental and financial crisis exacerbated by the continuation of the hegemonic struggle. When president Bush released *The National Security Strategy of the United States of America* in 2002 in the aftermath of the destruction of New York's World Trade Center, he told the world how the United States will rule the world and warned that the it would not allow any country to challenge its economic and military hegemony, but would use military force and pre-emptive action to deal with its enemies and enforce US national interest (Bush 2002). The pursuit of hegemony has always been counteracted by anti-hegemonial coalitions. Today, as in the past, US dominance is being challenged by major powers and power alliances. The rise of India and China as economic giants is likely to contest the United States' leading but precarious economic and financial position. US military hegemony will also be challenged by China and others who want an equal share in global dominance or who aspire to more power.

How will Southeast Asian states and ASEAN's partial surrender of sovereignty to the global state affect civil and political rights and the well-being of their citizens? This is an important question if regionalism, as David Held maintains, has 'principally been a vehicle for the liberalization of national economies, a strategy which has taken precedence over the protection of markets' (Held 2004:25). All the region's economies have joined the neoliberal global economy and embedded their societies into market relations. Southeast Asia is increasingly tied up with Asia's new economic giants, and China's influence in the region's economy is growing, competing with United States, European and Japanese interests. The United Nations Conference on Trade and Development warns that the bilateral trade agreement signed by the EU, United States and other major economic powers with developing countries will 'place developing countries at a disadvantage vis-à-vis their developed country partners' (UNCTD 2007b:ix). The 'new regionalism', which is a major departure from multilateralism in trade and development negotiation, is tying up Southeast Asia with the economies of the major powers through bilateral FTAs and preferential trade agreements (PTAs) which are likely to place major controls over their economic, social and political development. These issues have an important bearing on ASEAN's role as the 'enforcer' for the TNS. Moreover, how will ASEAN react to the tensions produced by the struggle for global hegemony and how will it affect Southeast Asia's democratization process?

All these issues have a direct bearing on ASEAN's capacity to fulfil its 2007 democratic charter.

The future of the global state

Political theorist Hedley Bull wrote that 'we may imagine that a world government would come about by conquest, as the result of what John Strachey has called a 'knock-out tournament' among the great powers, and in this case it would be a universal empire based upon the domination of the conquering power' (Bull 1977:253). While the threat of a cold war nuclear confrontation between the United States and Russia appears to be over, there are new dangers exemplified in a battle scenario between the United States and China over Taiwan (Bernstein & Munro 1998). Bull viewed the possibility of a world state as 'the consequence of a social contract among states, and thus that it would be a universal republic or cosmopolis founded upon some form of consent or consensus … it may be imagined that a world government would arise suddenly, perhaps as the result of a crash programme induced by some catastrophe such as global war or ecological breakdown; or it may be thought of as arising gradually, perhaps through the accretion of the powers of the United Nations' (Bull 1977:253).

Behind the vision of a democratic world state is the idea of a world without war, a world at peace. Immanuel Kant, who died in 1804, thought that war could eventually be prevented by the construction of some form of world republican federation (Bohman & Lutz-Bachmann 1997). 'The greatest evils that affect civilized nations', he wrote, 'are brought about by war, and not so much by actual wars in the past or present as by never-ending and indeed continually increasing preparations for war' (Held 1997:242). The idea of a world in perpetual peace is predicated on the existence of an international order based on democratic states whose legitimacy is based on a shared secular ideology based on civil and political rights. Perpetual peace is achieved, it is argued, because democracies do not fight each other as their citizens have been empowered to run their affairs and are protected from each other by shared sets of rights and freedoms guaranteed by a common law (Doyle 1983; Russett 1993). At some stage, war can be eliminated as a means of resolving conflict, and preparations for war can be prohibited altogether by a democratic world state.

There are many schemes to reform global governance, such as peace studies pioneer Johan Galtung's proposal for a global democracy based

on the expansion of global institutions with the power to meet human needs and implement human rights throughout the world (Galtung 2004). Power and policymaking and implementation would reside in an expanded and reformed version of the existing United Nations framework. A step towards the democratization of the state system would be to give everyone a vote in a newly constituted World Parliament. Delegates to a United Nations People's Assembly (UNPA) could be formed on the basis of worldwide electorates of 2–4 million people (Ibid.:4). Everyone would become a global citizen with a range of entitlements such as livelihood, free expression and cultural identity, a single worldwide minimum wage and protection against violence. A world without borders would give everyone freedom of movement and abode.

Joseph Camilleri and others have proposed some radical changes of the United Nations such as the constitution of a world financial authority to regulate the global financial order and a taxation authority to fund global governance (Archibugi 2000; Camilleri 2002, 2003; Falk & Strauss 2003; Held 2004). Camilleri's Global Governance Project goes beyond reforming the UN, because it addresses major problems with the IMF, the WB and the WTO, and the need to control the operations of transnational corporations (TNCs). Camilleri and his colleagues envisage a revitalized General Assembly with a second chamber, a People's Assembly directly elected 'by their constituencies by universal suffrage and a secret ballot. The boundaries of each constituency (of about 6 million people) would be determined by a UN electoral commission' (Camilleri 2003:8). Major reforms would expand to other areas of global governance such as the UN Security Council and Secretariat. Daniele Archibugi wants democracy to ' transcend the border of single states and assert itself on a global level' (Archibugi 2000, 2002; Archibugi & Held 1995). Archibugi is not arguing for the dissolution of existing nation states, or a federalist solution to the nation states problem. Rather, that 'democracy as a form of global governance' requires the expansion of democracy 'within state, between states and at a world level' (Archibugi 2000:144).

The formation of a democratic global state requires the leadership of the major powers, particularly that of the United States. But what kind of United States? Chalmers Johnson suggests that the United States should liquidate its empire and announce complete withdrawal from all its overseas military bases and reframe its budget priorities towards health, education, job training, conservation and UN peace-building efforts (Johnson 2007a). US foreign policy should move away from its

unilateral stand on world affairs, and it should stop being the world's largest provider of weapons and munitions. The United States needs to reform its political system and reintroduce checks and balances because as Chalmer Johnson writes, 'if it sticks to imperialism, the US will lose democracy to a domestic dictatorship ... imperialism and militarism are the deadly enemies of democracy ... and will ultimately breach the separation of powers created to prevent tyranny and defend liberty. The United States today, like the roman republic in the first century BC, is threatened by an out-of-control military-industrial complex and a huge secret government controlled exclusively by the president' (Johnson 2006:153; 2007b).

Galtung suggests that if the West is serious about negotiating peace with the rest of the world, it must move along a different pathway and seek mediation, conciliation and dialogue to improve relations between Anglo-America/West/Christianity and Arabia/Islam to address a range of issues regarding immigrants, war and ongoing conflicts between the West and Arab countries, and past conflicts and traumatic events and relations between major religions (Galtung 2005). Bull's prognosis for a world government was not altogether optimistic and wrote that 'there is not the slightest evidence that sovereign states will agree to subordinate themselves to a world government founded upon consent' and that 'the goal of economic and social justice at the world or cosmopolitan level, it may be argued, is completely beyond the reach of a world organized system of states ... the realization of goals of economic and social justice, requires a much greater sense of human solidarity in relation to these goals that now exists' (Bull 1977:261, 290). It could be argued that the situation has changed for the better since Bull's prognosis. The fall of the Berlin wall and the reconciliation between East and West has brought hope that humanity could resolve its major conflicts, but climatic change may well be the ultimate test of human solidarity and to the viability of liberal democracy.

ASEAN's future is closely linked to the cost and benefit of the surrender of sovereignty by nation states to a regional organization. ASEAN could fragment because it cannot deliver on the demands for participation, economic needs and social justice for its citizens. Growing inequality and injustice could increase the level of conflict among member states and prevent the region's elite from negotiating terms to move the organization's political and economic agenda forward. Another pathway is for ASEAN to become increasingly fragmented and dictated by the political agendas of India, Japan, China, the EU and the

United States. The emergence of China as a global economic and military power is likely to have a major bearing on ASEAN's future, particularly if China manages to establish and lead an East Asian economic bloc. The struggle for democracy and social justice in Southeast Asia, it could be argued, would be better served by integration along the EU pathway based on a commitment to form a new union: 'founded on the indivisible, universal values of human dignity, freedom, equality and solidarity; it is based on the principle of democracy and the rule of law. It places the individual at the heart of its activities, by establishing the citizenship of the Union and by creating an area of freedom, security and justice' (EU 2001). This was Aung San's 'dream of a United States of Southeast Asia' (Woodside 1978:24).

2
Struggle for Democracy

Southeast Asia's success in the formation of a regional community is closely linked to the progress of democratization in individual member countries. In Southeast Asia the process of decolonization and the struggle for human rights and democracy continues and affects the capacity of nation states to surrender some of their sovereignty to the Association of Southeast Asian Nations (ASEAN). Power relations in the nation state and between nation states are based on political and economic inequality, and these lead to contradictions and struggles for change towards more equality. Democratization is a process of change towards political and economic equality in which conflict plays a dominant role. Democratization is therefore a change in the power relations within nation states and between nation states over time towards more political and economic equality.

Politics focuses on changing power relations and involves groups struggling for power and the control of the state; hence democratization is usually equated with increases in political equality. Rueschemeyer and others speak of a 'balance of power among different classes and class coalitions' and believe that 'the struggle between the dominant and subordinate classes over the right to rule [more] than any other factor puts democracy on the historical agenda and decides its prospects' (Rueschemeyer, Stephens & Stephens 1992:5). The ideological basis for the struggle in modern times continues to be situated in demands for social justice and human rights as incorporated in the post-World War II International Bill of Human Rights (which includes the 1948 Universal Declaration of Human Rights); the January 1976 International Covenant on Economic, Social and Cultural Rights; and the March 1976 International Covenant on Civil and Political Rights.

People are mobilized by political parties, unions, non-governmental organizations (NGOs) and movements and organizations to struggle in various terrains of engagement such as urban and rural areas, factories and other places of work, religious and political institutions, neighbourhoods and households. Fields of engagement include the mass media and the new political space constructed by the latest Internet and cell phone technology. Outcomes of democratization can be measured in various ways, such as by using Robert Dahl's polyarchy criteria (Dahl 1971), or by analysing the extent to which human needs are met using the example of Scandinavian societies. Sweden, Norway and Denmark have a high level of social security in regard to housing, employment, health, education and child care, as well as legislated and institutionalized protection of the individual civil, economic and political rights and obligations of their citizens.

Democratization cannot advance without a decline in the level of violence in society. Violence is an integral aspect in the nation state's construction and in the maintenance of a class and patriarchal system. Violence as repression is a system of power relations to maintain inequality and poverty. Psychiatrist James Gilligan's research reaches conclusions which are shared by many others: conditions that prevent violence are ' economic and political egalitarianism, with classless societies, no slavery or social castes, and minimal hierarchicalization in the political sphere; and relative freedom from the invidious display of wealth, boasting, sensitivity to insult, and other social and cultural characteristics that tend to stimulate shame, envy, and violence' (Gilligan 2001:91).

Democratization is a process which transcends the nation state because its focus is on political and economic equality for all of humanity. The nation state is a form of spatial and existential segregation based on the construction and maintenance of a national identity, which is another form of racism. Erik Erikson viewed national identity as a process of pseudospeciation, or racism, because while it enabled large groups to bond together thus achieving social cohesion, it required the projection of hatred against others (Erikson 1965). Thus the nation-state system is a form of apartheid which segregates the 'haves' from the 'have nots'. Democratization therefore is also an engagement of progressive forces for the elimination of political borders and the creation of some form of world federation of states.

Conflict plays an important role in the dynamics of democratization. People struggle to contest power relations because of perceived contradictions in society and the world at large which require some form of

resolution. Conflicts are transformed through time and space and can easily become violent and escalate into more human suffering and destruction. Hence the creative transformation of conflict becomes a critical aspect of engagement by progressive forces and a major aspect of democratization (Galtung 1996). South Korea is an example of a country where a coalition of progressive forces, including Christian organizations, led by leftist groups successfully brought about a peaceful transition from an authoritarian regime to a more open and democratic political system. Another case is that of Taiwan where generalissimo Chiang Kai-shek's son Chiang Ching-kuo who ruled the country for 40 years decided to allow other parties to contest elections at a time when he was close to death and in bad health.

Class struggle

Modern capitalism, particularly since the end of cold war, continues to embed society into an expanding global economy and market relations. This great transformation generates inequality and conflict exacerbated by a growing population. Dahl writes that

> ownership and control contribute to the creation of great differences among citizens in wealth, income, status, skills, information, control over information and propaganda, access to political leaders, and, on the average, predictable life chances, not only for mature adults but also for the unborn, infants, and children. After all due qualifications have been made, differences like these help in turn to generate significant inequalities among citizens in their capacities and opportunities for participating as political equals in governing the state.
>
> (Dahl 1985:55)

In turn, inequalities give rise to conflict among classes with some groups wanting more access to what other groups have. Freud wrote in the *Future of an Illusion* that 'It is expected that these underprivileged classes will envy the favoured ones their privileges and will do all they can to free themselves from their own surplus of privation' (Freud 2001:12). But privileged groups will often resist sharing their wealth and power. David Potter writes that 'historically, democratization has been both resisted and pushed forward by the changing dynamics of class relations and different classes pursuing their separate interests.

Subordinate classes have usually pushed for democracy, dominant classes nearly always resisted it. There are other forms of social and economic equality, including gender and racial divisions, but class inequality has historically been the most important for democratization so far' (Potter 1993:357).

Barrington Moore's study on the *Social Origins of Dictatorship and Democracy* points to the importance of the rural question in determining the political future of a country. Whether a country moves towards parliamentary democracy or fascism is strongly influenced by the nature of the transformation of the peasantry into new social formations (Moore 1984). He writes that the 'survival of a huge peasant mass ... is at best a tremendous problem for democracy and at worst the reservoir for a peasant revolution leading to a communist dictatorship' (Moore 1984:420). The question is of some importance in the context of Southeast Asia where the rural sector dominates many of the region's economies. What happens to the peasants and the rural economy of the region will have an important bearing on the success of the democratization process. Moore's historical analysis, for example, is relevant to the emergence of revolutionary movements of landless and uprooted peasants in the Philippines. This long-running rebellion against local landowners and the state continues today with the activities of the new communist party of the Philippines and armed Islamic groups which have been fighting against the land seizures in the southern Philippines by agribusiness and Christian migrants from Luzon and other northern islands.

The most populated Southeast Asian countries are still dominated by rural economies and cultures increasingly subjected to capitalist development within the global economy. This leads to the intensification of production, usually of export crops like rice, farming of water for energy projects and dams, logging of forests or the expansion of plantations such as oil palm. One outcome is the displacement of large populations to cities to find work in factories and in the informal economy. Their rising numbers are recruiting fields for labour and other mass movements. Rural movement is another form of mobilization such as landless peasants' movements, exemplified in Indonesia's new Sundanese Peasants Union in West Java where 'land-hungry' peasants who lost their land under the Suharto regime have began a mass movement to regain their land and livelihood. Noer Fauzi writes that 'since 2000, local people have begun a series of land occupation to reclaim land which was once theirs' (Fauzi 2003). West Java's movement is part of a larger phenomenon of mass peasant organization around agrarian reform in

Java, campaigning against neoliberalism under the banner of a Global Campaign for Agrarian Reform.

Urbanization and the emergence of large primate cities has long been associated with class formation and political struggles. Southeast Asia's level of urbanization increased substantially over the years to 38 per cent of its 530 million population in 2001. Slums have also become a major regional urban feature with a total population estimated at 57 million in the same year, or 28 per cent of the total urban population of the region (UNHSP 2003:15). An urban-based labour movement has traditionally been a progressive force of change but only if mobilized into unions working together to improve wages and working conditions. Unions were prohibited under Indonesia's Suharto regime but with the beginning of a more open society there has been a resurgence of workers' mobilization and union-led factory strikes in Java for better wages and working conditions (Lane 2007).

Jakarta, Indonesia's largest metropolis, with more than 25 million people in 2008, has become a major centre for the labour movement, but in Bandung, Surabaya and other Javanese cities, workers' militancy has also increased and, linked with student organization, played an important role in the downfall of Suharto. Labour militancy is also on the increase in Vietnam, and strikes are becoming more common because of inflation and the rise in the costs of living. In the Philippines the Arroyo government has become more repressive of dissent and labour attempts to organize and mobilize factory and other workers against employers' exploitation. Arroyo's neoliberal policies have led to the restructuring of the labour market and policies to downsize and casualize the labour force (Bolton 2007; Lane 2002). Furthermore, new legislation has reintroduced Marcos-era prohibitions on the right to strike and the holding of rallies. The government has made extensive use of the military to protect the rights of employers and has waged a violent campaign against the labour movement, marked by the assassination of a number of leading activists.

There is a common view that the emergence and expansion of a middle class is closely linked to political liberalization, and with a share of wealth, education and a stake in society, Asia's middle class will demand to share political power to protect and advance its interests. With the rise of the Asian Tigers in the 1990s came a new class of professionals and an upwardly mobile, affluent new generation (Robison & Goodman 1992; Thomas 1993). Some have argued that the main engine of political liberalization is an eventual alliance between the middle and

working class (Moore 1984; Potter 1993; Rueschemeyer, Stephens & Stephens 1992). This is an unlikely scenario for Singapore where middle-class welfare is linked to the maintenance of a repressive state. Former journalist Russell Heng, who has studied Singaporean middle-class values, claims that sufficient anger does not exist because of the high living standards of the country. But, he acknowledges, 'as with people anywhere, Singaporeans will probably take to the street if they are really angry' (Da Cunha 1997).

The middle class has played a major role in the politics of liberalization of Thailand and Indonesia with its demand for political openness. An important factor in Thailand is the role of Bangkok, which had a population of close to 10 million in 2008, or 20 per cent of the country's population and more than 90 per cent of the country's total urban population. Bangkok's primate city status makes power contestation more visible and confronting for the authorities. Malaysia, on the other hand, is not unlike Belgium because in both countries the role of the middle class is weakened by the politics of race and racial segregation. In the case of the Philippines, the middle class is too closely tied up with the oligarchy to play an effective role in advancing democratization.

Gender relations shape social justice and are therefore important to the class struggle for political and economic equality. Nawal El Saadawi, who has been at the forefront of the women's liberation movement in Islamic countries, has analysed extensively men's war against women and the use of religion by fundamentalists to maintain Egypt's patriarchal system (El Saadawi 2004). In Malaysia, Malay women's organizations are engaged in reforming a religious legal system which is injurious to the welfare of wives, mothers and children. Exploitation of women is a dominant feature of Thai society, exemplified by abuse of children and young women forced into the sex trade. Rural conditions are often an issue in poor families' selling their children or being deceived into sending their youth to be exploited in city-based activities in Thailand and other countries.

Male domination is also a feature of protagonists of cultural relativism. 'Asian values' is Lee Kuan Yew's model to legitimize Singapore's authoritarian and patriarchal system. Confucian patriarchy, writes Jinliang Zhang, 'treats the males as super powers in both domestic and social affairs and the females as inferior appendages' (Zhang 2006). In Vietnam, under communism, women have made substantial gains in their power relations with males and the state. The Vietnamese revolution's deliberate attacks on inequality and family authority has advanced the role of women in society. It discouraged early marriage

and gave women an important role in the professions and in the running of the affairs of state.

Race struggle

Race is a social construction which exists in various forms such as cultural and national differences and identities. There are some sharp differences in Southeast Asia's national landscape, with the strong cultures of Burma, Thailand and Vietnam in contrast to what are largely the colonial creations of Malaysia, Singapore, Indonesia and the Philippines. In all cases, there are conflicts regarding the legitimacy of the nation state and the rights of ethnic minorities. In Burma there are a number of ethnic highland groups on the periphery of the Burmese dominant cultural core, seeking their right for self-determination. Thailand's sovereignty is questioned by Muslims in southern provinces while in Vietnam the government battles with issue of assimilation of the country's mountain minorities.

In other countries postcolonial efforts at nation building are resisted by those who want to be different and oppose the state's repressive policy. Despite efforts at nation building, race continues to dominate the politics of Malaysia and Indonesia and to threaten the integrity of the nation state. Malaysia has constructed the 'Malay' as an object of Malaysian nationalism, while in Singapore, race is an important factor in the construction of a Singaporean identity among descendants of the Chinese mainland. One outcome in Singapore is the projection of aggression against both Malays and Islam in Singapore and the wider region. Unity in the archipelagic state of the Philippines is only maintained by the politics of repression carried out by the military and the country's oligarchy with the support of the United States.

Neoliberal economic policies adopted by Southeast Asian states, particularly after the end of the cold war, have exacerbated race relations in the region. Policies pursued by Indonesia's Suharto under market reforms dictated by the West have further concentrated wealth in the hands of a Chinese minority. Yale lawyer Amy Chua suggests that, by 1998, the Chinese who made up some 3 per cent of the population controlled 70 per cent of the private economy (Chua 2004). The 1997 financial crisis erupted ethnic animosity, with widespread attacks on Chinese resulting in great losses of life and property. Other ethnic groups came under attack because of their religion, but more often because of the intensification of competition for resources at a time of scarcity imposed by government corruption. Chua argues that the

West's neoliberal policies of market and political liberalization increases the level of inequality, favours some ethnic minorities and results in political instability and violence.

Indonesia's situation is duplicated in the Philippines where a Chinese minority has also gained a dominant position in the market. It accounts for 1–2 per cent of the population but owns more than 50 per cent of the country's wealth. Chua says that the Chinese minority controls

> all of the Philippines' largest and most lucrative department store chains, and fast-food restaurants ... with one exception, all of the Philippines's principal banks ... the Manila Stock Exchange ... dominate the shipping, textiles, construction, real estate, pharmaceutical, manufacturing, and personal computer industries as well as the country's wholesale distribution network ... control six out of the ten English-language newspapers in Manila ... all of the top billionaires in the Philippines are Filipino Chinese or Chinese-descended.
>
> (Chua 2004:36)

The Philippines' landowning oligarchy has formed an alliance with the Chinese to maintain their monopoly on political power. According to Francisco Nemenzo, elections are 'fraught with fraud' and only 'provide a democratic façade for an essentially oligarchic system (Nemenzo 2007:3).

Democratization can only progress in an environment where multiculturalism thrives and ethnic groups transcend their taboos against marrying each other. This situation is not found in Malaysia where the state continues to legitimize the politics of race. There is however some evidence of intermarriage, usually among young members of the middle class who share similar values and lifestyles. Capitalism and suburbia have enabled a younger generation to move away from tradition and prejudices. But multiculturalism can only thrive in a secular regime and where the state can redistribute wealth and introduce a generous social security and welfare system that guarantees everyone a decent wage, well-being and a safe living environment.

Globalization

Globalization brings countries closer together because of technological development in communication and transportation. David Held views it 'as a widening and deepening and speeding up of world-wide

interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual' (Held et al. 1999:2, 16). But globalization is multidimensional and is also about the geopolitics of Southeast Asia's integration into the global state. Southeast Asian economies and societies are becoming part of a capitalist global economy largely directed by global institutions of governance such as the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank (WB) and other financial institutions controlled by the Group of Seven (G7). Under their auspices, Southeast Asian nation states have largely deregulated their economies to foreign investments and financial trade. Under rules legislated by the West they have reformed their domestic economies regarding the generous treatment of foreign investments, minimization of state subsidies and tax regimes and other important areas which impose serious limits on their sovereignty.

Once they become a member of the WTO each nation state is locked into a timetable to abandon all forms of protection on a pathway towards the complete freedom of trade in goods and services. Under a neoliberal regime each country competes for a share of capital and trade in the global market while the economy is reshaped by demands of a global financial and consumer market. Transnationalization further embeds each country's labour and productive forces into a global economy largely ruled by G7 interests. The transnationalization of Southeast Asia's political regimes, economies and societies further exacerbates domestic and regional inequalities characterized by the growth of poverty and the emergence of large slums in the region's major cities. The United Nations' report on human settlement shows a substantial growth in the number of slum dwellers in Southeast Asia (UNHSP 2003:15). Slum growth is fed largely by the displacement of rural populations under pressure from large rural development projects and insufficient employment and educational opportunities in cities.

Neoliberal economic policies in trade, and the 'deregulated capital and labor markets – and the withdrawal of the state in its various forms' as well as 'the deterioration in the terms of trade are particularly bad for low income households' and are largely responsible for the situation (UNHSP 2003:34–9). A global economy run on neoliberal principles largely benefits rich countries and protects their agricultural economies through massive farm subsidies and welfare and tax subsidies for their industrial production. Unfair trading rules create rural and urban poverty in Southeast Asia and elsewhere, and cities turn into dumping grounds for a surplus population 'working in unskilled, unprotected

and low-wage informal service industries and trade' (UNHSP 2003:47). Loss of state sovereignty was a major factor in the 1997 Asian financial crisis which wreaked social disaster on a number of East Asian countries. What happened was a modern version of piracy by Western financial interests to deplete Southeast Asia's foreign reserves, shift Western banks defaulting loans to a sovereign liability on Asian societies and let G7 interests acquire major Southeast Asian assets at bargain prices. In the case of Indonesia the crisis led to the death of thousands of people and the further impoverishment of millions more.

The impact of a capitalist global economy has increased inequalities among Southeast Asian economies. Part of the explanation is found in Amy Chua's argument that 'the version of capitalism being promoted outside the West today is essentially laissez-faire and rarely includes any significant redistributive mechanisms' (Chua 2003:195). Furthermore, some states are better able to compete in the global economy than others because of special factors such as size and location as in the case of Singapore. Generous tax concessions to foreign investments and international capital has deprived many countries of revenue for social investment in education and housing. Cutting labour costs has also been responsible for growing inequality. Moreover, Southeast Asian economies are increasingly affected by China's growing and expanding economy. Large inflows of manufactures, migrant labour and investors from China are presenting new challenges to Southeast Asia's governments.

Southeast Asia faces a new phase in its role in the global economy. Under the old-style form of exploitation, colonial occupation meant paying indemnities to the occupier when they rebelled against oppression. Under the 'cultivation' (culture) system imposed by the Dutch, local leaders had to produce and deliver fixed quantities of products for exports. Under the new system of global free trade, countries are required to take on debt and liability and pay their obligations on time to the world financial institutions. Defaulting on loans is punishable by the imposition of structural domestic reforms to privatize the commonwealth and cut back subsidies to the poor. Moreover, to survive, each country is required to produce for exports and keep wages low to attract foreign investment and get a share of the global market.

Southeast Asian nation states are also being integrated in the geopolitics of global hegemony and global state formation. This struggle is being waged between the United States and its allies against countries challenging US global domination. At the core of the world's hegemony is the US military and an Anglo-American alliance which co-opts members of the European Union and Japan. This grouping (G7) collaborates

closely to impose its version of the world order. Military control is necessary to maintain and expand a capitalist global economy and safeguard the West's vast investments and pension funds, and secure an affluent lifestyle and consumer culture for a global minority. Western hegemony however is challenged by movements ranging from anti-globalization, transnational alliances to radical Islamist armies. A bigger challenge however is from nation states with ambitions and visions of their own about the shape and nature of the world order. They want more power in the global state and change in the existing world order. The most likely contender in the hegemonic challenge at this juncture is China. But there are other countries, such as India and Russia with the potential and ambition to challenge the West.

The geopolitics of the global state is a serious threat to the process of regional democratization. US policy in Southeast Asia is shaped by its national security agenda. Former president George Bush's doctrine of 'If you are not with us you are against us' in the wake of 9/11 was a declaration to wage war on any country which challenges or threatens US national interests (Bush 2001a; Cook 2002). The 'war on terror' follows the cold war strategy of massive interference in the domestic affairs of the region in the name of freedom and liberty. In recent years, the United States has moved combat troops to the Philippines and reactivated military alliances and engaged in covert operations with Singaporean, Thai and Indonesian authorities. Many Southeast Asian observers interpret US intervention in the region as another example of a Christian crusade against Muslims everywhere.

Southeast Asian governments have used the threat of terrorism to silence the opposition and restrict human rights. In many instances military and police have new special powers of arrest and detention. In Thailand the government has used the security agenda to wage war on the Muslims in the southern provinces. Some countries are part of the US programme of rendition and torture whereby designated suspects are arrested or kidnapped and transferred to global interrogation centres which may include locations in Thailand and Singapore. But all the major powers are directly or indirectly involved in the 'war on terror' waged in Southeast Asia. China and others are targeting people and organizations threatening their national interests. China has put pressure on governments to turn over residents linked to human rights and liberation movements in China. The 'war on terrorism' is becoming more inclusive of all movements of dissent and every potential 'terrorist' or 'fellow walker' or those classified as 'disadvantaged interest-motivated groups of the twenty-first century' (Wing 1998).

Geopolitics presents other challenges to the democratization of Southeast Asia. One is the internalization of major global struggles such as the war between Palestine and Israel, other conflicts in the Middle East involving challenges to established autocracies in countries such as Egypt and Saudi Arabia and the Anglo-American invasion of Afghanistan and Iraq. Another is the militarization of Southeast Asia and pressures to join military and security alliances with one or more dominant powers. Governments, moreover, are spending more on purchasing arms and engaging in a costly armament race. The growth of military establishment and militarism in the region is a continuing challenge to progressive forces.

Lastly, it is clear that the dominant players in global geopolitics compete to influence and even control Southeast Asian political regimes. At this time, the West has a dominant position in the Philippines, Thailand, Singapore, Malaysia, Brunei and possibly Indonesia. Burma's military dictatorship is supported by China's supply of arms and intelligence. China's influence in Laos, Cambodia and Vietnam is considerable; not least is the model of authoritarianism which combines the role of market forces in economic growth guided by a strong and authoritarian state. This model is increasingly referred to as the 'Beijing consensus' in contrast with US-style capitalism and democracy.

Pathways to political change

There are a number of pathways to political change and democratization, and all ultimately involve the control of the state by forces which may not always be friendly to human rights. Among a number of possibilities is the restructuring of the state brought about by the expansion of civil society and the creation of new political space. The emergence of NGOs which represent women, workers and minorities, and other groups seeking to advance human rights in areas of life and work is a major instrument of change which opens new political space to interact with the state and change the nature of political and economic power. New communication technologies have also created new political space for people to resist and challenge power. The use of the Internet and the mobile phone allows fast networking and mobilizing of people who share a common social and political agenda. David Marcus claims that the fall of Suharto was the first revolution using the Internet (Marcus 1999). The use of cyberspace was certainly a potent tool to counter government propaganda and inform people. But it could be argued that Suharto's downfall was a

foregone conclusion of the Asian financial crisis and the US decision to replace him.

The nature of the state can also change from within. Economic growth and market forces create conflict and struggle within the state and lead to the expansion of political space. In the case of Vietnam, Gainsborough assumes that a more liberal regime will emerge as a result of internal state conflict and struggle leading to the expansion of state-sanctioned political space, and gives as an example the creation of the Chamber of Commerce and Industry and the Bankers Association (Gainsborough 2002:707). Australian scholars Rodan and Jayasuriya suggest that 'a major restructuring of the state is underway in many Southeast Asian countries. New institutions and sites of governance are being created – often creating institutions with policy delivery capabilities that engage with organizations that are found at the interstices of civil society and the state' (Rodan & Jayasuriya 2006).

A main characteristic of these political spaces, they point out, 'is that they seek to promote participation and are prone to use the language of empowerment; but at the same time this is paralleled by the marginalization of traditional representative institutions and organizations, be they political parties or labour unions' (ibid. 2006:15). The expansion of civil society and political space can synergize into mass or popular movements, particularly in major cities which in turn can reform a political regime. Urban-based mass movement can quickly mobilize many groups and individuals drawn together by a common cause in response to what is perceived as a common threat. In recent years a number of mass movements have reclaimed the streets of Bangkok, Manila and Yangon to push for democracy, with mixed results.

The Left has been a major democratizing force in the modern history of Southeast Asia. Influenced by Western socialist and communist ideology, it has played an important role in the movement of resistance to colonialism and the long struggle for independence. Since the end of the cold wWar however, the Left has been fighting what seems like a losing battle throughout Southeast Asia. If there is hope, according to Hewison and Rodan, it is for the Left to become more active and participate in the 'struggle for the extension of civil society' (Hewison & Rodan 1994). However, they warn that the 'current deepening of civil society in many parts of Southeast Asia is not a new phenomenon and does not represent an evolutionary transition from authoritarianism to democracy' (Hewison & Rodan 1994:236). The Left needs the militancy and creativity of youth and the use of calculated civil disobedience.

Nemenzo suggests that, in the case of the Philippines, the country needs to establish firm foundations. Democracy, he writes, 'cannot be achieved through elections within the context of elite rule; elite rule must first be terminated to create the conditions for truly democratic elections' (Nemenzo 2007:4).

In many instances the state has reacted to demands for reforms by creating and controlling the expansion of civil society, setting up its own non-governmental organizations known as government-operated NGOs (GONGOs) and fighting resistance with savvy media campaigns and the latest in cyberspace surveillance technology. Singapore, Vietnam and other regional countries have successfully captured the old civil society and expanded and transformed it to advantage the market economy and authoritarian rule. Moreover, with new restrictions on dissent imposed in the new 'war on terror', the power of mass movement may slowly wither away. But what happens when 'people power' or 'civil society' or the so-called new political space for people participation no longer works? When NGOs are simply instruments of power by the state or the business community? When civil society has been fully digested by and embedded in the state and the market?

Another avenue is elite conversion as in the case of Taiwan and the decision of the ruling party to open the political contest to other parties. According to some writers the transformation of the Kuomintang, or KMT, was solely due to generalissimo Chiang Kai-shek's son Chiang Ching-kuo who ruled the country for 40 years (Monk 2002; Taylor 2000). According to Monk, Singapore's Lee Kuan Yew was his mentor; but his conversion took place only when he was in old age and bad health and facing death. Bertil Lintner writes that 'once the floodgates were open, nothing could stop the democratic development of the island, once ruled by an authoritarian regime that colluded with organized criminals' (Lintner 2002:19). This raises the issue of the role of the military which occupies a powerful place in Southeast Asian regimes and often portrays itself in the minds of the people as the guardian of the nation and the defender of the nation state's integrity and identity.

A major factor of military political power is based on the military's ability to self-finance and expand as a major corporation. A useful and closely studied model is Pakistan's military business-empire economy worth an estimated US$100 billion (Siddiqa 2007a, b). Ayesha Siddiqa writes that the military economy 'sustains the lifestyles of the officer cadres, in particular senior officers, both retired and still serving and the military has come to control about 11.58 million acres of state land (12 per cent of the total). Much of it is then distributed to its personnel

for private benefit (in return for a very modest rent)' (Siddiqa 2007a). A similar situation exists in many Southeast Asian countries. Indonesia's is a case in point where the civilian government does not control the military because it does not control the military's budget. A Human Rights Watch report on Indonesia's military self-financing says that the 'military draws on off-budget (extra-budgetary and unaccountable) funds derived from military-owned enterprises, informal alliances with private entrepreneurs to whom the military often provides services, mafia-like criminals activity, and corruption' (HRW 2006b). Indonesia's military supplemental income also includes funds and goods from overseas, including intelligence services from friendly countries. Many former generals are active in politics and have access to considerable private fortune and yet maintain they rely on their government pensions, valued at about A$1500 a month in 2007. Indonesia's occupation of East Timor from 1975 to 1999 was largely a military business venture not unlike England's East India Company occupation of India.

Can the military establishment become a major force in the process of democratization as in Portugal where the military engineered a coup against the regime in 1974, leading to the political liberalization of the country? Is there a role for Southeast Asia's young turks' movement in the democratization of the region? In Thailand and the Philippines of the 1970s and 1980s, the movement was led by young and well-educated and often overseas-trained officers who were influenced by the role of the military in modernizing Turkey. The 'young turk' movement in Thailand wanted to reform the armed forces and improve living conditions for the military; they wanted promotion based on merit and education, and an end to the older and conservative traditional elite. They also had clear ideas about the role of the military in promoting development and a new political order free of corruption.

In the Philippines the reform movements developed close links with civil society and formed a broader popular front to reform the country's political regime which succeeded with the 1986 downfall of the Marcos dictatorship. The Reform of the Armed Forces Movement (RAM) continues to be an active force under various guises, such as the Young Officers Union, against what it perceives as a corrupt political order. In Thailand the military coup of 2006 which overthrew the government of Thaksin Shinawatra in 2006 claimed that the nation was in danger of a civil war because of the government's corruption. The military coup was a major setback to Thailand's democratization and exposed the danger of the military and its powerful business interests. Thai scholars Phongpaichit and Piriyaragsan write that 'it is more harmful to have a society being

dominated by an honest military than to have a parliamentary system with corrupt politicians. At least under a democratic framework there is the possibility of developing a civil society with the will to control corruption' (Phongpaichit & Piriarangsan 2005).

There are other institutionalized forces which have a direct bearing on political change, such as religion. Buddhism came to the fore again in 2007 with the monk-led mass movement against Burma's military regime, triggered by a continuing economic crisis exacerbated by the government's sudden increase in fuel and food prices. It is not clear whether Buddhism will bring down the military regime and help the transition to party politics and a more liberal regime. The recent crisis in Burma highlights divergent views within Theravada's Sangha tradition regarding the role of Buddhism and monks in political life. One is a complete detachment from politics, while a middle path is for monks to lead the march against social injustice and to never get involved in violent action. A more extreme view is a belief in the legitimate role of the gun to overthrow evil (ABC 2007a). The call for violence by monks was advocated by the head of Thailand's Sangha in the late 1970s when he told Thais that killing communists would bring good karma to their lives.

Stuart-Fox's analysis of Cambodia's politics emphasizes the role of political culture and in particular Buddhism which he says gives a moral right to the wealth and power of the elite and legitimizes social and political inequality (Stuart-Fox 2006). In Buddhism's endless cycles of birth and rebirth, the living rich and powerful must have done something good in the past. They have worked themselves to that position over endless generations, going through cycles of life towards heaven and away from hell. In other words the deserving ones are born to have wealth and power while the Pol Pots of this world will suffer in their future lives. This line of argument is appealing in its simplicity because it explains everything, including the rise and demise of Pol Pot's Khmer Rouge.

The region is also prone to the dynamics of revolutionary and religious millenarian-type movements. Religious fundamentalism appeals to scores of young people frustrated in their desires to join modernity. Among them are the millions of poor and jobless youth searching for answers to their discontents. The crucibles for such movements are the uprooted rural populations and the vast slums of the region's emerging megacities. Radical Islam has also been able to mobilize a widespread sense of humiliation shared by Muslims because of Anglo-American military intervention in the Middle East. Millenarian-type movements

are powerful political forces that have been able to mobilize large populations and challenge autocratic regimes in Egypt, Pakistan, Saudi Arabia and elsewhere in the region. While radical Islam is the product of alienation, powerlessness and the failure to modernize society, it is also a mechanism for change in societies where there are no effective channels for those who seek justice. Zachary Abuza makes the point that the growth of extremism 'since the Iranian Revolution of 1979 has less to do with theology and a lot to do with the failure of domestic political economies ... increasing gaps between the rich and the poor, unemployment, corruption, and the lack of a viable political alternative' (Abuza 2003:16).

Lastly there is a need to consider the role of war and invasion in the region's democratization process. Some recent events can be useful to illustrate some important issues. Among them is the Vietnamese invasion of Cambodia in 1979 which overthrew the Khmer Rouge and forced its leaders to seek protection along the Thai border. While Vietnam's intervention brought an end to the regime of terror, it failed to end hostilities because of the West and China's continued support for the Khmer Rouge. Vietnam's action led to the eventual intervention of the United Nations (UN) and the general elections of 1993. UN intervention in Cambodia in 1992 and in East Timor in 1999 failed to fulfil its mandate and exposed the weakness of the UN as an institution for peace. Some of the problems had to do with power conflicts over the nature of authority and diverging national interests between UN forces and major intervening powers. More important is that, in the case of Cambodia and East Timor, the UN did not have sufficient resources to rebuild the countries' economy and political infrastructure and thus unintentionally prepared the grounds for the crises which were to follow their departure.

Conclusions

The struggle for social justice and a more democratic society can be achieved at the state level with citizens eventually gaining control of the state and participating fully in the decision-making process. Another pathway is ASEAN moving forward in its plan for a community and democratic organization and forming a parliament elected by citizens of member states. Alternatively, and a more optimistic option, is that of a cosmopolitan democracy where, as part of a new global order, the United Nations' system living up to its charter sets up regional parliaments (Held 1997:247). Under this scheme ASEAN would

be transformed into a UN regional parliament representing the people of an enlarged Southeast Asia, including Papua New Guinea and other regional states.

Democratization is predicated on the expansion of market relations and continued economic growth. This process creates wealth for the construction of the social and physical infrastructure necessary for the expansion of the middle class and the consumer culture and society. All of these appear to be necessary conditions for enough power and wealth to be distributed to a majority of the population to sustain parliamentary politics and maintain a modicum of protection for the individual. This model suggests that global capitalism is sustainable in its present form if it can deliver in the short term, a global majority middle class for the world's population with a lifestyle equivalent to middle-class standards found in the EU, Japan and United States. The situation for Southeast Asia is far from promising as levels of poverty and inequality are on the increase. While the ranks of the middle class have swelled, they have not done so sufficiently to encourage optimism about future advances in democratization. If one takes seriously the forecasts of the scientific community regarding the impact of climatic change and global warming on economic growth and capitalism generally, then it is likely that Southeast Asia will face major obstacles to maintaining its existing levels of economic growth and living standards. In all probability, industrialization will need to shift to lower levels of growth and rationing will need to be introduced in the consumption of energy and other critical commodities, with a resulting decline in living standards for the majority of the region's population. Living standards may well be further reduced if global warming leads to increases in regional conflict and violence.

3
Obstacles to Democratization

Southeast Asia's nation states

Southeast Asia, as it is generally understood today, encompasses Myanmar, Thailand, Laos, Cambodia, Vietnam, Malaysia, Singapore, Brunei, Indonesia, Timor-Leste and the Philippines. As Table 3.1 shows, the region includes a diversity of countries in terms of size, wealth and level of urbanization. Singapore, the smallest and most affluent city-state in the region, contrasts with the widespread poverty of Myanmar and Cambodia. Indonesia's population is one of the world's largest with most of its people, or more than 130 million, living on the island of Java which is about twice the size of the Australian island of Tasmania. There are also some striking differences in levels of peace in individual countries as reflected in the Global Peace Index (GPI), which measures the existence or absence of peace in each country of the world. Singapore tops the ranking for Southeast Asia with an index of 1.6; Thailand, the Philippines and Myanmar are found towards the bottom of the ratings. With the exception of Thailand, Southeast Asian countries became independent nation states in the aftermath of the World War II process of decolonization and the cold war. The most recent addition to the political map was Timor-Leste in 2002 which, according to former prime minister John Howard, Australia 'liberated' from Indonesia's regime of terror.

The nature of the state in Southeast Asia varies from country to country. Singapore's state is very powerful and efficient in managing society and the economy but has captured civil society's freedom, whereas in Cambodia widespread state corruption has undermined its capacity to meet basic needs for citizens. In all cases, however, the state is to one degree or another repressive and undemocratic in the sense that it does

not represent the free will of the people. The nature of the nation also varies markedly from country to country. In Vietnam and Thailand there is a sense of nationalism embedded in a strong culture shaped by a long history of territorial expansion and warfare. In contrast, the national identity of Indonesia is relatively new and plagued by contesting regional identities because of the failure of the state to address demands for political equality. Malaysia and Singapore's national identities are also recent and shaped largely by waves of migration from India and China during European colonial rule. In all cases the process of nation-building is unfinished and continually challenged by geographically important minority groups and demands for social justice. Moreover, the region's nation state is also being tested by the sociopolitical impact of globalization. Increases in inequality and inflation are major threats to political stability. A sharp rise in the costs of energy, food and basic services and growing concern about climate change are testing the sustainability of market capitalism and the Western doctrine that a 'free trade' capitalist global economy is the pathway for regional and world peace.

As elsewhere in the world, the nation state in Southeast Asia is a passing phenomenon. Societies and economies are being rapidly transnationalized by technology and global forces which are embedding people in a globalized market economy and culture, and institutions of

Table 3.1 Southeast Asia

Country	Independence.	Population. 2003	PcGNP 2005	Urban %.2003	GPI 2008	ASEAN
Brunei	1984	0.4	25,751	82.8	n.a.	1984
Cambodia	1954	13.5	404	18.6	2.1	1999
Indonesia	1945	217.4	1,278	45.5	1.9	1967
Laos	1954	5.7	479	20.7	1.8	1997
Malaysia	1963	24.4	5,008	63.8	1.7	1967
Myanmar	1948	49.5	199	29.5	2.5	1997
Philippines	1946	80.2	1,154	61.0	2.3	1967
Singapore	1965	4.2	26,880	100	1.6	1967
Thailand	n.a.	63.1	2,720	32.0	2.4	1967
Timor-Leste	2002	0.8	c.150	7.7	n/a	n/a
Vietnam	1954	82.0	635	25.8	1.7	1995

Source: United Nations Development Reports; ASEAN Secretariat; Vision of Humanity Global Peace Index (GPI) 2008. See www.visionofhumanity.org
Note: year of independence; population size, million; US$ per capita GNP; GPI: Global Peace Index, scale 1–5; year joining ASEAN

governance. The nation state's sovereignty is being diluted and manipulated by the power of global capitalism and its financial institutions and instruments, and the geopolitics of major world powers' military competition in their struggle for global hegemony. Nation states, nevertheless, remain important political and territorial entities struggling to survive and to adapt to a rapidly changing world order. In each country, local elites, while having different agendas, have much to gain by joining forces to maintain a system which is to their advantage. More pressing, however, is mounting internal pressure from citizens' demands for a better life, social justice and political equality. Unfortunately, these two streams come together in the politics of nation building and nationalism and generate hatred and aggression against others.

The development of the Association of Southeast Asian Nations (ASEAN) can be understood as a reaction and adaptation to internal and external change. Regionalization is part of the nation state's struggle to survive against what could be viewed as a broad historical process towards the formation of a global identity and state. Regional formation carries with it expectations that a regional order would not only help the nation state to survive but also to prosper, to create new opportunities for economic growth, employment of the elite and educated and generally further the well-being of all its citizens. Such visions form an essential element in ASEAN's existing cohesion based on expectations of prosperity, greater solidarity and integration, and are embodied in a planned ASEAN community based on 'three pillars: security, economic, and socio-cultural' (Abad 2007:2). An ASEAN community carries the seeds for a new and more encompassing socio-political identity transcending localized identities and capable of harmonizing and integrating diverse and localized cultures. The big question, however, is ASEAN's capacity to deliver the goods and services, and whether the surrender of sovereignty by Southeast Asia's nation states will be successful in delivering prosperity, security and social justice to all its citizens, as it has been to some degree in the case of the European Union (EU)

ASEAN's genesis is largely the product of the dynamics of a changing world order and it is not unreasonable to expect that this power paradigm will continue to ascertain a dominating influence on the future development of the regional order. What has shaped the formation and development of the region has been the dynamics of world affairs and especially the struggle among major powers for global hegemony. Southeast Asia was originally defined by European competition for global imperial expansion from the sixteenth to the latenineteenth century. WW II further shaped Southeast Asia in military

terms when Japan and Anglo-European powers fought each other for the control of the region. During the cold war, Southeast Asia became a major battle ground in the confrontation between the world's two major powers and ideological systems, and also between Western cultural hegemony and rising Asian nationalism. The cold war gave birth to ASEAN in the form of a security alliance, guaranteed by US military power and presence, to protect the sovereignty and political regimes of Singapore, Thailand, Malaysia, Indonesia and the Philippines against a revolutionary and nationalistic form of communism, and against China's new communist regime and its support for revolutionary movements. With the end of the Soviet Union and a new era of globalization, Southeast Asia is again a zone of contest between major powers for control over natural resources and markets, and for the control of the state. The United States and EU, Japan and China and possibly India are all competing to influence the future direction of Southeast Asia and of ASEAN. In the new contest for global hegemony it appears that the main players in Southeast Asia are China and the United States, and both will largely shape the future of ASEAN.

Brunei

When the Portuguese visited the city of Brunei in the sixteenth century, the city was rich and its Sultans ruled over a striving economy based on the control of surrounding districts and what is today the southern Philippines' Sulu Archipelago. Later the Sultanate fell on hard times and the British had an easy time dismembering its territory (Tregonning 1958). It was the discovery of oil in 1904 by the Shell Oil Company that saved Brunei from being completely partitioned between the British territories of Sabah and Sarawak. Instead, Brunei was carefully managed and groomed by the British into independence and to remain under its protection.

Britain controlled Brunei's defence and foreign affairs until 1 January 1984 when Brunei became a fully independent state and, a week later, a member of ASEAN. Oil mixed with the politics of the cold war were key issues in the British decision to keep Brunei's two small enclaves out of the Malaysian Federation and to sponsor its independence in 1984. Another important issue that kept Brunei out of the Federation of Malaysia was a dispute about the Sultan of Brunei's position among other Sultans of Peninsular Malaya. Issues of hierarchy, egos and power among ruling Sultans caused sufficient friction to sway British policy towards sovereignty for the Sultanate.

Brunei is the only absolute monarchy in Southeast Asia based on Islam. Its Sultan is the supreme leader of less than 400,000 people over two enclaves totalling 5765 Km^2 separated by Sarawak's Limbang district. Brunei's first and only elections were held in 1962. The opposition party, Brunei People's Party (PRB), won most seats but elected representatives were prevented from taking office. What followed was a rebellion which was crushed by British forces. In 1985 the Sultan approved the formation of an opposition party, the Brunei National Democratic Party (PNDB). It was dissolved in 1988 and its two leaders were arrested and jailed. In 1990 Brunei released 'six of the world's longest-serving political detainees … the six had been arrested for their role in a failed rebellion against the late Sultan Omar Ali Saifuddin in December 1962' (Aznam 1990). Brunei's jail still holds a number of political detainees, including the leaders of the PNDB arrested in 1987.

More than 67 per cent of the people are Malay Sunnis of the Shafeite sect. Under its revised 2005 constitution the Sultan 'can do no wrong in either his personal, or any official capacity' and the constitution warns that the Sultan will sue anyone anywhere in the world who takes his name in vain because the Sultan's rulings are based on 'his personal infallibility which he granted himself in 2004' (Pierce 2006). The Sultanate rule is largely based on claims of hereditary monarchy legitimatized by historical claims and Islamic divine law and tradition which have been weaved into a national ideology called *Melayu Islam Beraja* (MIB) or 'Malay Islamic Monarchy' which form part of the school curriculum used in the indoctrination of all children.

No dissent is permitted in Brunei under the state of emergency declared in 1962 in the wake of a failed rebellion to overthrow the regime. Information is censored and details about the Sultanate's expenditures and private wealth are state secrets. Under the Internal Security Act, the Sedition Act and other security legislation, no one is allowed to criticize the Sultanate or the national ideology. As in Malaysia, each Bruneian has to carry an identification card showing the bearer's religion. Women are denied equal status with men regarding divorce, control of the children and inheritance. Religious freedom is restricted for non-Muslims and bans are strictly enforced on proselytizing and the use of non-Muslim religious materials. Sultan Hassanal Bolkiah's power is based on wealth from oil and gas which is directly appropriated into his personal assets. He is reputed to be among the wealthiest men in the world, with the biggest palace in the world. Oil and gas revenues account for some 97 per cent of the country's export revenues and contributed more than US$6 billion in 2006 to the Sultan's coffers, placing

the Bruneians among the wealthiest people in the world with a gross domestic product (GDP) per capita purchase power parity (PPP) equal to that of Italy or Germany. The economy is largely based on oil and gas production by multinational UK-Dutch Shell and is run by thousands of foreign technicians and helpers working on contract. Other important sectors of the economy include government services as a major source of employment, and an expanding tax-haven banking industry.

Submission to the Sultan's rule is maintained by a comprehensive welfare system known as 'shellfare'. The ruler provides his subjects with a tax-free income, free health care and education, an old age pension, free home and car loans, generous subsidies for private schooling and study at overseas universities and free trips to Mecca and London. Most people are employed on high wages by the government. Employment is maintained through the expansion of government services, the oil and security industry, social programmes and spending on infrastructure. The economy is largely run by foreign workers and technocrats. Ethnic Chinese, however, are excluded from full citizenship, and from the state welfare provisions and the ownership of land. Brunei's unstated policy is to encourage ethnic Chinese to leave the country.

Corruption is one key feature of the Sultanate. Absolute power corrupts absolutely and can be readily viewed in the opulent and wasteful lifestyle of the Sultan's extended families and cronies. The family has accumulated billions of dollars in real estate in France, England, the United States and elsewhere; the Sultan is one of Australia's biggest landholders. The extravagant lifestyle of the rulers is illustrated by the excesses of the Sultan's brother Prince Jefri, who was said to own 2000 cars and 17 aircrafts, yachts, palatial homes in Paris, New York and London and 21 warehouses in England full of treasures including 'hundreds of gold-plated lavatory brush holders and 16,000 tonnes of Italian marble'. He has been accused in a London court of appropriating more than US$25 billion while he was the finance minister between 1986 and 1997, and to have spent more than US$2.7 billion over 10 years on 'aircraft, yachts, motor vehicles and jewellery' (Richardson 2000).

Brunei's ruling family is paranoid about security and the need to protect their immense wealth. The first line of defence is made up of the Gurkha Reserve Unit (GRU), a 900-strong praetorian guard of retired Gurkha soldiers directly responsible for the security of the Sultan's extended family. The main force is the Royal Brunei Armed Forces (RBAF), a 3500-strong force equipped with sophisticated modern Western weapons, including French Exocet missiles. Britain maintains a battalion of Gurkhas to deter any external threat 'but on terms sufficiently vague for

their presence also to deter anyone at home thinking of armed challenge. Singapore, too, has troops in Brunei for training and has contributed to the development of Brunei's special branch' (Bruce 1989). One of the Gurkhas' functions is to train and keep a close eye on Brunei's regular army (Vatikiotis 1992).

The Sultanate owes its existence to the protection of the British and the business ties formed with the British business sector, especially the arms and banking industry, and mainstream British political parties which have been on the receiving end of the Sultan's generosity. Brunei is more generally dependent on the West for its protection and viability. As such the Sultan has provided much support for United States and other governments' campaigns against communism and more recently in the 'war on terror'. Over the years the Sultanate has provided funds and other services to support covert operations run by Western intelligence agencies, exemplified by Brunei's generosity in funding CIA operations during the Iran–Contra affair.

Democratization in Brunei is unlikely as long as its oil and gas provide a choice lifestyle for a minority protected by a policy of exclusion of outsiders, and it maintains its security ties as a Western neo-colonial enclave. The Sultan's totalitarian rule is a source of friction in his relations with ASEAN. Brunei's position and activities in ASEAN proceedings create discernable tensions with other member states because the Sultan's presence and activity in ASEAN and other regional and international organizations puts great pressure on the network to support him and legitimize his autocracy and extravagant corruption. Moreover, Brunei's territorial integrity is also a major regional issue because of its claim to the Limbang district in Sarawak and the oil and gas-rich Baram Delta waters. Beyond this, ASEAN faces a moral dilemma in its support of the opulent and wasteful lifestyle of a 34-year-old minor tyrant and his clan while thousands of children on the island of Borneo suffer and die of malnutrition and lack of primary care.

Cambodia

Struggle for liberation

Cambodia in the twelfth century was a very large and important kingdom in Southeast Asia, known as Chenla. Over time its size and power shrank because of the growing power and territorial expansion of the Thai and Vietnamese people. When the French intervened in the region in the nineteenth century, they first gained control of Vietnam and then extended their control to Cambodia, beginning in the 1860s,

and used its royal and feudal structure to advantage to colonize and exploit the country. Discontent emerged by the time of World War I among the peasantry and the Khmer elite, but the Kingdom was relatively peaceful until the defeat of the French at Diên Biên Phu in 1954, the year Cambodia gained its independence. There was to be no peaceful transition, however, because of Cambodia's Communist challenge to control the country. Cambodia's Communist party, known as the Khmer Rouge (red Khmer), became an important and infamous political force in the country as Cambodia became a pawn in the cold war and a major target in Southeast Asia's US military intervention. Sadly, the war in Cambodia did not end until 1999 when remnants of the Khmer Rouge were integrated into the country's mainstream politics. Since then, the democratization process has been enfeebled by widespread corruption and the strengthening of a one-party state.

The Khmer Rouge's regime lasted from 1975 until 1979 when Vietnam invaded the country to put an end to Pol Pot's genocidal policy. During Vietnam's occupation, fighting continued between Vietnam and a number of resistance groups, including remnants of the Khmer Rouge occupying a number of enclaves along the Thai border. Between 1979 and 1989 the United States, China and their allies joined ranks and refused to legitimize the newly created Popular Republic of Kampuchea (RPK) and continued to recognize the Khmer Rouge's United Nations ambassador Thiounn Prasith as the legitimate representative of Cambodia. For 14 years this power alliance with the help of Thailand's military supported the Khmer Rouge's military activity and killing. Singapore also played a major role between 1979 and 1993 supplying the Khmer Rouge while all major leaders of Cambodia's genocide were protected by the international community (Jennar 2006).

Several million Cambodians were killed during the 1965–99 Cambodian conflict. The intensity of the killing reached a height because of Khmer Rouge's genocidal policies and US B-52 carpet bombing of the countryside. University of Hawaii academic Rudolph Rummel writes that Cambodia 'probably lost slightly less than 4 million people to war, rebellion, man-made famine, genocide, politicide and mass murder. The vast majority, almost 3.3 million men, women and children (including 35,000 foreigners) were murdered between 1970 and 1980 by successive governments and guerrilla groups' (Rummel 1997). Victims of Khmer Rouge's mass killing are estimated at between 1.5 million and 2.4 million people (Sharp 2007). The war traumatized an entire people, and destroyed the country's professional classes and government institutions including the judiciary where only four out of 545 judges survived

the years of terror. Cambodia's ecology was dramatically damaged as a result of intense fighting and the US dropping millions of tons of explosives on the country 'more than the United States dropped on Japan during WWII' (Jennar 1995). According to recent research by Harvard University researchers Owen Taylor and Ben Kiernan, 'from October 4, 1965 to August 15,1973, the United States dropped 2,756,941 tons of explosives' or more than the allies dropped 'during all of WWII, including the bombs that struck Hiroshima and Nagasaki ... Cambodia may well be the most heavily bombed country in history' (Taylor & Kiernan 2006). A cruel legacy is the millions of mines and unexploded munitions which kill hundreds of civilians each year. With one amputee per 236 population, Cambodia boasted the 1995 record for the most amputees per capita of any country in the world.

Many attempts have been made to explain the rise and actions of the Khmer Rouge. One discourse is to understand Pol Pot's Khmer Rouge regime as a millenarian movement. The Khmer Rouge came out of a period of devastation and traumatization with a leadership espousing communist slogans. Yet it rejected modernity by evacuating cities and reverting back to a collective agrarian existence. The Khmer Rouge demonized the West and was intensely chauvinistic, cruel and sure of its destiny. It combined nationalism with a vision of taking society back to an imagined Khmer golden age. Norman Cohn's historical study of millenarian movements reminds us that these flourished at times of mass and acute crises of disorientation and particularly 'among the poor and oppressed whose traditional way of life has broken down' (Cohn 1970:52).

Walther Marschall, former German diplomat in Phnom Penh, argues that the responsibility for Cambodia's human disaster lies in a small group 'of feudal upper class Cambodians and corrupt officials and businessmen interested only in amassing personal fortunes'(quoted in Lee 1976), and traces the origin of the Cambodian tragedy 'to Prince Sihanouk's autocratic, feudal and extremely personal regime' (Marschall 1975). What is known is that the situation worsened with the US-led coup which put general Lon Nol, another corrupt leader, in power. Many have argued that the rise of the Khmer Rouge and Pol Pot's genocidal policy was largely triggered by the US bombing campaign which killed many peasants and destroyed their rural communities. William Shawcross makes the case that US bombing was responsible for the atrocious behaviour of the Khmer Rouge, and journalist Tiziano Terzani claims that US B-52 carpet bombing gave birth to the Khmer Rouge and their fanatical savagery (Shawcross 1979; Terzani 1985).

Towards a one-party state

The end of the cold war led to Vietnam's withdrawal from Cambodia. Negotiations were concluded in October 1991 when 18 countries and four Cambodian factions signed the Paris agreements and gave Australia control of the UN-mandated military intervention in Cambodia, with the task of setting up a transitional authority in the country, disarming the various armies and preparing the country to elect a new government. The mission of the United Nations Transitional Authority in Cambodia (UNTAC) was to lay the foundation for peace and democracy in the country. Australian general John Sanderson and the more than 16,000 international troops under his command stayed in Cambodia until 1993, spending more than US$3 billion. Despite some positive achievements the UN mission has been described as 'amazingly wasteful and incompetent and marred by internal conflict', and its leadership as 'incapable of taking crucial decisions' (Murdoch 1993). Among the many problems were UNTAC's failure to disarm and demobilize the four main factions and its allowing the Khmer Rouge to keep control of a number of enclaves along the border with Thailand. As a result the fighting went on long after the departure of the UN and prolonged the suffering of the population. The UN also turned a blind eye to Thailand's support of the Khmer Rouge.

UNTAC did not complete its mission of 'rehabilitation and reconstruction of Cambodia'. Little was done to repair and rebuild basic health, education and communication infrastructure. Not enough effort was made to train a new generation of administrators and technocrats to run a country that had been devastated by war over several decades. This was particularly the case in regard to establishing the rule of law and rebuilding the judiciary and other key institutions of governance. Moreover, UNTAC did not put in place a human rights investigative arm with wide powers to monitor the human rights situation and investigate human rights abuse. This was largely because Australia's then foreign minister blocked the appointment of a special rapporteur to the UN, fearing that such a move would antagonize members of ASEAN and highlight human rights abuses in their own countries (Murdoch 1993).

UNTAC organized and supervised Cambodia's 1993 national election without the collaboration of the Khmer Rouge. UNTAC imposed a system of proportional representation which did not suit the country's conditions, and the elections of 1993 led to a dangerous standoff of antagonistic political forces because no party could gain an absolute majority to rule the country. The election resulted in the formation of an uneasy

coalition government of Hun Sen's party, the Cambodian People's Party (CPP), with its former enemy, the royalist United National Front and the Independent, Neutral, Peaceful, and Cooperative Cambodia party known by its French acronym as FUNCINPEC. Hegemonic contest for the control of Cambodia's politics has been driven by Hun Sen's CPP. Hun Sen, a former Khmer Rouge commander, became a member of a core group in the Kampuchean People's Revolutionary Party (KPRP) under the Vietnamese-installed People's Republic of Kampuchea (PRK) and foreign minister in 1979; then as prime minister, he undertook negotiation which led to the Paris agreement of 1991 and the UN intervention (Gottesman 2003). For the 1993 election, Hun Sen renamed the KPRP the Cambodian People's Party (CPP), and managed to keep control of the armed forces, police and judiciary.

The departure of UNTAC left the CPP and FUNCINPEC at each other's throats in a fierce contest to expand their power base and unify the country and to claim the perks and privileges of government employment and concessions. After 1993, prime minister Hun Sen and Prince Norodom Ranariddh were involved in negotiations with major elements of the Khmer Rouge at their enclaves of Anlong Veng and Pailin to integrate them into mainstream politics and 'were falling over each other to win the manpower and territorial spoils of defecting Khmer Rouge units' (Baker 1997). This exercise resulted in bloating the ranks of senior officers and civil servants with 2000 generals and 10,000 colonels, and an army of many ghost units appeared on the payroll. Following an escalation of violence between both parties, Hun Sen launched a coup in July 1997 and took over complete power, killing many political opposition figures. The new political configuration was legitimized in the 1998 fraudulent general election validated by the international community. In later years the CPP consolidated its power and negotiated an arrangement to share the spoils of office with FUNCINPEC. Over the years, Hun Sen has consolidated his power-base in the country and within the party. The CPP has an extensive apparatus to control officials at various levels of territorial administration, down to the village level which links alliance to the party with substantial rewards such as land and other resources.

The CPP claims a largely rural-based party membership of some 4 million. In the 2007 election Hun Sen's CCP won control of 1592 communes out of 1621 communes. While election observers claim that there were fewer complaints than in past elections, the ruling party manipulated the election to advantage by controlling major TV and radio media and suspending mobile-phone text messaging during the election. Some

50 per cent of the electorate did not vote for fear of their safety or because their names were not on the electoral roll or they found it impossible to access their polling stations. At 55 years of age Prime Minister Hun Sen is young, and ambitious enough to stay in power for another 20 years while grooming his eldest son as a potential successor. He displays the characteristics of a modern authoritarian leader: chauvinistic and with a powerful ego demanding to be treated like royalty in his domestic travels and meetings with the Buddhist Sangha, and clever in manipulating market forces to advantage for himself and his cronies.

A repressive state

Hun Sen's power is based on the control of the state's raw power and main agencies of repression. During the UN transition period, Hun Sen and his party retained control of the military, police and judiciary, and built up their forces and armaments after the 1993 election by diverting substantial state resources away from social needs. The party power structure is hierarchical, with a core around Hun Sen and family and a small elite in control of the state apparatus. Family networks are a key feature in Cambodian corruption because trusted members can be slotted into positions important to the leadership. Beyond the family, a larger circle incorporates important cronies with members of parliament and ministers, and police and military leaders to run the system of wealth abstraction and distribution needed to maintain and expand the client base which keeps the pyramid in place. The patronage system encourages competition among clients to favour their patrons. Manipulation promotes conflict among clients and weakens their ability to unite and conspire against their patrons.

An extensive patronage system depends on the control of and access to a range of resources to reward clients according to their position in the hierarchy. Public resources include foreign aid and investment flows; government employment and procurement contracts; various types of permits, concessions and monopolies; and access to natural resources such as minerals, forests and land. The CPP's patronage system benefits from a strategy of co-optation of key opposition members. Hun Sen's party's position is reinforced by the collaboration of a token opposition made up of royalists happy to become rich while playing the role of opposition. As long as they play the game and restrict their ambition and numbers, the CPP openly supports their activities. Parties like FUNCINPEC help legitimize the CPP's power monopoly, particularly in the eyes of the G7 major donors. In contrast, Sam Rainsy Party (SRP) activities, mostly funded by expatriate Khmers, are firmly controlled by the state.

What defines Cambodia's authoritarianism is corruption. A key feature is a symbiotic relationship with the business sector as source of funds and support. Hun Sen and his entourage have close links with powerful business syndicates. The focus following the 1933 elections were on the CPP links to Sino-Khmer business identity Theng Bunma, Cambodia's then wealthiest businessman and drug lord who was paying for limousines and private planes for top politicians, and for interest-free loans to the state budget (Thayer 1995). While Bunma has disappeared and may be dead, the regime now has links with a new and rising small elite of savvy younger entrepreneurs such as Kith Meng who has become very rich and a leading facilitator of foreign business investment in Cambodia. As a close ally to Hun Sen, Meng's Royal Group has 'secured a trove of lucrative government concessions, licenses and land deals' (Crispin 2007). Like Thailand's former prime minister Thaksin Shinawatra, Meng has gained a leading edge in benefits ensuing from government privatization of state assets, and the inclusion of foreign investors in the expansion of the country's market economy. His business interests presently include a major stake in CTN television, Camlot lottery and mobile telecom leader Mobitel, and a 45 per cent share in Australia ANZ's business venture.

The ruling party and associates are involved in rackets such as the illegal export of expensive logs by elite military units controlled by Hun Sen (Berelowitch & Reverchon 2004). There are links with drug and gambling groups operating Cambodia's casinos and the large number of banks in the capital city involved in domestic and international money laundering. Laundered money in turn provides capital for land acquisition and speculation, and illegal logging and smuggling operations. One of the biggest rackets is the logging of what remains of Cambodian forests. Virgin forest cover has declined from more than 70 per cent in 1970 to 3.1 per cent in 2006. Deforestation in recent years has been driven by logging concessions to family members of the governing elite and cronies, and the large number of 70-year lease economic land concessions (ELCs) made between 1992 and 2006 to 96 private companies (Agrawal 2007). Global Witness, a London-based anti-corruption group, suggests that 'family members and business associates of the prime minister and other senior officials are illegally destroying Cambodia's forests with complete impunity' (Global Witness 2007). This syndicate is 'behind a major illegal logging racket in Southeast Asia's largest lowland evergreen forest, Prey Long, and its members are implicated 'in tax evasion, kidnapping, bribery and attempted murder and protected by elite units within the Cambodian Armed Forces' (ibid.). Global Witness

director Simon Taylor calls this operation 'asset stripping by Cambodia's elite families' (ibid.).

Repression goes together with corruption and repressive mechanisms are in place to enforce and operate rackets and suppress voices of dissent. Use and control of the police and military, and the judiciary are all important. Moreover, the use of the court system, including the Supreme Court, is an important mechanism to maintain inequalities in power relations in society and legitimize state and party corruption. Michael Kirby, an Australian former Supreme Court Judge and, at the time, a special representative to the UN secretary-general for human rights in Cambodia, wrote about concerns that members of Cambodia's military had wide and uncontrolled powers to arrest, detain and even execute people (Kirby 2000). Amnesty International's report on the judiciary says that the system 'is subject to arbitrary and unconstitutional direct interference by the executive branch of government, undermining human rights protection and preventing the independent administration of justice' (AI 2002; Slocomb 2006). The regime has also used more decisive means of silencing dissent. During the 1997 coup, Hun Sen's followers attacked political opponents and killed hundreds (Thayer, Chanda & Vatikiotis 1997). Since then, dozens of political opponents, including journalists, have been assassinated. Among the number of political activists and journalists assassinated in recent years is Chea Vichea, killed in January 2004. Vichea was president of the Free Trade Union of Workers, one of Cambodia's largest trade union, protecting workers' rights in the growing garment industry, and a founding member of the opposition party, SRP (AI 2007).

There are close links in Cambodia between corruption, repression and the cash flows coming from the international community. It could be argued that the US $600 million or so of foreign aid helps fund the corrupt and repressive activities of the government. It allows the state to divert money away from social needs, towards financing the expansion of military and police power. Moreover, it is clear that substantial aid money goes towards providing conditions favourable to foreign investments, particularly from the OECD countries, and that foreign investments themselves contribute directly to the support of a one-party authoritarian state. This is the case with a number of foreign investments and in particular foreign companies which participate in the plundering of Cambodia's land, forests and mineral resources. This situation is likely to worsen with large revenues expected from oil deposits found offshore. These could generate government revenues of US $3–4 billion annually at current prices for several decades (Macdonald 2007a, b).

The government has signed secret agreements with 13 foreign companies which strongly suggest that money has already changed hands.

Contradiction and resistance

Cambodia's high Gini inequality coefficient of 0.42 is considerably higher than that of Vietnam or Indonesia. The Cambodia Development Resource Institute (CDRI) estimates that 35 per cent of the population of some 14 million are poor, with 20 per cent 'under the food poverty line' (Agrawal 2007). Macdonald writes that 'one-third of its population live on less than 50 cents a day' (Macdonald 2007a). In contrast widespread corruption has created a very small wealthy and powerful elite. Poverty and inequality are closely related to land ownership, a critical issue given Cambodian history and the abolition of private property and destruction of all land ownership records during the Khmer Rouge regime (Licadho 2008). With the resumption of a property market, the process of land dispossession and accumulation has reached new heights. According to Oxfam and CDRI, landless Cambodians have increased from 5 per cent of the population in 1984 to 20 per cent in 2007 (Dianous 2004; CDRI 2007).

Increasingly peasants are losing their land. The process of dispossession is linked to the illegal formation of large estates by former military leaders and the expansion of urban areas, particularly on the southern coast of the country, and the operations of rich developers and speculators who privatize land using the strong arm of thugs and army units. Urban land grab by developers seeking to make vast profit is rampant in urban areas and particularly in Phom Penh and Sihanoukville where companies like Kith Meng's Royal Group use the police and armed groups to evict residents occupying land transferred to the group by the regime. More than 150,000 people faced evictions in 2008 and 'forty-five per cent of the country's land mass has been sold off' (Levy & Scott-Clark 2008). Behind this process is the land grab by foreign buyers attracted by Hun Sen's regime offer of 100 per cent land ownership. This has attracted speculators from rich countries to buy islands and the sandy coastline of the country's south. While this process affects all Cambodians, peasants in a largely agrarian society are more vulnerable and affected by the operations of a mafia-style form of capitalism. This is clearly seen in the growing number of landless peasants. The land market has opened up a vast field for corrupt activities and for the strong to grab land from the weak. The process is increasing inequality between town and rural areas and forcing many rural households to migrate to urban areas. Expansion of tourism and industries and economic growth generally lead to

widespread speculation and dispossession. Many peasants are forced to sell their lands because of poor health and being in debt; consequently they become indentured labourers for absentee landlords.

Cambodia's power relations form the basis for conflict over the maldistribution of wealth, wealth creation opportunities and human rights abuse; but resistance and challenge to Hun Sen's authoritarian regime is weak, particularly in rural areas where 85 per cent of the people live. Opposition is largely centred within the small urban middle class in Phnom Penh. The royalist FUNCINPEC opposition party has been co-opted into the state's patronage system in an agreement to share the spoils of office. A potential challenge to Hun Sen forces may come from Sam Rainsy, leader of the SRP who won 22 per cent of the vote in the 2003 elections. Another challenge is from overseas-funded efforts to destabilize the government. In 2000 the California-based Cambodian Freedom Fighters (CFF) attacked Phnom Penh's Ministry of Defence and the Council of Ministers Building and a nearby military base.

Martin Stuart-Fox suggests that Vietnam's civil society is more vibrant than Cambodia's, and writes that 'freedom of speech and the media still exists, though the Cambodian-language press has begun to fall into line. What keeps civil society alive, is the presence of international and some particularly brave Cambodian NGOs, which continue to criticize the government. So long as they remain active, Cambodia will not revert entirely to an authoritarian state – at least not while it is in the regime's interests to retain a democratic façade' (Stuart-Fox 2006). The regime's viability depends on large inflows of foreign aid and investment and is likely to maintain the status quo at this stage and to keep open and manage some limited political space for the activities of the many NGOs operating in the country.

Prospects

Progress in the process of democratization is uncertain. In a largely agrarian country the resolution of the peasant problem and the transformation of a rural traditional society into a new social formation is likely to have a strong bearing on changes in the political regime. Agriculture is being transformed with the activities of large agribusiness investments in plantations displacing rural workers and promoting migration to urban areas. The process of urbanization could shape the nature of politics in the coming years if the ranks of the middle class were to increase substantially and opportunities for mass education and employment became available. Naly Pilorge, director of Cambodia's human rights organization Licadho, warns that Cambodia has entered a

new period of barbarism, 'extreme violence, greed and disregard for the most basic human rights – of giving people a place to live – are still with us daily. The methods of the past are being used to dictate our future' (Levy & Scott-Clark 2008).

Political change is closely linked with changes in living standards. The capacity of Cambodia to meet social and economic needs for a growing population depends on many factors which are closely related to employing some 200,000 people entering the labour market each year. A growing economy is largely dependent on attracting foreign investments in competition with neighbours with low labour cost, such as Vietnam and Thailand, and more broadly, competing successfully in the enlargement of ASEAN's free trade area. In this environment, government policy is more likely to maintain a repressive regime to guarantee political stability and economic incentives to attract foreign investors. The development of the oil industry – based on recent major oil finds off the coast of Sihanoukville, which could soon pump some US\$4.6 billion into Cambodia's economy annually for the next 20 years or so – would further serve to secure the stability of the one-party state.

Indonesia

Indonesia was the creation of Dutch imperialism. The Dutch colonized the Indonesian Archipelago with the exception of Portuguese East Timor, from the early seventeenth century to the late nineteenth century. The last stage of their conquest was Aceh during the Aceh War in Sumatra between 1872 and 1908. Resistance to colonial rule gained momentum as part of a nascent national identity which gained strength during WWII. With the help of the Japanese, the nationalist movement expanded its political and military organization and the use of *Bahasa Indonesia*. With the defeat of Japan in 1945, Sukarno proclaimed the country's independence, but the Dutch fought a war against the nationalists until 1949 when the Dutch handed over sovereignty of most territories under its control.

The struggle for independence was about social justice and democracy free from colonialism in a newly created federated united states. Sadly this was not to be because, soon after independence, the country became embroiled in the cold war. Indonesia's Communist party, the third largest in the world, and its close relations with the Soviet Union became a liability to the United States and its allies in their undeclared war against the Soviet Union and China. This led to attempts to destabilize Sukarno's Indonesia by funding separatist rebellions and dissension

within the armed forces which culminated in a 1965 coup against Sukarno and the establishment of a rightwing military dictatorship headed by general Suharto.

Democratization

During the next two decades, the Suharto regime demolished and depoliticized civil society. The regime dismantled political parties, trade unions, student groups and other mass social movements and terrorized the population. The New Order began with the destruction of the Communist party, and between 250,000 and 500,000 were killed in the first two years of Suharto's rule (Jenkins 2008; Kroef 1976). Among those killed were many Indonesian Chinese in a pogrom motivated by endemic hatred and desire for revenge among ethnic Indonesians (Kroef 1976:642). Win Wertheim wrote that 'the red-hunt was, to a large extent, engineered by orthodox Moslem groups, both in cities and in the countryside ... many Catholics played an equally prominent role in the red-hunt ... In Hindu Bali, religion fulfilled a similar function as an effective weapon against communism' (Wertheim 1974:286). Between 1965 and 1975 at least 580,000 people were arrested and many were imprisoned for decades in Indonesia's gulags (Kroef 1976:625). Death sentences against prisoners were carried out until the early 1990s. Suharto's regime of terror went on with extra judicial killings of dissenters, and widespread killings in East Timor, West Papua and Aceh (AI 1994; Paul 2006:109).

Max Lane writes that, between 1965 and 1989, 'there was virtually no mass participation in Indonesian politics. Certainly there was no sustained organizing and mobilizing of exploited or oppressed sections of the population, either to demand their immediate circumstances or to seek any form of change' (Lane 2006). The situation changed in the late 1980s when resistance to Suharto's dictatorship gained ground, particularly among urban workers on the island of Java, peasants and rural dwellers who were being displaced from their land and students who found new life in militancy. Protest was also growing among ethnic groups resentful of the abuse of human rights and thieving of their resources by the occupying military. The end of the cold war changed the political climate in Indonesia because it became more absurd to blame communism for the rising opposition to Soerhato. Moreover, it forced the regime to take notice of mounting external criticism of human rights abuse in Indonesia and pressured its leaders to deregulate the economy and further integrate with the global economy. In exchange for needed foreign loans, Suharto made some concessions to improve the country's civil and political rights situation.

There were some signs of mobilization during the 1980s with the formation of large numbers of NGOs (Eldridge 1995). But many organizations were government-sponsored and worked closely with the security services. Their functions appear to have been a means of controlling dissent using the Singapore government model of capturing civil society. Max Lane writes that 'what began in 1989 was a new process, aimed at mobilizing people, indeed at the village level, in direct-confrontation with the fundamental basis of the dictatorship. And it caught on quickly. Through the period 1990–6, a series of student-peasant and student-worker mass protests took place which re-legitimized this method of struggle' (Lane 2007). There were a number of strikes led by the banned Center for Labor Struggle (PBBI), such as those of Bogor and Surabaya garment workers. Social protest weakened, however, because of the proliferation of political parties and attacks by rightwing nationalist and Islamist groups. Suharto's response was to channel growing political militancy into new political formations. In the 1992 elections he allowed three parties to run: Golkar (government party); the Muslim-based United Development Party (PPP), merging of four parties; and the Indonesian Democratic Party (PDI), bringing together five Christian and nationalist parties.

New social formations in the 1990s consisted of labour unions, student organizations and political parties and other social movements, and these began merging into a mass movement against the government in a common demand for the democratization of civil society (*demokratisasi*) (Uhlin 1993). The environmental movement was also gaining ground, mobilized by Friends of the Earth Indonesia (WAHLHI *Wahana Lingkungan Hidup Indonesia*). Between 1989 and 1996, 'there was a steady increase in street protest activity, including mass mobilization and strikes' (Lane 2006). Labour strikes became more frequent, but it took the Asian financial crisis of 1997 to bring about Suharto's demise amid widespread ethnic violence and rising poverty. During a difficult period of transition, political reforms were introduced which led to the 4 April 2004 election for the lower house of parliament and a new upper house after scrapping the old People's Consultative Assembly (MPR), and new provincial and district legislatures. Then, in July, came the first direct presidential election ever. By the end of 2004, Indonesia's new parliament had eliminated all political appointments, including seats reserved for the military, and consisted only of members elected by the electorate. Indonesia's first-ever directly elected president Susilo Bambang Yudhoyono (SBY) was US-educated and a former general.

The process of democratization has progressed with elections to all levels of government. In recent years elections have been held for the first time in cities, districts and provinces. Citizens now have a more direct stake in the running of their affairs, clearly reciprocated by a very high voter participation of between 60 and 70 per cent of registered voters, although the near-absence of women running for office points to a major human rights issue regarding the role of women in society. Nevertheless, Douglas Ramage of Jakarta's Asia Foundation claims that Indonesia now has 'one of the democratic world's most competitive electoral systems', and the world's only 'national election monitoring and voter education group comprising of mass-based Muslim organizations, together with Christian and interfaith groups' (Ramage 2008). Another major constitutional change is the decentralization of power, giving provinces regional autonomy. The devolution of power and the budget has enabled some provinces to improve delivery of basic services such as education and primary health care. But will the newly gained democratic order improve the living standards of a growing nation of more than 230 million, consolidate Indonesia's national identity and hold a culturally diverse archipelago together?

Resistance and self-determination

The most important issue facing Indonesia is to overcome the fissiparous tendency towards 'Balkanization' and to maintain its territorial integrity. The case of East Timor stands out as an example of the problem of national cohesion and identity in the face of demands for self-determination. East Timor eventually gained its independence after a long and painful struggle, to emerge as Southeast Asia's newest nation state in 2002. The challenge to Indonesia's territorial integrity is not over. Can Indonesia negotiate peacefully over West Papua's demand for self-determination without resorting to more violence? The people of West Papua were free and independent before the Dutch gained control of their land. The colony was taken over by the Sukarno regime with the help of the UN which legalized Indonesia's occupation in a 1969 scam called the Act of Free Choice. During this operation two Papuan leaders were arrested by the Australian Security Intelligence Organization (ASIO) and incarcerated on Papua New Guinea's (PNG) island of Manus so that they could not participate in the vote (Balmain 1999). A former UN official who handled the take-over said that 'it was just a whitewash. The mood at the UN was to get rid of this problem as quickly as possible' (Lekic 2001). UN representative Fernando Ortiz Sanz claimed that the UN and the United States feared a communist takeover, and 'West

Irian is like a cancerous growth on the side of the UN and my job is to surgically remove it and to make sure Indonesia gains formal control of the region' (Lunn 1999). This episode in the recolonization of West Papua after WWII was part of the West's cold war strategy to maintain control over strategic areas and resources.

During the Suharto regime, West Papua was ruled with an iron fist by the military in a policy which some observers claim to amount to genocide (Wing & King 2005). Moreover, Indonesia's ruling elite exploited its vast natural resources and appropriated communal land to resettle migrants from Java and elsewhere. As a result, resistance to Indonesia's occupation grew, led by the Free Papua Movement (*Organisasi Papua Merdeka* or OPM) demanding full independence. With the downfall of the Suharto dictatorship and the beginning of a more open society, there have been attempts on the part of the new presidential team to address West Papuan concerns and negotiate new terms in their political relations with Jakarta. As part of the new politics, the government introduced a Special Autonomy Law (*Otonomi Khusus or Otsus*) in 2001 to be administered by Indonesia's military, *Tentara Nasional Indonesia* (TNI), and supervised by Indonesia's House of Representatives (DPR) and an elected Papuan's People Assembly (MRP) (MRP-Alua 2007) which is seen by many, including Australia's government, as the 'final solution' to the issue.

Among the Papuans supporting this development are those who believe that the Special Autonomy legislation is a pathway towards self-government. The legislation has led to substantial increases in funding to West Papua. However, the well-being of the population continues to decline. The province's health situation is scandalous: the infant mortality rate of 70 per 1000 (50 is the average for Indonesia) is the highest in the world, on par with Sierra Leone (CPACS 2004:12). Women's mortality, including death in childbirth, also evidences the authority's failure in their duty of care. More than 40 per cent of the population in West Papua survive on less than US$1 a day, and employment and educational opportunities are very low and further limited by discriminatory policies favouring non-indigenous Indonesians (CPACS 2007).

Jakarta's policy continues to promote transmigration from Java and elsewhere to West Papua. In 2007, some 50 per cent of the 2.5 million inhabitants were non-Papuans. The undeclared policy of Indonesia is a political device, not unlike China's solution to Tibetan independence, to weaken secessionist forces and force Papuans to accept the Special Autonomy legislation and not demand negotiation for independence or even the recent agreement for self-government with Aceh as a model.

Another mechanism to subjugate Papuans is the further division of West Papua with the creation of new administrative zones and new provinces to better control and weaken the independence movement, and the use of money to divide and rule and gain the support of some major protestant groups.

Since 2000 more troops have been deployed in the region and new military bases are being built. The policy to intimidate and terrorize the population continues unabated although in more subtle and intelligent ways to minimize extrajudicial killings. The military has much to gain from its occupation of West Papua by extracting a share in the exploitation of the region's resources by British Petroleum's (BP) projected US$5 billion Tangguh LNG project in Bintuni Bay, and by the copper and gold mine owned by New Orleans-based Freeport McMoRan which in 2005 paid US$1.2 billion in taxes and royalties to Jakarta (Elmslie, King & Lynch 2007:13). During the Asian financial crisis, while the Freeport Grasberg operation was making extraordinary profits and its directors were making tens of millions in salaries, not far from the mine, hundreds of people were dying of starvation and cholera in the Baliem valley (Williams 1997). The military also derives income from the logging industry, based on China's insatiable demand for wood products, and from smuggling activities involving drugs and arms with the surrounding area, including PNG.

Indonesia's viability as a nation state largely hinges on its capacity to keep West Papua within the Republic. Covering 421,918km^2, West Papua is the largest island in Indonesia, representing 21 per cent of the country's total landmass, with a small population, about 1 per cent of Indonesia's total population, and a treasure house of natural resources, including gold and copper, and forests, and a considerable share of the country's natural gas reserve. Nationalist forces in Jakarta oppose any negotiation towards independence, or concession to secessionist forces, and oppose all external involvement in the crisis. Their view is that they have a mandate to 'civilize' Papuans, that their resistance is weak and can be overwhelmed through bribery and the empowerment and corruption of a small indigenous elite, and a pro-Jakarta militia.

Aceh is another province with a long-running separatist movement. Aceh was a leading Islamic regional power in the fourteenth century. It fought the Dutch from 1873 until they left the country in 1942. While there was an agreement for Aceh to be part of Indonesia, the Acehnese leadership opposed being part of a republic and forcibly integrated in the 1950s with North Sumatra. During their insurgency in the late 1980s, Acehnese complained that the region had remained

poor, despite the enormous wealth generated by the gas deposit near Lhokseumawe. Employment opportunities were going to non-Acehnese and 'less than 10 per cent of Aceh's villages have a steady supply of electricity' (Schwartz 1991). Indonesia's military occupation of the region over the years has been brutal, with widespread killing of dissenters and local leaders by the military and militias. In May 2003 the government launched a massive operation in the province with some 40,000 Indonesian soldiers (TNI), police (Brimob) and militia to confront some 5000 well-armed and organized fighters of the Free Aceh Movement (*Gerakan Aceh Merdeka* or GAM). Indonesia's military campaign received support from the West with Australia's then foreign minister Alexander Downer telling Australians that the Aceh crackdown was justified.

The confrontation came to an end as a result of the December 2004 Tsunami which killed more than 168,000 Acehnese in a matter of minutes. The tragedy forced the secessionists to agree with Jakarta's terms to remain within the republic in exchange for access to foreign aid to the victims of the tragedy. The 2005 peace agreement, brokered with the help of Finland, ended the 30-year insurgency. Indonesia has agreed to grant the 5.5 million people autonomy and some 70 per cent of the province's oil and gas revenues controlled by US ExxonMobil. In return GAM has agreed to abandon its goal of independence. In 2007 GAM organized itself as a political party, chaired by its former military commander Muzakkir Manaf, and adopted the GAM white crescent and star symbol on a red background as its official flag. The relationship with Jakarta continues to be tense and the potential for a renewal of the conflict remains a clear possibility unless Aceh's economy and living standards improve soon.

Separatist sentiments exist in other provinces. The Moluccans formed the backbone of the Dutch colonial army of occupation and fought alongside Dutch troops in the 1945–9 war of independence. Later in 1950 with the help of the US-CIA, the province rebelled against Jakarta and declared its independence as the Republic of the South Moluccas (RMS). Hostility with Jakarta gained momentum over the years because of the influx of Muslim migrants from South Sulawesi and competition over scarce resources in a poor province, and the military (TNI) involvement in a range of extortion and protection rackets. The Asian financial crisis led to renewed fighting between Christians and Muslims in the Maluku province which intensified with the arrival of thousands of Muslim militants (Laskar Jihad) from Java in the late 1990s, and caused great destruction to the city of Ambon. Of late the mostly Christian Maluku Sovereignty Front (FKM) has been raising the Republic of the

South Maluku flag, as recently as 2007 during SBY's visit to Ambon. Problems have also been brewing in Kalimantan (Indonesia's Borneo). In West Kalimantan the population is close to 4 million and consists of 40 per cent each of indigenous Dayaks and Malays, 12 per cent of Chinese and 8 per cent of Muslim Madurese. The confrontation over land and the province's natural resources between Dayaks and migrants from Java and Madura goes back to the 1950s.

Corruption

Democratization is about advancing political equality which, in a capitalist society, can only be achieved by minimizing poverty and maximizing the ranks of the middle class. Unfortunately, Indonesia's living standards have not improved sufficiently to give strength to the new regime. People living in poverty have increased in recent years partly because of rising prices of rice and fuel. Some estimates, in 2006, put the number of people on the brink of poverty at about 110 million (Mellish 2006). It is not surprising that fundamentalist forces are coming to the fore to challenge the legitimacy of the political system. The rise of political Islam is largely due to the corruption by the state and its failure to improve the living standards of its citizens. The state has not done enough to educate, create employment and improve the country's basic services. Statistics on health for example show that only '39 per cent of urban residents have access to piped water, or 18 per cent of the total population' (ADB 2006:14).

Syaffii Maarif, head of the moderate 35 million-strong Muhammadiyah organization, blames the rise of radical Islam on the country's elite, and spoke of the desperation of youth 'ill-equipped to understand or respond to the challenges of modern life' (Moore 2003a, b). He said that the youth are radicalized when 'the deprived see that the state and the government have not come to their defence, they feel abandoned ... when the state becomes an accomplice in maintaining the gap between the privileged and the deprived, they get angry' (ibid.). The United States must share the blame for the rise of Islamic and Christian fundamentalist forces in Indonesia because it undertook to train large numbers of recruits from Indonesia and elsewhere to fight the Russians in Afghanistan in the 1980s. When the Russians withdrew from Afghanistan in 1989, many fighters went back to Indonesia and were mobilized for political action.

A major obstacle to a more open society is Indonesia's Armed Forces (TNI). Indonesia's military is a corrupting force in society and a major obstacle to a more open and just society. During Suharto's new order,

the military became the private army to a political and economic elite. The military runs businesses to fund some two-thirds of its annual budget. Its activity is a major influence on the economy, the welfare of society and the politics of corruption (HRW 2006b). This explains why the TNI is so keen to be involved in natural resource projects such as logging and mining, not only as an investor but to provide security, transport and other services to these industries. Private funding gives the TNI control over the state and independence of action. It explains partly why, in the past, the military has used militias and other forces in the conduct of its operations against secessionist and anti-government forces. An example is its use of Islamic militant groups in West Papua, the Moluccas and Aceh to fight local resistance movements. In West Papua the TNI funded and transported Jihad militia called the *Red and White Blood Militia* to incite religious and ethnic violence and as an excuse for military intervention by regular forces. Regarding Aceh, journalist Christopher Jaspero says that 'Java-based militant Islamists were transported to the province by the TNI following the tsunami to help quell the separatist Free Aceh Movement' (Jaspero 2005). More recently the TNI has gained new sources of funding through the renewal of military-to-military relations with the United States and Australia to gain their cooperation in the so-called 'war on terror'.

The new regime needs to deal with past and present corruption. The extent to which SBY presidency can bring justice and legitimize its regime will hinge on its ability to confront this issue and the crimes against humanity perpetrated by the Suharto regime. Corruption is about the control of the state and the use of public office for private gain and to enrich oneself and family. But corruption is also about power and the exercise of power, depriving others of power and their rights to political equality. Such practice requires alliances and networking with a number of key players in industry and the judiciary and military among others, to share the proceeds of corruption. Corruption became institutionalized during the Suharto regime. Major players were state corporations such as Pertamina, which for years was a major source of funds to enrich officials and their overseas agents in countries like the United States and Switzerland.

One of Indonesia's richest men Ibnu Sutowo made his fortune by embezzling from Pertamina which he headed until 1976, when he left the company with debts of more than US$10 billion. Corruption in the armed forces is the foundation for the considerable fortunes of many serving and retired senior officers. A recent report by the New York-based Human Rights Watch shows that the military continues to

have a major role in corrupting the state and its citizens by abstracting considerable wealth from the country. The report states that 'the Indonesian government says it wants to professionalize its military but we've seen little evidence of real change' (HRW 2006b). In the analysis of the situation, HRW writes that 'the military money-making creates an obvious conflict of interest with its proper role. Troops are breaking the law, violating human rights and hiding the money they make on the side' (ibid.).

At the centre of Indonesia's culture of corruption was president Suharto and his family. Suharto was among the richest of the world's most corrupt leaders. He was accused of amassing some US$36 billion during his rule, according to Transparency International (Denny 2004). The accumulation of such wealth requires a huge patronage system which involves the ruling family's sons and daughters and their cronies who were given valuable land, logging and mining concessions; free loans and special permits; and export monopolies and banks to amass their fortunes. Much of the family's capital came from bribes on overseas contract for arms, aid, and investment projects, and foreign loans. An example is the case of US$35 million British aid to build a toll road between Jakarta and Bandung by a company owned by Suharto's daughter, Tutut (Ellingsen 1994). This deal was linked to Indonesia's US$4.5 billion arms deal with the UK for which Tutut received more than US$30 million paid in an overseas account.

Indonesia's corruption is not viable without the overt or covert assistance of foreign banks, aid and intelligence agencies, and foreign investors. Corruption is closely tied to the country's level of foreign debt which increased from a low of US$3.2 to 130 billion in 1998. A major contributor has been the World Bank (WB) which provided more than US$29 billion until 1999. Around 30 per cent of that disappeared in the hands of the few. The bank lied in media releases which said that Indonesia was doing well and that living standards were improving, in order to support Suharto's regime and maintain the legitimacy and the 'good' image of the bank and its staff. In other words, the WB played a crucial role in corrupting the Indonesian regime to sustain the myth of the Indonesian 'miracle' (GEJ 1999). Moreover, the WB- and International Monetary Fund (IMF)-imposed conditions on Indonesia's government were instrumental in destroying community welfare and increased poverty. Corrupt leaders were protected by the West which helped them steal vast sums of money in exchange for their active support in the cold war. The West's geopolitics funded the private banking sector by burdening Indonesia with a huge debt. When this debt could

not be repaid, the West transformed what was a commercial debt into a sovereign debt, burdening poor Indonesians with the crime of their leaders.

The role of the global financial system was further exposed at the time of the Asian financial crisis when a number of bankers embezzled the Bank of Indonesia's funds provided by the IMF for the 1998 liquidity rescue of Indonesia's financial sector. Peter King writes that 'they stole or embezzled 90 per cent plus of the US$40 billion IMF and Indonesian government rescue funds intended to stabilize and restore the banking system, the loans were rapidly passed on from the crony banks to the leading cronies of the old regime' (King 2007). Masduki says that 'most of the suspects in the case have fled Indonesia. One of their safe havens is Singapore. According to the Indonesian Corruption Watch's (ICW) records, 43 of them are now residing abroad, 13 in Singapore. Some of them have become permanent residents' (Husodo 2007). Many of their assets are in North America and Australia. A case in point is that of Sjamsul Nursalim, owner of the Grand Hyatt in Melbourne. Sjamsul, owner of the Gajals Tunggal Group and of the Indonesian National Trading Bank, owed his bank Rupiah 28 trillion which he repaid with overinflated assets and sent US$607 million to 10 companies he owns in Singapore, Taiwan and Hong Kong via the tax-haven of the Cook Islands (*Tempo* 2 July 2007).

Corruption is a continuing problem and the Berlin-based Transparency International ranked Indonesia 122 out of 133 countries in 2004. Teten Masduki who runs Indonesia Corruption Watch writes that 'the impact of corruption generates poverty, environmental destruction, uncertainty of law, bad public services, and threatens democracy' (Masduki 2004). The UN named Suharto, who died in February 2008, as the world's most corrupt leader. Yet at the 2008 Bali UN Convention Against Corruption, delegates stood up in a one-minute silence tribute to Suharto. King suggests that 'seriously pursuing the Suharto billions is just too difficult, dangerous and potentially self-incriminating for the post-Suharto elite' (King 2007). Indonesia's democratization is changing the nature of corruption because political parties are now very busy seeking power and funds to run their electoral campaigns. Moreover, the devolution of power under the new regime is changing the nature of corruption in Indonesia with a shift from what was once a pyramid system of corruption with all favours emanating from the top to many centres of powers developing their own system of income and disbursements. King calls this new system 'the newly democratized and decentralized "KKN" (*Korupsi, Kolusi dan Nepostisme*)' (King 2007).

Prospects

Max Lane laments the loss of political engagement and vision in Indonesia in the wake of the overthrow of the Suharto dictatorship. The country faces increasing levels of poverty and unemployment. The neoliberal economic offensive, he writes, 'has deepened class divisions, multiplying socio-economic grievances, creating a huge population of workers, semi-proletarians and peasant farmers collectively suffering under this offensive' (Lane 2008:267). While there is growing discontent and street protest is evident throughout the country, there is no coherent movement to bring about the necessary social and political reforms; 'everything remains at the level of fragments, neither united under a single ideological banner nor growing as competing currents' (ibid.:283). While the country has gained some freedom of expression and dissent, repression continues in various forms such as with the continuing ban on the communist party and 'Marxist ideas', and censorship of the use of history books that contradict the official Suharto-version of the 1965 events.

Questions remain about the unfinished nation and the viability of Indonesia. The struggle goes on for social justice. The class struggle was largely frozen during the Suharto regime: it was repressed by violent means, while at the same time the regime depoliticized society and captured existing elements of civil society which it could control to advantage. The end of the cold war and the Asian financial crisis brought the military regime to an end and renewed the class and ethnic struggle. King writes that 'civil society remains lively but embattled and still struggling for real empowerment despite renewed media freedom. The reasons are not far to seek ... Indonesian civil society is capable only of inducing minor upheavals ... But Indonesian civil society seems weaker overall now than at any time since the onset of *reformasi*' (King 2007). Civil society is weak because the state failed to improve the living standards of the majority of its citizens and modernize the economy. Suharto's regime eliminated the left as a major political reforming force, thus encouraging conservative and anti-democratic forces to gain power. One outcome is the resurgence of the ethnic struggle. Separatist sentiments have become stronger and the question is whether the island of Java with some 130 million people on a land area about twice the size of Australia's Tasmania can retain control of the archipelago. Australia's John Howard's 'liberation' of East Timor has set a precedent for other regions to secede from the nation state.

The cold war's critical role in Indonesia's dilemma continues with the 'war on terror'. The United States and allies need to have an Indonesian

regime that collaborates with its policy against powers that oppose the new global security and economic order. The Abdurrahman Wahid (also known as Gus Dur) government was weak and seen as unfriendly towards the West because of Wahid's policy of getting closer to China, Japan and India. He was eventually brought down by a coalition headed by his successor, Megawati Sukarnoputri who was distrusted by the United States because she was highly critical of what she called the 'West's crusade against Islam'. SBY in contrast is Washington's man, and one should ask how much outside money went into his election. Indonesia's collaboration in the 'war on terror' and junior membership in an Asian NATO means Western funding and training for the military and police and a resumption of military-to-military relations with finances moving directly into military coffers.

Consequently the TNI is likely to gain more power to wage war against separatist movements and suppress dissent in the country. The recently signed Treaty of Lombok between Indonesia and Australia, which came into force in early 2008, guarantees Indonesia's territorial integrity. Article 2(3) 'provides a treaty-level commitment that Australia and Indonesia shall not in any manner support or participate in activities by any person or entity which constitutes a threat to stability, sovereignty or territorial integrity of the other party' (Elmslie, King & Lynch 2007). Furthermore Australia is committed to suveilling its own population and providing information to Indonesia about such activities in Australia and elsewhere. Western support will reinforce the powers of Indonesia to suppress dissent and thus contribute to the continuation of a policy of human rights abuse in West Papua and elsewhere in the country.

Laos

In the nineteenth century Laos was an array of small and petty states over which Thailand claimed suzerainty. The French had occupied Vietnam and Cambodia and seized Laos between 1885 and 1899. Historian Milton Osborne writes that 'more clearly than anywhere else in mainland Southeast Asia this was the case of the European advance bringing into existence a new state, one that despite great political transformation has survived to the present day' (Osborne 1990:72). Organized resistance against the French emerged during WWI and it was not until much later that the country's independence movement, headed by one of the royal princes, became linked with the Vietnamese Communist party. During Vietnam's war against the French, the

northeastern part of Laos was an important base for Vietnamese forces and gradually Laos became a major battlefield in subsequent confrontation against the United States, until the fall of Saigon in 1975.

The Pathet Lao (Lao Nation), the country revolutionary and nationalistic movement, gained control of the country in 1975 and proceeded to abolish the monarchy and construct a one-party state headed by the Lao People's Revolutionary Party (LPRP) which has remained in power ever since. The political situation in Laos today is the direct result of European colonialism and US military intervention after WWII to maintain Vietnam's partition and contain China's revolution. Laos's struggle for independence after WWII and during the cold war killed more than 350,000 people and caused widespread damage to the country's ecology. During the second Indochina war, Laos was effectively fractured into four spheres of influence: 'Chinese in the north, the Vietnamese along the Ho Chi Minh trail in the east, the Thais in western areas controlled by the US-backed Royal Government, and the Khmer Rouge operating from sanctuaries in the south' (Lintner 1995:19).

Laos has been called one of the most heavily bombed places on earth. More than 1.8 billion kilos of ordnance was dropped by the United States between 1964 and 1973 in 'a secret war against the Pathet Lao and North Vietnamese' (Coates 2005:31). Between 1965 and 1973 the United States dropped 'more bombs on Laos than on Japan and Germany during World War II' (Bacher 1988:9). Large amounts of ordnance was dumped over northern Laos by US planes on their way back from Vietnam and Cambodia to their bases in Thailand. Laos continues to be littered with buried and unexploded ordnance (UXO) and many thousands have been killed or maimed since the end of the Vietnam War by exploding ordnance (McDonald 1995; Vitchek 2006).

One-party state

Power is controlled by the LPRP. Power is hierarchical and centralized within the Political Bureau of the Central Committee, consisting of a few and mostly high-ranking military men. The population was close to 6 million in 2008 and party membership was relatively small; in 1999 it was estimated at 78,000 members or 1.7 per cent of the population (Stuart-Fox 1999). Civil society is organized and integrated into the one-party state. The state controls the media and owns all print and broadcast media. The party's mass organization is the Lao Front for National Reconstruction which incorporates large groupings such as the Lao People's Revolutionary Youth Union, the Lao Women's Union and the Lao Federation of Trade Unions.

The military arm of the party, is the Lao People's Army (LPA), has built up its forces in recent times with the help of China's training and arms. The LPA is moving towards self-financing and runs commercial conglomerates which operate on a regional basis and incorporate a range of commercial activities ranging from timber logging and processing, to tourism, construction, agribusiness and transportation. The LPA also operates its own trading company which dominates the development and operations of border towns. Corruption is widespread and part of the cost of doing business with the government. A patronage system forms the structure of the party itself and its relations with society and the business community. Getting on in life is based on personal networks to access services and employment, to pay taxes and fees and to settle disputes. Corruption in that sense is part of the economic cost of doing business in a low-income society with a weak and underpaid administration, and where positions of power are largely self-financed. One outcome has been the LPRP's and LPA's liberal use of state banks for loans; thishas been a major factor in the country's yearly trading deficit with the rest of the world.

In recent years there has been a major shift in the party's economic policy from a socialist command to a market economy, following the example of both China and Vietnam. The government has put in place the necessary civil and commercial legal framework and administrative reforms to attract and secure foreign investment and aid. Foreign companies can set up 100 per cent-owned subsidiaries. Policy change was largely brought about by the loss of financial backing from Moscow and Hanoi and the changing geopolitical environment favouring a shift towards a market economy and integration in the prevailing neoliberal global economic order. The transition to a market economy took place as early as 1986 with the government freeing the market price for rice and other basic food commodities.

Along with economic reforms, the ruling party's ideology is moving away from its Marxist-Leninist foundations towards an authoritarian form of nationalism using Buddhism to legitimize party rule. The government appears to have packaged Buddhism into a national ideology to gain support of the population by manipulating some of the key values regarding reverence for life and death and the spirit of ancestors, and acceptance of life's conditions based on reincarnation. Such an approach can forge a spirit of unity and continuity of the Lao people and a reverence for past leaders and their achievements. Identity formation can be further shaped by government encouraging young people to spend time in a monastery and help the community, and turning

Buddhist shrines into altars to worship a newly constructed nationalism. This form of socialization promotes unity and discipline and serves as a substitute for a more formal political education. However, it presents a serious obstacle to integrating a large number of Christian minority groups into the national mainstream. As part of their nationalist campaign, the government is targeting a number of Christian minorities and has banned Christian missionaries from proselytizing in Laos.

Laos's economic reforms have attracted substantial foreign investments, mainly in resource extraction. One of the more successful is Australia's Oxiana Mining which is Laos's largest business, employing some 2000 personnel;it began operating in 2002, mining gold, silver and copper. Many mining companies from China, South Africa and Canada have been exploring the country for mineral and energy development potential as well as for gold, coal, gemstone and iron ore. Thailand is Laos's largest investor and Japan the largest donor. China is a growing source of economic activity with investment in areas such as logging, cement and agribusiness, and the Chinese are becoming a dominant feature in the retail industries and other commerce in northern Laos, as part of a major southern migration movement from Yunnan province.

In recent years Laos has leased large land areas to foreign agribusiness. The country, with less than 6 million people on a territory half the size of France, has leased between 2m and 3m hectares, or about 15 per cent of its viable farmland, to foreign investors keen to secure food and industrial supplies (Schuettler 2008). Chinese rice and rubber land projects dominate in the north with Yunnan Natural Rubber Industrial Co planning to develop more than 300,000 hectares of rubber plantation by 2015. There are Japanese, Indian and Scandinavian farms in the centre of the country, while in the south ' Thai, Vietnamese and Malaysian companies dominate the southern lowlands where rubber, sugar and cassava plantations carve out vast swaths' (MacKinnon 2008). In the process, many farmers have been displaced from their land, with little or no compensation. According to environmental groups, 'land conflicts are rising as plantations encroach on village fields and nearby forest taking away traditional livelihoods with little or no compensation' (Schuettler 2008).

A major focus of Laos's economic growth is based on the development of the country's substantial water resources. Laos has a network of lakes and rivers linked to the Mekong which flows through the length of the country and forms the major part of the western border with Thailand. A major study by the Swedish International Development Authority (SIDA) shows that the country's hydropower potential is

as high as 18,000 megawatts (Lintner 1994a:70). Some hydroelectric stations are already functioning and linked to Thailand's energy grid, such as the 150-megawatt Nam Ngum dam north of Vientiane and the 45-megawatt plant at Xeset in the southern province of Saravane. These are owned and operated by the Lao government with most of the power sold to Thailand. New hydroelectric stations, however, are being built and planned on a Build-Own-Operate-Transfer (BOOT) basis. This is the case with Nam Theu Hinboun hydrodam located on a major tributary of the Mekong River. It was completed in 1998 and is operated by an international consortium which sells most hydropower to Thailand. A bigger and equally controversial project is the Nam Theun 2 (NT2) project. This is the world's largest private sector hydropower project, generating some 1070MW (Mwe) of electricity, by damming another major tributary of the Mekong, the Nam Theum river, and creating a 450 km² lake linked to a powerhouse to release the water into yet another Mekong tributary, the Xe Bang Fai.

The NT2 is financed by a debt of some US\$1 billion provided by a number of multilateral and bilateral agencies and export credit agencies, and a consortium of 14 international private banks (EIB 2005; MIGA 2006). The BOOT project is controlled by the Nam Theum 2 Power Company Limited (NTPC) which has the right to develop, own and operate the hydropower plant and other facilities. The WB and other non-private multinational institutions will provide the guarantee for the project which covers risk insurance against expropriation, breach of contract, war, civil disturbance and 'transfer restriction and inconvertibility' and lenders rights 'under the numerous project agreements with the government of Laos and the Electricity Generating Authority of Thailand (EGAT)' (MIGA 2006). The WB provides the insurance to protect the international banks from potential loss caused by 'the non-performance of contractual obligations undertaken by the government' of Laos (Imhof 1997). The NTPC will operate and own the project for 25 years and deliver most of its electricity to Thailand for the same period starting in 2009 under an agreement with EGAT. The project is said to cost US\$1.25 billion and is expected to 'generate US\$1.9 billion in foreign exchange earning over a 25-year period' (MIGA 2006).

NT2 is a controversial development and has attracted a severe criticism based on the project's costly social, economic and environmental impact. One issue is the BOOT system which essentially puts the project in the hands of foreign private developers and banks with the WB providing the financial guarantees for the entire project and transferring the risk from the private developers to the government of Laos

and hence to the people of Laos. The financial return to the people of Laos appears to be inordinately low. Given the size of the project and its impact on the country's economy, the agreement transfers a major share of Laos's sovereignty to the international financial sector which ultimately rests on Western military power to enforce the terms of transfer of the country's natural resources.

Some years ago, Sweden's SIDA warned that such a project poses 'an imminent danger that the country loses control over the exploitation of one of its major natural resources' and instead recommended a 'rent-a-river' approach to 'safeguard national control over hydro-power resources and to avoid fragmentation of the electricity sector' (Lintner 1994b:70). Other serious objections have been raised by domestic and international NGOs. Opponents of the project claim that 'it will flood an ecologically sensitive environment, dislocate thousands of tribes people, and won't even generate the promised revenues' (Lintner 1997:48). An International Rivers Network study highlights the plight of more than 6000 indigenous people facing forced resettlement and the destruction of their livelihood (IRN 2007).

Because of its geography, Laos can eventually play a vital role in the economic integration of mainland Southeast Asia. Already economic growth shows the potential role of the country as a major node and way station in Southeast Asia's transport network with important links established with Vietnam, Cambodia, Burma and Thailand and southern China. Recent communication infrastructure include Laos's communication satellite and mobile network largely owned by Thailand's Asian Broadcasting and Communications Network (ABCN), a number of bridges and roads crossing the Mekong and extensive damming and blasting work to open the Mekong for navigation from southern Yunnan to Luang Prabang (Osborne 2004). An important project was the 1993 Australian-built Mitraphad bridge near the capital Vientiane, linking Laos with Thailand, making it possible to drive from Singapore to Beijing through Laos. Rail links with Thailand have been restored and plans are on track for the long-awaited pan-Asian rail line, linking Singapore to Kunming. Better connection with China has increased levels of trade and of people moving between southern China's landlocked southern Yunnan province and Laos.

Prospects for democratization

The LPDR is likely to remain a one-party state for the foreseeable future under its control and monopoly. A major contributing factor is the poverty of Laos's 5.8 million people. The country's per capita GDP in

2006 was less than US$500 and is among the world's least developed countries (UNCTD 2007a:311). Laos is largely an agrarian country with some 80 per cent of the population employed in agriculture and most in subsistence agriculture. About 40 per cent of the country is mountainous and the home of the country's many isolated ethnic minorities. Challenge to the regime is relatively weak. There is some home-grown resistance such as the Lao Students Movement for Democracy, whose leaders were jailed in 2001 following a demonstration in Vientiane. The main challenge comes from expatriate organizations. One is led by members of the former Royal Lao elite, led by Prince Soulivong Savang, grandson of the last King of Laos, who escaped Laos at the age of 18. He lives in Paris, and in 2007, at the age of 54, it was said that he had plans with his allies to return and claim the throne, with the help of Thailand's royal family.

Other overseas-based groups have been active in fomenting and funding insurgency. This community is split between Lao and Hmong, who represented about 5 per cent of the total population in the 1960s. Hmong are led by an aging Van Pao who led a clandestine army trained and armed by the Central Intelligence Agency (CIA) during the Vietnam War. Van Pao was the leader of the Hmong CIA-funded mercenary who fought communist forces in the Vietnam War. The group was also involved in a programme of assassination in Laos, Vietnam and Cambodia under the leadership of US officers who later became involved in the Iran-Contra affair. US academic Alfred McCoy and others have linked Van Pao to drug trafficking during the war, operating heroin processing plants in Laos and shifting the drug with the help of a CIA airline, Air America (McCoy 1972). Overseas Hmong are funding and recruiting members among the large Lao population in the United States, France and Australia. Van Pao was arrested in the United States in 2005 for running a terrorist organization, and was accused of funding large purchase of arms to use in insurgent operations to overthrow the Laotian government (Spiller 2007). More recently the United States has accepted a plan for a number of Hmong groups stranded in northern Laos to settle in the United States.

Political change in Laos is likely to be dictated by relations with members of ASEAN. Laos joined ASEAN in 1997 and is expected to meet a number of Asian Free Trade Area (AFTA) requirements to bring tariff on most goods down to 5 per cent in 2008 and open up the economy to imports from its partners. Moreover, issues over China's expanding economic influence within the ASEAN market and more directly via the southern Yunnan province needs to be resolved in the context of Laos's

economic and social needs and growing population. Laos is a strategically located, landlocked country in a dynamic part of the world, and its future will continue to be largely dictated by the political economy of its powerful neighbours. China, Vietnam and Thailand will have a major influence on Laos's political development. In a geopolitical climate where regional integration is putting great pressure on the government, the ruling party is expected to retain firm control over economic planning. This is likely to continue as long as China and Vietnam stay on their present political course. Conversely, if China and Vietnam were to move towards a more open society, Laos would necessarily follow along the same course.

Malaysia

The Federation of Malaysia is a creation of British imperialism. It was constructed over a period of time from a number of Malay Sultanates on the Malay Peninsula and, later, Sarawak and Sabah on the island of Borneo. Sarawak was the private estate of the English Brooke family until it was turned over to the British crown in 1946. Sabah was originally a commercial venture by the North Borneo Chartered Company and became a British colony in 1883. Both territories were once part of the Sultanate of Brunei. Later, the Malay states of the peninsula became known as East Malaysia and the territories of Sabah and Sarawak as West Malaysia. During the colonial period the British encouraged large-scale migration of people from China and India to develop rubber plantations, tin mining and the logging industry, and administrate their rule.

After WWII the UK was bankrupt and had to dispose of its empire, but it also confronted growing pressure from the anti-colonial movement, spearheaded by nationalist and Communist parties. In 1948 the British faced a Chinese-led Communist insurrection, and in 1957 the Federation of Malaya gained its independence. With the help of British and Australian forces, the Federation of Malaya continued to wage war on the Left's challenge to Malay feudal power. The federation expanded in 1963 when the British stitched up Singapore and the Borneo states of Sabah and Sarawak because of fear of communist influence and secessionist sentiments in the region, and the need to protect UK commercial assets. Moreover, there were other issues facing the newly renamed Federation of Malaysia about a possible confrontation with Indonesia and the need to protect Brunei's oil resources. Thus cold war considerations played a major role in the configuration of the Federation of Malaysia. Singapore seceded in 1965 and in 1969 Kuala Lumpur was

wrecked by race riots. These were early signs of major challenges facing the new nation. Over the years the politics of race have led to the embedding of an authoritarian and racist regime in a plural society.

Race politics

Malaysia's structure of authoritarianism derives from a nation state model which constitutionally grants Malays a dominant position in the politics and religion of the state.

A Malay is the native of the country, a *bumiputra* (son of the soil) and a Muslim, usually Sunni, and speaks Malay. The constitution enshrines the position and rights of Malays and the role of the Koran and religious Sharia courts in civil matter dealing with marriage, property and divorce. Islam is the state's religion and religious courts have control over civil, family, marriage and individual rights of all Muslims. The core of Malay power is their political party, the United Malay National Organization (UMNO). Membership of the party is not open to non-Malays. Every citizen has an identification card which shows that person's religion. Every Muslim who converts, and there are not many, is required to apply to the National Registration Department to have their religious status changed on their identification card. This process is very difficult, if not impossible, as the 2007 case of Linda Joy shows. Linda Joy converted to Christianity and changed her name, but the country's High Court and the Federal Court rejected her 2007 appeal to have her religious status changed on her identification card, stating that this was for the religious court, the Sharia court, to do (Hodgson 2007). Sharia does not recognize the conversion of a Muslim and such cases are punishable by law.

UMNO controls the state and its institutions, including the military which is predominantly Malay, and the police force. Legislative and executive powers give UMNO control over the instruments of repression through the use of the Internal Security Act (1948 ISA), the Official Secrets Act (OSA), the Emergency Ordinance (EO) (Public Order and Prevention of Crime), the Sedition Act (1948) and the Printing, Presses and Publications Act (1984 PPPA). State hegemony over the court system, where many of the judges are political appointees, is used to arrest and detain many dissenters for long periods of time without recourse to the law. An individual can be held incommunicado for 60 days and then kept in jail indefinitely by the home affairs minister. Surveillance and detention of politicians and human right activists is conducted by the state's Special Branch under the draconian powers of the Internal Security Act (ISA). Trade union activities are restricted and prohibited

in certain sectors, such as the largely foreign-owned electronic industry. Suppression of dissent extends to detention of politicians, journalists, lawyers and other opponents of the regime. Under Amendments to the Universities and Colleges Act, which prevents students from taking part in political activity, university lecturers can be sacked and students expelled if found to have links with opposition parties. Professionals can be barred for the same reason and, under amendments to the Societies Act, companies can be excluded from government business.

Under former prime minister Mohamad Mahathir the state neutralized the power of the country's judiciary to oppose the government. In 1988 'six justices of the Supreme Court [were suspended], eventually forcing three off the bench, including the Lord President, the country's chief justice' (Elegant 1990:211). The Lawyers Committee for Human Rights (LCHR) report said that 'the cumulative effect of the government's actions has been to deprive the nation's judiciary of its independence in matters affecting state power. These actions, in conjunction with the government's 1987 crackdown on opposition politicians, social and political activists and the press, have greatly weakened the rule of law in Malaysia' (LCHR 1990:4). The judiciary has become an extension of UMNO and was used to jail Mahathir deputy Anwar Ibrahim in 1999 on trumped-up charges of sodomy and corruption. In 2007, Anwar released a 2002 recording of the then third-ranking judicial official in charge of senior judges in Peninsular Malaysia making arrangements to appoint senior judges friendly to the government and its cronies, such as the gambling tycoon Vincent Tan (Saleh 2007).

Under the PPPA legislation, the government silences dissent under the clause that it is 'prejudicial to, or likely to be prejudicial to public order, morality, or security'. The government controls the press, and TV and radio are propaganda tools for the government. In 1987, following the arrest of 106 dissidents, the government closed three newspapers, leaving Malaysians with only government-approved information as a source about national affairs. The situation improved with the arrival of the World Wide Web and public access to the Internet. Bloggers are becoming a major source of news by anti-government groups and NGOs. Resistance forces have found new ways to bypass a controlled mass media, criticize government and publish sensitive information about political dealings. These media outlets, however, are now closely monitored by the authorities. Cybercafes need a license to operate and have to register all users, and the information is then passed on to the police. In recent years the government has censored and sabotaged many resistance websites.

UMNO uses money and control over resources to maintain its hold on power. The party derives wealth from businesses it controls and large donations by wealthy Chinese, Malay and Indian entrepreneurs, and access to state's funds usually through state companies like oil giant Petronas. Sabri Zain suggests that the patronage system 'made the rich wealthier and helped keep the elite of the UMNO in control' (Reyes 2000). Vote-buying is widespread through the distribution of cash, contracts, monopolies, business licences, employment and access to natural resources such as timber concessions. Funds are distributed to consolidate the party's dominance and buy regional and local allegiance. Corruption is widespread and institutionalized as part of the system of authoritarian patronage. Former deputy prime minister Anwar Ibrahim publicized, before his arrest, aspects of corruption involving nearly A$1 billion of UMNO party funds transferred to a few individuals and a A$500 million transfer to a Zurich bank account in 1998 (Skehan 1998). Corruption involves extortion linked to government overseas arms contracts. A well-known case is the UK aid project worth some £234 million for the Pergau hydroelectric dam on the Malaysian-Thai border, linked to a £1.3 billion UK arms deal. The dam project, which was completed in the early 2000s, was given the go-ahead in 1991, despite the opposition of the Overseas Development Administration (ODA) which declared it a 'a very bad buy'. On the UK side, the contract was given to a firm which, at the time, was a major donor to Margaret Thatcher's Conservative Party.

Power networks operated by the ruling party and government distribute favours such as the privatization of state assets and their transfer to 'friends' and the renationalization of private assets from 'friends' when they lose money. Recently the government purchased back a stake in Malaysian Airlines controlled by its chair tycoon Tajudin Ramli for close to A$1 billion in cash. There are also many instances of loans to debt-ridden, well-connected companies, as well as lucrative contracts for infrastructure and other government public works with well-connected companies: 'large tenders have gone towards that faction of Malay capital that is closely tied with the state executive – which explains the controversy over projects such as the US$1.8 billion North-South highway contract awarded to a UMNO-controlled company, the privatization of Sports Toto (a gaming concern), toll operations, and the issuing of gambling licenses and other tenders' (Tan 1990:40).

Race politics is a mechanism by the ruling party to control the state and manage the tensions of a multiethnic society. The racial division of Malaysia's 27 million people in 2006 consisted of Muslim Malay

(50 per cent), Chinese (24 per cent), Indians (8 per cent) and indigenous groups (11 per cent). Non-Malays are mostly Christians, Taoists, Hindus, Buddhists, Sikhs and Animists. The ruling party (UMNO) is supported by the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC) as part of the national coalition, *Barisan Nasional* (BN). The opposition is made up of a number of parties including Parti Islam se-Malaysia (PAS), the Chinese controlled Democratic Action Party (DAP) and Anwar Ibrahim's new People's Justice Party (Keadilan). A number of political organizations such as the communist party are banned. The political game consists of winning elections to appoint only Malays to the top ministerial posts, and to maintain internal UMNO cohesion and support the national coalition (BN) members. This was achieved in the 2004 federal elections through redistribution (gerrymandering) and increasing the number of seats which gave the UMNO extra seats in Parliament, suppressing dissent, and an ideological campaign of 'developmentalism' linking UMNO and BN to the growth of consumption and the delivery of public works and services (Loh 2004).

Resistance

Despite a repressive regime, the struggle for social justice continues. The Left has been emasculated over the years by the security apparatus. Moreover, race politics prevents the coming together of a cohesive labour front. Zawawi Ibrahim writes, 'thus one of the historical conditions established by colonialism in Malaysia is a situation that prevents the unity of labor or class across ethnic lines' (Zawawi 2004). Progressive activism is largely conducted by a civil and political rights movement. One stream challenges the special position of the Malays' and Islam's constitutional status, and calls for an end to a policy favouring Malays in employment, education and business opportunities. To some extent these are demands by the poorer Malaysians among the Chinese and Indian community. Issues of inequality and poverty have been exacerbated in recent years by the cost of living and the rising price of food and energy. Recent mass protest by Malaysian-Indians highlighted the plight of an Indian minority that had been marginalized by the system; this is particularly so in regard to the poverty of plantation workers. The Hindu Rights Action's Kuala Lumpur mass protest in February 2008 accused the government of racial discrimination and demanded access to employment and education. Another stream of the *reformasi* movement led by opposition parties and NGOs focuses on electoral reform and 'the removal of phantom voters from electoral rolls, an end to government workers using absentee ballots ...

access to state-controlled media by all political parties and an end to vote buying' (AJ 2007a).

The civil rights movement confronts forces of cultural relativism that maintain that Asian values are different. Such cultural relativism was propagated in the West by Singapore's Lee Kuan Yew who rejects the universality of human rights and tells the world that Asians are different. At the 1993 United Nations world conference on human rights in Vienna, a number of countries led by China, Syria, Iran and Indonesia captured the conference's agenda and dismissed the idea of universal human rights, claiming that their societies were different. Malaysia's former prime minister Mohamad Mahathir once declared to the world that 'East Asians are different and will actually choose not to adopt liberal representative democracy' (Nason 1994). Former deputy prime minister Anwar Ibrahim wrote in 1995 that 'Asians are just as deserving of universal rights. It is altogether shameful, if ingenious, to cite Asian values as an excuse for autocratic practices and denial of basic rights and liberties. To say that freedom is Western or un-Asian is to offend our own traditions as well as our forefathers who gave their lives in the struggle against tyranny and injustice' (Lague 1995).

Feminism is an important form of resistance among Malay women. The 'Sisters in Islam' is one movement working to reform the law regarding marriage and divorce because the law maintains male domination and exploitation of women by making it easier for men to divorce and take multiple wives and to benefit from their property. Former prime minister Mahathir's daughter Marina Mahathir 'compared the role of women to that of black South Africans under apartheid' and has been at the forefront of a campaign to condemn the Islamicization of civil matter regarding marriage and family matters. 'Muslim women in Malaysia', she says, are, 'second class citizens held back by discriminatory rules that do not apply to non-Muslim women' (Kent 2006).

In some developed countries the middle class has been at times a progressive force in the human rights movement by demanding political and civil rights and gaining power. In the case of Malaysia the situation is more complicated because the middle class which is getting larger, perhaps more than 30 per cent of households, and is split among the main ethnic groups and allied with their respective political parties. There are many signs, however, of the formation of a middle class which transcends ethnic barriers, particularly among young professional groups who live in integrated neighbourhoods. This was the case for Kuala Lumpur's suburb of Petaling Jaya some years ago, a model

which has been replicated elsewhere. In that sense there is a process of integration at work, linked to higher levels of education, income and patterns of consumption. But the process is highly vulnerable to economic conditions and needs the support of other social formations such as a unionized labour force. Some years ago, William Case suggested that 'overall, the ethnic privileges enjoyed by the Malays and the continuing tensions between them and the Chinese have generally weakened the middle class as a democratizing force' (Case 1993:11). Another process which affects middle-class integration is the steady outflow of medical doctors and nurses, and other professionals migrating to North America and other rich countries. Many ethnic Indians and Chinese have found new homes in Australia and New Zealand in recent years.

There are a number of factors at work to maintain ethnic and religious tensions, and the country's authoritarianism. One is the discernable concern among non-Muslim of the growing militancy of Islam in the country. An important sign is the growing strength of the religious party PAS in recent years. The party made considerable gains in the 1999 federal elections, particularly in the rural northeastern states of peninsular Malaysia. To a large extent, this was the outcome of the 1997 Asian financial crisis which had a major impact on the welfare of the poorer strata of society. Since then, a new wave of militancy is linked to discontent among Muslims of what they perceive as another Western crusade led by the United States against Islam. This issue is brought close to home because 20 per cent of all Muslims live in Southeast Asia, and because of the close links with the Muslim community in southern Thailand and parts of Indonesia. Nevertheless, there are many reports of rising intolerance of non-Muslim religious symbols evidenced in the destruction of non-Muslim religious structures and the resulting fear among non-Muslim communities of a surge in Malay ethno-nationalism. Farish Noor writes, 'Malaysia is witnessing the rise of an increasingly un-Modern, un-democratic and intolerant brand of scripturalist normative religiosity whose spokesmen and self-appointed "defenders" go around disrupting parties and public events' (Noor 2005). Malaysian opposition spokesperson MP Fong Po Kuan claims that 'there is a creeping Islamicisation in our society, and this isn't appropriate because we're a multi-religious, multi-racial country' (BBC 2006). Concern among non-Muslims is accentuated by Malaysia's 2005 agreement with Pakistan to recruit some 100,000 Pakistani migrant workers.

Globalization has influenced race relations and strengthened the Malaysian authoritarian regime. The rise of China and India as

economic superpowers affects the nature of Malaysia's ethnic relations and national identity. Chinese and Indian-Malaysians are increasingly swayed by the economic pull of China and India and by their culture and language. Ethnic competition gains another dimension when ethnic Malaysians find succour in their ancestral homeland. Chinese-Malaysians are proud of the achievements of China and are empowered in their political relations with the ruling Malays. There is a strong link between the rise of China's and India's economic and military power and declining allegiance to Malaysia's nation state. This is an important factor in the mobilization of non-Malay demands for political and economic reforms. More to the point, as Jamie Mackie writes, 'Chinese capitalism is potentially more threatening to social stability in Southeast Asia than Chinese communism ever was because it may pull the Chinese back towards a sense of Chinese ethnic identity, obstructing the tendency towards assimilation' (Jenkins 1993).

Similarly the 'war on terror' fuels racial antagonism and authoritarian power. Malaysia's alliance with the United States in the 'war on terror' gives the ruling elite an excuse to repress dissent and further legitimize its hold on power. Opponents of the government who were once arrested as communist are now accused of terrorism. Politicians, youth workers and a film-maker were detained in 2001 and 2002 for allegedly being engaged in terrorist activity. The European parliament accused the Malaysian government of 'crushing their political rivals in the name of fighting terrorism' (Rahim 2003:224). Malaysia's situation is the convergence and moulding of religion and authoritarian power into a rightwing, Malay ethno-nationalism which Farish Noor categorizes as a brand of Asian fascism (Noor 2005). Recent research shows that Malaysians are suspicious of the 'war on terrorism' (Silong, Hassan & Krauss 2008). Public perception is that 'the war on terrorism' (WAT) is 'a fight against Muslims' and a means to linking terrorism with Islam. The study stresses on the need 'for counter-terrorism policy makers to identify the root-causes of terrorism in order to develop appropriate socio-economic programs for the poor, marginalized, discontented and discriminated groups in societies' (ibid.:1).

East Malaysia may be the federation's weak link. The states of Sarawak and Sabah, with 5.5 million people, continue to pose a challenge to Kuala Lumpur because some 50 per cent of its inhabitants are non-Muslims and many among the Chinese and indigenous communities oppose their inclusion in the federation. There are secessionist movements in both states which the government has had to repress over the years. Kuala Lumpur has had to pay a heavy price to maintain the

eastern states allegiance and fight sedition by giving local elites access to logging concessions and other monopolies over the states' abundant natural resources. More generally the politics of Sarawak and its ties to the federation have been dictated by the exploitation of natural resources. The primary mechanism has been the privatization of land. Customary indigenous land has been taken over directly or through long-term leases, and logging licences given by the ruling party to cronies in exchange for vast sums of money. Pay out for these licences have been substantial (for example, US$30 million) with money transferred to foreign bank accounts. While some profits have been invested in business activities, particularly in urban centres, large fortunes have been shifted out of the country to the safety of foreign banks.

Corruption has made a number of individuals and their families very rich. This was recently exemplified with the case of Sarawak's Chief Minister Taib Mahmud receiving through Hong Kong about Yen 1.1 billion from nine Japanese shipping companies (Kyodo 2007). Taib Mahmud, Chief Minister for more than 25 years, became very rich while in office and is the owner of Australia's Adelaide Hilton hotel and many other properties and businesses. He rescued UMNO and Mahahir's leadership during the 1999 federal elections when he delivered all 28 parliamentary seats to the ruling coalition. In recent years he has been linked to the Bakun dam project in partnership with Australia's Rio Tinto. In Sabah, Kuala Lumpur has had to confront non-Malay political forces which have at times controlled the state. There is also a strong independence movement calling for 'Sabah for the Sabahans'. Opponents have been jailed and crony politics has made inroads into the control of the state by the ruling party, using logging and oil concessions. Kuala Lumpur has made good use of electoral padding by manipulating the large migrant population from the southern Philippines and Indonesia living in Sabah, attracted by work and hope for a better life. Most are Muslims and illegal migrants, but at election times they are issued ID cards to vote for the ruling coalition. Electoral boundaries were changed in 1995 to increase the number of Muslim-dominated seats from 17 to 24. In preparation for the 2004 elections, five additional seats were created in Sabah to win the state for the ruling national coalition, the *Barisan Nasional* (BN).

Prospects for democracy

Malaysia's democratization focuses on the question of power sharing in a multiracial society. Historian Lee Kam Hing argues that Malaysia's early period of independence was marked by consociational power sharing. But the consensus on power sharing was terminated with the

1969 race riots when UNMO took control of the regime and dictated new terms and conditions to the other communities (Hing 2004). Farish Noor argues that Malaysia is becoming a fascist state and writes that 'what we are witnessing in Malaysia today is nothing less than the rise of authoritarianism disguised behind the cloak of religiosity' (Noor 2005). What is at stake is the control of the Malay Muslim because, whoever controls the community, controls the state. A condition for the control of the Malays is the use of religion and the Islamization of race. Fascism needs the support of religion, in the same way that Mussolini, Hitler and Franco allied themselves with the Catholic Church and, more specifically, with a powerful brand of fundamentalist and theocratic Catholicism. Noor laments that 'the dream of creating a modern, tolerant, pluralist and democratic Islam in Malaysia seems to be receding, as the spectre of religious communitarianism, fundamentalism and even militancy casts its long shadow on the ASEAN region' (Noor 2005).

It is unlikely that Malaysia can become another Switzerland or Belgium. Power sharing in a society divided by religion, language and other important cultural markers remains a challenge to its territorial viability as a democratic state. It requires the acceptance of individual freedom based on the accommodation of the religious and linguistic demands of communal groups (Lijphart 1977, 1999, 2004). Power and the terms and conditions of power sharing must be strictly defined in constitutional instruments and implemented by well-governed regulatory bodies. In all instances such arrangements require the devolution of power and local autonomy in education and in the control of natural resources by communal groups. Clearly this has not always worked. Yugoslavia has disintegrated and Belgium's situation has been unstable for decades and the country appears to be in the terminal stage of its power-sharing arrangement. Switzerland has a relatively stable model of plural democracy which has been largely maintained by staying out of WWII and becoming one of the wealthiest countries in the world. The Swiss and other European models are relevant in the geographical and historical context of Europe and, for Malaysia, the pathway needs to be put in the context of Southeast Asia and the role of ASEAN. The challenge for Malaysia's democratization should be as part of ASEAN's transformation into a federation of states. Whether ASEAN is moving in that direction is an open question at this time because ASEAN's implementation of a series of free trade agreements with the rest of the world and the creation of free trade areas with China, Japan and Korea point towards Southeast Asia's regional devolution within a larger regional geopolitical bloc.

Myanmar

The British established their control over Myanmar during the eighteenth century, finalizing their military campaign with the fall of Mandalay in 1886. Buddhism played an important role as a rallying point for Myanmar's nationalism and provided the network to spread nationalist ideas and organize resistance against British rule. During WWII, nationalist members of the Burma Independence Army (BIA) linked up with the invading Japanese army to build up their political and military organization and power. The end of the Japanese occupation led to negotiations for independence between various political and ethnic factions and the British. These were interrupted by the assassination of the nationalist leader general Aung San in July 1946. Independence was proclaimed in 1948 by the country's new prime minister, U Nu who led the country from 1948 to 1958 and again from 1960 to 1962 when he was deposed in a military coup led by army chief, general Ne Win (Butwell 1963).

At the beginning of the twenty-first century, Myanmar was engaged in many struggles to define its territorial sovereignty, identity and politics. Myanmar's 50 million people are now among the poorest in the world; average salary is about US$1 a day, while under-five mortality rate is among the highest in the world (UN 2006a). Overseas development assistance per capita was US$2.4 in 2006 'compared with $22 in Vietnam, $35 in Cambodia, and $47 in Lao People's Democratic Republic' (Doyle 2007). Most people gain their livelihood from agriculture and,while Myanmar is a major producer and world exporter of rice, people suffer from shortages of basic commodities and rising inflation.

Military dictatorship

The country has been ruled by a military dictatorship since 1962 when Army chief Ne Win brought the military to the centre stage of society. An economic crisis in 1988 precipitated his downfall and power shifted to a group of generals and their newly formed State Law and Order Restoration Council (SLORC) which opened up the country to foreign investment, and subsequently became known as the State Peace and Development Council (SPDC). The military regime has functioned along with a political wing; under Ne Win it was the Burmese Socialist Programme Party (BSPP), then came the National Unity Party (NUP) and the latest party appellation is the Union Solidarity Development Association (USDA) which was said to have some 11 million members in the late 1990s (Christie & Roy 2001:86).

In recent years, the military has paid close attention to Indonesia's situation and copied Suharto's model of governance. Suharto visited in 1997 with his eldest daughter, who has investment in the country. What appealed to them was the *dwifungsi*, or dual-function, ideology of the Suharto regime which institutionalized the role of the military in Indonesian politics and development, and how the ruling elite's children had become entrepreneurs and were running conglomerates. Myanmar leaders have also been studying Singapore as a potential model to run their country. Some aspects of the one-party state are attractive to the regime. However, Singapore is a small urban city state without the problems and challenges of a large peasantry. Suharto's downfall was a lesson for Myanmar's generals about the political consequences of an economic crisis triggered by globalization. This and rising political instability in the country may have been behind the regime depopulating sections of Yangon.

Paranoia pervades the politics of the military regime. The construction of a culture of nationalism and pride based on Burman civilization's golden past, embodied in places like Pagan and Mandalay, are necessarily linked to xenophobia and fear of foreign intrusion and constant concern about an enemy set on destroying its culture and dividing the country. One of the more significant recent developments has been the decision of the military to move its capital to a newly built city which they named Naypyidaw – translated as Royal City or Seat of Kings. The new capital is on the train line to Mandalay near the town of Pyinmana, 400 kms north of Rangoon. Naypyidaw is closed to foreigners. Shifting the capital appears to be motivated by a desire to return to a royal tradition, the golden past of Burma's kingdom, and find security away from the coast (Boucaud & Boucaud 2006b). Another issue appears to be the fear of a US-sponsored invasion to put Aung San Suu Kyi in power.

Military power depends on the control of the economy and more importantly on deals to sell the country's resources to foreign companies. This was achieved after a new junta dismantled the socialist system imposed by Ne Win and enticed foreign investment from the European Union, United States, Singapore and elsewhere in the late 1980s, allowing wholly owned foreign ventures and generous tax breaks and the free repatriation of profits. Private banks were allowed to operate in 1992 for the first time since 1962, along with a start to privatize public companies. This change of economic policy towards a neoliberal-type market economy enabled friendly ties with Western capital and foreign aid. The financing of the regime by foreign investors, however, would not

be possible without the participation of global insurers which directly or indirectly insure businesses 'that provide a cash lifeline for the generals' (Kazmin 2008). During the early phase of the new policy, foreign investment focused on energy resources and the discovery and development of major oil and gas deposit by companies such as Amoco, Unocal, Shell and Total. Russia is the latest entry in the energy market with deals for oil and gas exploration and development and a 2007 contract to build a 10-megawatt nuclear power facility.

More recent projects focus on the construction of a number of dams on the Salween River to generate power for export to Thailand and China. A number of contracts have been signed with Thai and Chinese companies to build hydropower dams on what is Southeast Asia's last free flowing river and which will lead to flooding of large areas and the displacement of a number of villages (MacKinnon 2007). Myanmar is a major supplier of timber to Thailand and other countries. The Thai military has been closely connected with logging licences and the transport and processing of logs in Thailand. Other natural resources exported include coal, gold and gems. The construction of the country's infrastructure to support foreign investment has been undertaken by the regime's policy of forced labour. Large numbers of people have been moved from communities in cities and minority regions into controlled zones and labour camps (McDougall 2007; Pilger 1996). The regime has been using slave labour to construct a significant number of projects including the construction of the 176-kilometres rail line between Ye to the southern town of Tavoy (Christie & Roy 2001:93).

During the cold war the remnants of the Chinese Nationalist Army in Burma expanded opium production in the Shan region and the manufacture of heroin for exports. Their operation was supported by the Central Intelligence Agency (CIA) who enrolled and paid Chinese and other minorities to fight on their side. Historian Alfred McCoy, in his book *The Politics of Heroin*, maintains that the production of drugs in the Golden Triangle, the region where Burma, Laos and Thailand converge, was the main source of opium and heroin during the Vietnam War for growing markets in South Vietnam as well as the United States (McCoy 1972). Trade in illicit drugs continues and has been a traditional source of income for the military. Myanmar continues to be a source of heroin and opium, with most of the opium poppies grown along border areas. However, its place in the world market has been taken by Afghanistan since 1993. Afghanistan has become the largest producer of opium, with an estimated 8200 metric tons in 2007 which supplied some 90 per cent of the world market (UN 2007). A more recent and major addition

to the drug economy in Myanmar is the production of amphetamines for export. The military essentially runs a protection racket, tying the regime with narco-traffickers operating in the Golden Triangle.

Myanmar's inclusion in a West-led globalism has funded the growth of military power and purchase of modern weaponry. Numbers in the military and paramilitary forces have grown substantially in recent years to more than 400,000, Southeast Asia's second largest army after Vietnam. Supply of modern equipment has come from a number of countries, including China, North Korea, Russia, India and Singapore. Growth of military power has enabled the regime to expand its territorial control, fight all insurgencies and establish its jurisdiction in nearly every small town and village. Singapore, through its arms manufacturers Chartered Industries, has contributed to the country's arms industry. Singapore also has links with the intelligence services, building up its surveillance system and cyber-warfare centre in the Defence Ministry to intercept all types of communication, including e-mail, leading to the arrest and jailing of many dissidents.

Struggle for democracy

Myanmar is involved in two major types of struggle. The first could be considered a class struggle which is waged mainly by Burman resistance to state repression and driven by demands for political and civil rights. The main challenger is the National League for Democracy (NLD) led by Aung San Suu Kyi, 1991 Nobel Peace Prize winner and daughter of one of Myanmar's independence heroes, General Aung San. The NLD was the prime mover in a 1988 mass protest, triggered by the collapse of the economy, which ended when the army killed thousands of protesters in the streets of Rangoon and elsewhere in the country (Maung 1993). Under internal and external pressure, the military regime agreed to hold national elections in May 1990 which the NLD won, with 67 per cent of the vote and 82 per cent of the seats (Pilger 1996). Subsequently, the military annulled the results and resumed their campaign of repression and arrest, detention, torture and extrajudicial killings.

The NLD's strength is based on mass dissatisfaction with the economic situation of Myanmar, blamed on the corruption and incompetence of the military, which was again tragically demonstrated in the aftermath of the May 2008 Cyclone Nargis which devastated the Irrawaddy Delta region, the country's rice bowl. People are also rebelling against a regime that rules by fear. Freedom from fear has been a powerful theme in Aung San Suu Kyi's campaign for liberation. She once wrote that 'within a system which denies the existence of basic human rights, fear

tends to be the order of the day. Fear of imprisonment, torture or death; fear of losing friends, family or property; and fear of isolation or failure' (Suu Kyi1991). Aung San Suu Kyi has been under house arrest more or less continuously since 1989.

The country's monks constitute a major source of resistance in the struggle for democracy. In September 2007 they led a major anti-government demonstration in Yangoon and other cities which was brutally repressed by the government. The political role of the 400,000 or more monks and nuns in Myanmar continues to be a source of controversy. Some elements support the use of violence and claim that the use of force to overthrow an 'evil government' is a rightful deed in Buddha's teachings. For another major faction, politics is 'none of our business, it's not the monks business to be involved in these things. Monks should stay out of politics' (ABC 2008). Clearly the Buddhist clergy is becoming increasingly involved in the resistance movement and engaged in a rebellion against the government. One of the more active groups is the All Burma Young Monks Union which is openly working with students and ethnic rebel groups to overthrow the government.

Another major struggle is the country's ethnic minority demands for self-determination and, in some instances, outright independence. The issue is a serious challenge to the country's Burman majority and mostly Buddhist population. The non-Burman, more than 135 ethnic groups, occupy more than 50 per cent of the country's territory, mostly highlands and rich in natural resources. A number of ethnic groups along the eastern border with China and Thailand are fighting the regime. The three armed resistance groups are the Restoration Council of the Shan State and its military wing, the Shan State Army-South (SSA-S), the Karen and Karen National Union (KNU) and their military wing, the Karen National Liberation Army (KNLA) and the Karenni members of the Karenni National Progress Party (KNPP), the most powerful group fighting at this time. Another group, the mostly Christian Kachin people and the Kachin Liberation Army who occupy a large northern region, instigated a ceasefire in 1994, but elements are still fighting the government.

On the Chinese border are the Wa people who have been a major ally with the regime against the Shan State Army (SSA). They gained autonomy over an important border region where the official currency is the Chinese Yuan and the only languages spoken and taught are Wa and Chinese (Boucaud & Boucaud 2006a). The United Wa State Army (UWSA) is into trafficking opiates and amphetamines with the profit used to build an infrastructure and invest in legitimate business

activities. The business is run by Chinese descendants of a large Kuomintang army who invaded Myanmar in 1950 and developed the drug economy of the Golden Triangle (Lintner 1992; McCoy 1972). Drug lords have set up casinos to attract large numbers of Chinese to cross the border. They also control Myanmar's largest conglomerates, Asian World, headed by Lo Hsing Han, and Hong Pang Co controlled by Wei Shao Kang (Boucaud & Boucaud 2003).

The military regime also faces strong resistance on the western side of the country, along the Bay of Bengal and the Andaman Sea. There are confrontations along the border region with Bangladesh and India by Muslim ethnic minorities in the Arakan State, who face deportation and the Burmanization of their culture. Zachary Abuza claims that there are 'three Muslim-based guerrilla movements in Myanmar: the Ommat Liberation Front, the Kawthoolei Muslim Liberation Front, and the Muslim Liberation Organization of Myanmar' (Abuza 2003:173). Large numbers of Muslims have fled and taken refuge in Bangladesh. Another important minority are the mostly Christian Chin people who have been persecuted by the Myanmar military regime. Many families have fled to India and Bangladesh over the years. Further south in the Tenasserim Division, which borders the Andaman Sea and Thailand, the Mons and Karens are resisting Burman repression and military intervention.

Government policy is to gain control over all ethnic minorities and integrate their population within the mainstream Burman-Buddhist majority. Key issues are the demarcation of the country's boundaries and the control of natural resources which are critical to Myanmar's economic development. The main strategy has been military action to overwhelm resistance and negotiate peace terms. In some instances this has succeeded in splitting groups or leading one ethnic minority to fight another. Villages have been destroyed and populations moved to special zones and work camps to build roads, bridges, military camps, irrigation works and oil and gas pipelines. The military has been accused of genocide in its war against minority populations and of creating large refugee camps in border regions.

Geopolitics

Myanmar joined ASEAN in 1997, sponsored by both Indonesia and Singapore. Membership to Southeast Asia's regional body has been useful in developing business and military connections and gaining greater access to capital and trade with the rest of the world. It has had little impact, however, on the regime's abuse of human rights, not

surprisingly given the appalling record of ASEAN's member states. Being part of ASEAN has not eased tense relations with Thailand. This love-hate relationship is an integral feature of the two countries' historical enmity and a legacy of their cold war confrontation when Thailand was arming minority groups. More recently, there was a military clash over claims of 'flooding' Thailand with amphetamine tablets to feed a growing addiction among young people. Thailand is involved in the drug trade and illegal logging of Myanmar's forests. Moreover, Thailand needs Myanmar because of an increasing dependence on its neighbour for energy and natural resources such as large quantities of water to replenish reservoirs and irrigate the northeast of the country (Boucaud & Boucaud 2000).

Myanmar's close relation with China poses some interesting questions regarding the future of democratization. In recent years, people and trade have been moving south, using the Irrawaddy, Salween and Mekong river systems. There has been a substantial flow of Chinese migrants and traders into Myanmar, and China has been building an extensive road infrastructure linking its territory with Myanmar's border region and national road system. David Steinberg suggests that Mandalay 'is 20 per cent Yunnanese Chinese, Lashio – the most important city of northern Burma – about 50 per cent Chinese' (Steinberg 2004). Work on the Irrawaddy to enable ships to navigate to Yangon, and other infrastructure development, is meant to link the industrial base and economic potential of Yunnan province with Myanmar's coast and parts of Asia. China is constructing pipelines from the coast to Yunnan province and major contracts have been signed with PetroChina for the exploration and development of the country's energy resources, including offshore gas deposits.

China is a major supplier of arms to the military regime. There are major military ties with China's use of a number of naval intelligence bases in the Andaman Sea, including Ramree on the Bay of Bengal, the Coco Island and Victoria Point in the Andaman Sea (Lintner 1994b). China is modernizing a number of naval bases to support submarine operations in the region and access to the Straits of Malacca. An India-based analyst writes that 'the Indian navy fears that this could support Chinese submarine operations in the region and enhance its military profile in the Indian Ocean region' (Rahman 2007). Port facilities would enable China to import oil into southwest China and bypass the Straits of Malacca. Yet India has been selling a range of military hardware to Myanmar. The arms aid package is said to include 'counterinsurgency helicopters, avionics upgrade of Burma's Russian- and Chinese-made

fighter planes and naval surveillance aircraft' (HRW 2006a). India is also financing infrastructure projects such as the Asian Highway and the gas links with the Arakan state, in which India is a major investor. India's interest is driven by its expanding economy and geopolitical considerations. China's close political and economic ties with Myanmar is of concern to India, as well as the secessionist movements in India's eastern states. Some 12 secessionist groups in India have military outposts on the Myanmar side of the border, including the United Liberation Front of Assam.

The future of Myanmar's military regime is closely linked to its relations with ASEAN and the global situation. China, India and Russia are all involved in Myanmar's politics as major suppliers of weaponry and energy investors. Myanmar is caught in the geopolitics of global hegemony and the making of an anti-US alliance. As such, Myanmar is of considerable interest to the West as the dynamics of global hegemony are being played out in Asia and particularly in Southeast Asia. This means that considerable pressure is being put on the military regime's domestic and foreign policy. The government has responded to external pressure by announcing a referendum in May 2008 to approve a new constitution for the country and general elections for 2010. The military would control the new parliament with an allocation of 25 per cent of the seats and veto power over parliamentary decisions. The proposed constitution would guarantee people's right to form political organizations, including unions. There would be freedom of the press, and minority cultures and languages would be protected. Aung San Suu Kyi, however, would be barred from office because she married a foreigner.

Philippines

Spain established its colonial headquarters in Manila in 1571. The Philippines, named after Spain's monarch Philip II, was colonized by the Spanish between the sixteenth and eighteenth centuries. Nationalism was shaped by rising resistance to Spanish exploitation and racism. The arrival of the United States was triggered by the US defeat of Spain in a short war over the control of the island of Cuba. As a result, Spain sold to the United States its rights to the Philippines for US$20 million in 1898 (CI 1998). The same year 'president McKinley signed the annexation resolution creating "The First Outpost of a Greater America"', a journal of the 'conservative and responsible members of the community' triumphantly proclaimed (Chomsky 1993:246). The United States landed troops in 1899 to defeat forces defending the

republic proclaimed under the leadership of nationalist leader Emilio Aguinaldo. During the occupation, the United States constructed major military installations to serve its political and military interests in the Asia-Pacific region. The United States granted independence to the Philippines in 1946, while retaining important political and commercial links with the country.

An often-asked question is whether democracy as it exists in today's Philippines is worth saving. The electorate is losing faith in the institutions of the state and the dynamics of the Philippines democratic process. The problem is simple yet very complex in its implications. Democracy in the Philippines is a façade for oligarchic rule and the state has failed to modernize the country, minimize corruption and improve the well-being for the majority of its citizens. The democratic state continues to be a major mechanism for the enrichment of the few and their plunder of public resources. As a result, the democratic process has been highly unstable, leading to a climate of political instability marked by many coup attempts, and popular movements and constitutional moves to depose elected leaders. A political system which is built on continuous tensions is in danger of losing faith in the democratic process and favour an authoritarian solution to the Philippines's growing poverty and inequality.

A leading analyst likens the issue to the capture of power by the country's economic and political elite (Coronel 2004). Part of this narrative is found in the Spanish and American colonial legacy and the role of big families which created a powerful class of land owners and new rich industrialists. Family alliances through marriages and business interests have created a powerful oligarchy which has claimed political power for generations (Abinales & Amoroso 2005; Hedman & Sidel 2000; Hutchcroft 1991). Control of the state enables the oligarchs to enrich themselves and their friends, buy the allegiance of those they need to stay in power, such as the military, and advance the special interests of groups which constitute the core of hegemonic power in the Philippines. Oligarchies use their vast wealth, private armies and thugs to gain access and maintain their hold on power. Democracy since the end of the Marcos era has not led to the expansion of political and economic equality, but to the continued hold of power by the country's oligarchy. There has been little improvement in the lives of the majority of Filipinos. Democratic gains made by the people's power movement have been neutralized by a weak state. Francisco Nemenzo, former president of the University of the Philippines, contends that the neoliberal regime imposed on the Philippines has weakened the state

and that election is for 'an essentially oligarchic system' and provides 'a democratic façade for the system of elite rule', and that the state 'is too weak to protect its citizens and enforce its own laws' (Nemenzo 2007). The country need to establish firm democratic foundation 'cannot be achieved through elections within the context of elite rule; elite rule must first be terminated to create the conditions for truly democratic elections' (ibid.).

Political instability

The Philippines's recent political history is marked by political tensions and military intervention. There have been many coup attempts, nine in the last 19 years. The Marcos years were marked by crises, including the assassination in 1983 of leader of the opposition, senator and president-hopeful Benigno Aquino. After the ousting of Marcos in 1986, there was relative peace under the presidencies of Corazon Aquino, Fidel Ramos, followed by former actor, Joseph Estrada, who won 40 per cent of the votes. Estrada was unseated in a behind-the-scenes military coup when the constitutional process failed to impeach him, because the Senate refused in 2001 to examine evidence that he had amassed a vast fortune in a false-name bank account. Estrada was deposed in a coup when the chief of the armed forces and the defence minister withdrew their support for the president. The following day the chief justice declared the presidency vacant and installed the vice-president Gloria Macapagal Arroyo as the country's new president. A crisis of leadership erupted soon after because her inability to deal with corruption created more disruption by the military when 321 junior officers in 2003 seized the Glorietta shopping mall and other premises in the centre of Manila's financial district.

This latest move by the military exposed once again the division within the military between the idealists, who rebelled against what they saw as the corruption of the political process by an elite uninterested in the welfare of its people, and a major faction closely allied to the power structure. The Young Officers Union (YOU) which seized the Glorietta shopping centre suggest a continuation of a movement which first emerged in 1987 as the *Rebolusyonaryong Alyansang Makabansa* (Revolutionary Nationalist Alliance) and also as the Reform the Armed Forces Movement (RAM). One-time RAM leaders, Gregorio Honasan and Danny Lim, claimed that RAM had evolved into a popular movement linking the military with student and trade union movements. However, historian Alfred McCoy claims that 'most of the leaders of the six main coup attempts against the Philippine state in the decade after Marcos'

downfall were former torturers' (McCoy 1999). Political instability continues under President Arroyo who is accused of electoral fraud and corruption. The 2003 shopping centre military showdown was followed on 24 February 2006 by Arroyo's declaration of a state of emergency. She claimed she faced 'a military threat' and declared and banned all street marches, imposed control on the mass media and arrested a number of political opponents. The introduction of tough anti-terrorism legislation in 2007, the Human Security Act (HAS), formatted after the US Patriot Act and the Military Commission Act of 2006, could be seen as legitimizing a de facto martial law for the country.

A major flaw in the democratic process is the corruption of the ruling elite. Ferdinand Marcos' excesses are well known and many reports have claimed that the family, in the course of his presidency between 1972 and 1986, stole between US$5 billion and US$10 billion. Transparency International lists Marcos as the second most corrupt politician in the world after Indonesia's Mohammed Suharto (Denny 2004). According to writers Sterling and Peggy Seagrave, part of the Marcos' fortune came from looting Japan's horde of gold and other treasures which were hidden in the Philippines during the war. Marcos 'recovered at least US$14 billion in gold from the sunken Japanese cruiser *Nachi* in Manila Bay and $8 billion from the tunnel known at 'Teresa 2' 38 miles south of Manila in Rizal province' (Johnson 2003). One of the more damaging examples of Marcos' corruption was the US Westinghouse contract to build a nuclear reactor for US$2.1 billion on a geologically unstable site on the island of Luzon. Marcos' cut was US$85 million. The reactor was built but never opened and mothballed because of fear of earthquake damage.

More recently president Joseph Estrada, a one-time matinee idol who acted in more than 70 movies and who was supposed to represent the masses of underprivileged Filipinos, was impeached and thrown out of office for dereliction of office and getting rich quickly. During his short stay in the presidency, he was widely believed to have amassed US$60 million from an illegal gambling pay-off. By 2006 President Arroyo, a wealthy member of the oligarchy, stood accused of cheating in the 2004 elections; her husband Jose Miguel was accused of receiving bribes from gambling syndicates and left the country in 2005. Their son Juan Miguel left his parliamentary seat amid allegations of corruption. Later Arroyo became involved in a land scandal involving an old Marcos crony: billionaire Eduardo Cojuangco's land grab in Mindanao's Sumilao to expand his Philippines-based agribusiness empire, which he runs from his luxury farm in Australia (Symons 2007a). A 2007

poll declared Arroyo the most corrupt leader in the country's history (JT 2007), and in 2008 there were massive demonstrations about kickbacks to senior officials and her husband by the Chinese telecommunications giant ZTE Corporation, in a winning bid for a US$330 million contract (AP 2008).

Attempts to seize the assets of corrupt politicians have largely failed. The country's Presidential Commission on Good Government (PCGG), created by former president Aquino to seize the illegal assets of the Marcoses, has failed. Swiss authorities have refused to release records and funds deposited by the Marcos family over the years. The Marcoses are regaining their popular and political support in the country and have recently regained possession of some of their properties. Senator Aquilino Pimentel said that 'after 21 years the PCGG has not produced any significant accomplishment despite its awesome powers to justify its continued existence' (Symons 2007b). The Marcos' overseas assets remain largely untouched because of an expensive legal process undertaken by their lawyers and bankers. The corruption of the political elite in the Philippines and elsewhere in poor countries is an integral aspect of US policy to advance global capitalism and hegemony. Moreover, the United Nations Convention against Corruption (UNCAC) failed in 2008 to move forward in tracing stolen funds and the recovery of stolen assets. Hence it is unlikely that the Marcoses' fortune and other monies stolen from public resources will ever be returned to benefit the Filipino people.

A failed state?

Issues of poverty and increasing inequality are obviously related to a growing population which stood at around 85 million in 2006, and likely to reach 100 million by 2010. But more important is the political incompetence of the elite in the management of the country and their failure to improve the well-being of citizens. The economic situation since the end of the cold war has deteriorated because of the Philippines' integration into the global economy under the auspices of the World Trade Organization (WTO). This has made it increasingly difficult for the country to compete in world trade to pay for the rising cost of its imports. Philippines' capitalist economy cannot compete with imports from countries like China. The emergence of new and powerful economies have weakened the Philippines' production of goods and services and considerably reduced its employment and export potential.

Poverty affects some 50 per cent of Filipinos and is increasing; the Gini coefficient measure of inequality at 0.46 in 2003 was the worst

in Southeast Asia (Bello 2005). Many citizens are seeking employment overseas, such as domestic work in Singapore, Hong Kong and Tokyo and the Middle East. Some 8 million citizens or about 10 per cent of the population work overseas. According to sociologist Walden Bello, 'one of every four Filipinos wants to emigrate. It is estimated that at least 30 per cent of Filipino households now subsist on remittance sent by 8 million expatriates' (Bello 2005:3). Remittances are estimated to be in excess of US$8 billion a year. The country has been losing many of its skilled and needed professionals. Medical staff have been leaving the country in large numbers to work in rich countries while the country's citizens lack access to primary care. According to the National Institute of Health, more than 90,000 nurses have left the country in the last 10 years; 'the Philippines supplies an estimated 25 per cent of all overseas nurses worldwide' (Holmes 2007). The brain drain from the Philippines to rich countries has caused a health crisis in the Philippines where 'about 10 per cent of the country's 2500 hospitals have shut down in the past three years, mainly because of the loss of doctors and nurses to job overseas' (ibid.).

Since 1899 the Philippines's elite has depended on US support to rule the country. During the cold war Marcos was a close and useful ally in the United States' cold war against communism. The US Clark Air Force base was extensively used to bomb Indochina, and the Philippines sent troops to wage war in Vietnam. When Marcos' situation became too compromised by excessive looting and rigging of the electoral process, the United States quickly moved him out of the country with trunks full of cash to the safety of his Hawaiian estate. Since his downfall, the Philippines oligarchy has been collaborating with the United States to further a policy of neoliberalism in opening up the economy to foreign trade, investment and finances, and to implement various programmes of structural adjustment to transfer government economic sovereignty to domestic and global market forces.

With the fall of Marcos the country's oligarchy made foreign debt repayment a national budget priority and blocked redistributive policies. Subsequent governments have been subservient to the guidelines and directives of the aid and loan-giving IMF, the WB and the Asian Development Bank (ADB). Bello suggests that the Philippines' integration in the WTO has been an unmitigated disaster (Bello 2003). He writes that 'the main by-products of membership has been the erosion of national sovereignty, as the US government took a direct hand in overhauling the Philippine legal system to make it WTO-consistent'. The promised benefits never materialized and that 'the liberalization

of agricultural trade combined with a very weak financial and technical support from government has proven to be a deadly formula for Philippines agriculture' (Ibid). New dependency on the 'free trade' global economy constructed by the West can only further diminish the Philippines' capacity to improve the living standards of its people.

Arroyo has become a key ally in the US 'war on terror'. The country enacted an anti-terrorism law in 2007, the Human Security Act (HAS), giving authorities the right to detain suspects without charge for three days, and spy on and seize assets of suspects. The Act defines terrorism in sufficiently broad terms to include a wide variety of acts and behaviour to target government opponents and effectively silence dissent. One of the leading human rights organizations *Bagong Alyansang Makabayan* (Bayan) suggests that the law is 'a new dark age for human rights and civil liberties and a recipe for undeclared martial law' (Gonzales 2007). The Catholic Church claims that the government would use the legislation against political opponents, harass political rivals and further quell dissent throughout the country. Arroyo's government has asked the United States to become directly involved in operations against dissidents in various parts of the country, particularly in the south.

Nemenzo believes that the state is withering away. He says that Aquino inherited 'an impotent state, a government than cannot govern. Functions normally ascribed to the state have been taken over by private individuals and organizations' (Nemenzo 1989:1). The process of state disintegration accelerated with Manila's post-Marcos policy to decentralize power towards local autonomy to boost economic growth as part of a new neoliberal agenda dictated by the WB and other institutions of global governance in the wake of the disintegration of the USSR. The role of the state has to some extent been taken over by NGOs which in recent years have mushroomed. They have formed an important grass roots movement working to improve the lot of the poor majority. Privatization of the state unfortunately extends to private armies, vigilante groups, religious cults and a new feudalism which is remapping the nation. What are holding the nation state together and legitimizing elite rule are the forces of repression and the government's use of the military and police.

President Arroyo has been accused of giving the green light for extrajudicial killings of dissidents carried out by military elements in recent years. Government opponents claim that the military has carried out abductions and harassment and has killed hundreds of political activists, human rights workers, journalists, trade union officials, lawyers and judges since she came to power in 2001. People killed were members of organizations which the military had targeted as 'enemies of the

state' and members of the Communist Party of the Philippines New People's Army. Professor Philip Alston, UN special rapporteur, wrote that 'the increase in extrajudicial executions in recent years is attributable, at least in part, to a shift in the military counterinsurgency strategy' (Reuters 2007). New York-based Human Rights Watch claims that the government is waging a silent war against civil rights organizations labelled by the authorities as 'communist fronts' (HRW 2007a). Jose Melo, a retired Supreme Court judge and the head of President Arroyo's appointed enquiry into extrajudicial killings, said that 'elements of the military were behind the fatal shootings of hundreds of left-wing activists since 2001 and their commanding officers should be held responsible' (Crimmins 2007; Melo 2006). The Center for Trade Union and Human Rights (CTUHR) suggests that the government strategy is to dismantle the trade union movement, and to use anti-terrorism legislation as an excuse to harass, torture and murder union leaders and other political activists (CTUHR 2007; Revelli 2008).

Resistance

Popular resistance to the corruption of democracy was a prime mover in the downfall of the Marcos dictatorship. The movement led by rock stars, opposition leaders, mass media and military personalities and church leaders, with their followers from the middle and poorer classes of Manila took to the street in February 1986 in support of a military rebellion and ousted Marcos from office. Street power was again successful in getting Joseph Estrada out of the presidency in January 2001. But, by 2005, according to Walden Bello, the street movement had come to an end, because people had become disillusioned with the political system and realized that nothing would change. One factor is the decline in the Catholic Church's militancy, because the liberal theology of the Jesuits has been largely neutralized by the action of a neo-conservative Vatican. Nevertheless, there is a large number of civil rights organizations fighting for the advancement and protection of human rights in the Philippines and willing to expose the abuses of government in the mass media which retains a freedom and courage outstanding against the heavily censored media of the rest of Southeast Asia.

The Communist Party of the Philippines has been active in fighting colonialism and oppression in the country. Its military wing, the New People Army (NPA), is in the same lineage as the Huks rebellion (1941–6). The NPA stands as Southeast Asia's last communist insurgency active in several regions and finds support among the peasantry of the poorest districts (barangays), including Mindoro and Mindanao

islands. The party has been in the throes of an internal crisis because of treachery and schism within the elite. The United States has declared the Communist Party of the Philippines to be a terrorist organization, which has made the status of its exiled leader, Jose Maria Sison and colleagues in Holland, insecure. A greater threat to the integrity of the nation state is the secessionist movement in the south. People of the southern Philippines, which include the Island of Mindanao, the Sulu Archipelago and Palawan islands, resisted the colonial invasion of the Spaniards and the Americans and, later, the Manila-based government policy to open up the south to foreign agribusiness and shift large number of Christian migrants from the north to settle on indigenous land.

Around 35 per cent of the south's population of more than 25 million are Muslims. The term 'Moros' is a generic term to designate a dozen Muslim ethnic groups which live on Mindanao, Palawan and the Sulu islands. Since colonial times, there has been a land grab from local indigenous tribes and Muslim groups and, more recently, from poor farmers by rich land-owning families. People in the south have lower living standards that in the north and stand out among the poorest in the country with the highest rate of illiteracy, low longevity and high infant mortality. The basis for the crisis in the south and the existence of anti-government movement is the dispossession of indigenous land and culture and the failure to promote the well-being of the population (Rahim 2003:214). The government estimated the number of deaths in the fighting since the 1970s at 120,000 (Kane 2000). A number of anti-government groups have been actively fighting for better living standards, control over resources and independence. The major groups are the NPA, the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF), which is the largest group fighting the government. Secessionist sentiments are based on a history of dispossession and demands for the control of land, culture and economic policy. An agreement was reached under president Ramos to set up the Autonomous Region in Muslim Mindanao (ARMM) but without ending the conflict. The MILF, under the leadership of Chairman Hashim Salamat, has stated that 'only the full independence of the Bangsamoro people with an Islamic state will solve the problems of Mindanao' (Tiglao 1996). There were reports towards the end of 2007 that an agreement had been reached on the demarcation of the Muslim homeland boundaries (AJ 2007b).

US forces are directly involved in the conflict with more than 1000 troops on the ground, including US Special Forces, on Jolo, Basilan and

other islands working with USAid teams. The United States was forced to leave its permanent bases in 1991 but has regained rights to station troops and to conduct exercises under the Visiting Forces Agreement of 1998. As part of the Philippines government's cooperation with the United States' 'war on terror', the United States began sending large military contingent of soldiers and Special Forces in 2002 to support the Philippines's campaign to suppress and eliminate armed opposition. Christians on Basilan Island have supported the arrival of US troops and the arrest of Muslim leaders. For many Muslims, the US presence is widely interpreted as another example of a Christian crusade against Islam.

Prospects

There is the danger for the current situation in the Philippines to intensify centrifugal forces and lead to 'a series of mini-states with diverse and divergent social systems' (Nemenzo 1989:21). Equally possible is a military takeover in alliance with the oligarchy. McCoy once claimed that, if the military were to take power, 'they will conduct a reign of terror to slaughter any opposition, particularly the left. And in short, I think we will see then a restoration of the right wing of the old Marcos coalition' (McCoy 1990:12). Bello writes that 'only an aggressive program of social and economic reform will break the cycle of injustice and terrorism' (Bello 2002a). But this requires a strong state to undertake the necessary change. The return of the state as a major player in the democratization process is a possibility in a power scenario, bringing together a progressive social and military reformist movement not unlike the 1974 bloodless, leftist, military-led carnation revolution, which ended the authoritarian dictatorship of Portugal's one-time economist Antonio Salazar.

Singapore

Singapore Island, owned by the Sultan of Johore, was occupied by Stamford Raffles on behalf of the British East Asia Company in 1819, to set up an emporium. Subsequently, the island was ceded by the Sultan of Johore in exchange for a yearly grant. Under the British, the island prospered and attracted large number of migrants from China, India and elsewhere in the world (Paul 1972). After WWI the British built up the island as an important military base and emplaced large guns directed at the sea in anticipation of a seaward invasion by Japan. Japan soon occupied the island, bringing its forces down the Malay Peninsula.

By the end of WWII, England was bankrupt and could no longer contain rising demand for freedom and democracy on the part of its colonies. During the period of decolonization, the British manoeuvred the politics of the People's Action Party (PAP) into the trusted hands of lawyer Lee Kuan Yew and, with the help of British intelligence, went on to destroy the opposition and create a one-party state. This was all part of the cold war and British policy to keep Britain's business and political interests in the region, to fight communism, and to sponsor the emergence of Singapore as an independent republic in 1965.

The capture of civil society

The PAP's role in Singapore is not unlike that of the communist party in the former USSR. The organization of the PAP follows communist party line, with a central committee power core of key leaders. Since 1959 the leadership has been in the hands of the Lee family. Party membership is restricted to those who pass the test of obedience, discipline and ideological and biological correctness. A secret party cadre structure occupies key positions in the administration, business and academia and the military and security services. Party parliamentarians are often posted or employed in other positions in business or academia. The party runs the government and controls all key institutions necessary to renew its mandate. Most of its activities are secret and no accounts are given on key aspects of its revenues, expenditures and investments.

Lee Kuan Yew has been in power since the 1950s and is the republic's longest-serving prime minister. At the age of 83 in 2007, he was Minister Mentor while his eldest son Lee Hsian Loong, a former general, was prime minister. Lee Hsien Loong was also finance minister and controlled Singapore's equivalent of the central bank, the Monetary Authority of Singapore (MAS) and headed the Government Investment Corporation (GIC). His younger brother Lee Hsien Yang controlled the country's biggest listed company, the state's telephone monopoly, Singapore Telecommunications (SingTel), as well as a major government foreign investment corporation, the Government Investment Corporation (GIC). Lee Hsien Yang's wife Ho Ching headed Singapore's biggest unlisted conglomerate, Singapore Technologies as well as the government's foreign investment corporation, Temasek Holdings, which controls SingTel, Singapore Airlines, the Development Bank of Singapore (DBS) and many other major enterprises.

The PAP has constructed a modern, well-disciplined and trained society, formatted to the demands of capitalism. To build the new, the old civil society had to be destroyed and reshaped into a social order more

conducive to subservience. The old social order was a culture-based urban configuration comprised of a myriad of socio-politico-economic organizations which rooted people with a sense of community and belonging. The state destroyed it all and reconfigured a new civil society incorporated as a functioning part of the state surveillance machine. In PAP parlance, people had to be trained to stop doing bad things, and misbehaving like spitting and littering. Civil society has become a façade, a giant glittering myth which hides a sophisticated postmodern power megamachine.

From its earlier days in power, the PAP targeted the labour movement and deregistered all trade unions, and reorganized labour and industrial relations under new legislation and judicial bodies (Paul 1972). New unions were formed under the supervisory umbrella organization of the National Trade Union Congress (NTUC), with government-appointed directors, including PAP parliamentarians. Over the years the PAP gained firm control over education, the mass media, culture and any sector which could potentially disrupt or challenge its hegemony over the affairs of the city-island-state. The state makes sure that NGOs do not step over the line in their activities. For example, the role of the women's rights organization, the Association of Women for Action and Research (AWARE) is limited by political pressure to stay within the 'non-political' boundaries set by the government. The association cannot engage the public in issues considered 'sensitive' or 'taboo' such as 'those related to religion, sexuality, or structural inequality' (Lyons 2000:68).

The state's panopticon surveillance and punitive institution incorporates a firm hand on university life. Foreign academics who are regularly employed on short-term well-paid contract must be careful in what they say and write, as highlighted by the case of US academic Christopher Lingle who dared attack the government in an article in which he wrote that 'the rhetoric of family values in Asia is built on sand'. For his effort Lingle was arrested in 1994, interrogated and charged for contempt of court and criminal defamation (Lingle 1996). The mass media is also well harnessed and is either under the direct control of the government or, in the case of foreign publications – *Asian Wall Street Journal*, *Far Eastern Economic Review*, *Time* and *The Economist* – is so subdued by libel suits, restrictions on sale or distribution of foreign publications engaged in domestic politics and by other threats, as to do the government's bidding in their coverage of the news.

Under the Official Secrets Act (OSA), the government can prosecute journalists, government officials or anyone from disclosing information

which the government does not want you to have. To prevent infecting civil society, government legislation bans the import, production, distribution or the exhibit of political films or videos and gives the authority the power to conduct searches and seizures without a warrant. Activists from overseas are often barred entry to the republic. A recent example was the ban on civil society organizations invited to attend the annual Meeting of the WB and the IMF held in Singapore in 2006, even though the groups had been given official accreditation.

Singapore is a wired-up island-state and the majority of households have a computer and access to fast broadband services. The national broadband service delivers free a range of information services such as movies, online schools, news and government services, but a large number of Internet sites are blocked by the government. The new communication technology is turning into a giant surveillance system to find out what people do and to catch those who 'conspire' against the government. Singapore's then-education minister Teo Chee Hean said that the government needed to control information in the electronic age because 'just as cars can knock down people, ideas can also be dangerous, ideas can kill' (Norton 1998). The government has an entrapment scheme with prohibited sites showing anti-government and 'terrorist', 'join us' information but monitored to trap users and establish lists of potential suspects.

Singapore has the capacity to identify all net users. Singapore's government surveillance system controls the servers, through which they access individual computers. SingNet is Singapore's largest Internet service provider and an arm of the largely state-owned telecommunications giant SingTel and works closely with surveillance agencies. A recent case made the news when 'IT security unit of the Ministry's of Home Affairs quietly wandered into the files of 200,000 private computers in what was later explained as an effort to trace a damaging virus' (Williams 2000). Earlier 'in 1994 an overzealous technocrat had instructed a local Internet provider to scan 80,000 email accounts of university researchers, an unlikely group to be specifically targeted in a remote hunt for pornographic material' (ibid.). Government bans the use of podcasts, Internet, audio or video messages for election campaigns, and bloggers must register with the Government Media Development Authority and are banned from communicating any material the government deems to be political advertising.

Dissenters and those who challenge the system can expect harsh treatment in the hands of the authorities. In earlier years, mass arrests and detention of political opponents was a common occurrence. Some

political prisoners were kept in prison for many years; others were encouraged to leave the country. There were many reports of torture, involving techniques to break down individuals' will. Torture has also been used in Singapore's role as a rendering interrogation centre in the US 'war on terror' (Hersh 2004). Arrest and jail terms under the country's vast array of punitive legislation have been less frequent of late, but some cases stand out, such as that of Chee Son Juan, secretary general of the Singapore Democratic Party (SDP), who was jailed for five weeks for speaking in public during the 2006 elections and faced criminal charges for trying to leave the country to attend an international conference on democracy.

Political opponents can expect harassment by authorities, such as the tax department, and will have difficulty finding employment and access to tertiary education and housing. The latest and most effective weapon is the libel or defamation suit and taking opponents through a compliant judiciary on the path to bankruptcy. Veteran opposition voice, J. B. Jeyaretnam, once leader of the Singapore Workers Party (SWP) was bankrupted and lost more than A\$2 million in a series of political defamation cases brought against him by the PAP's leadership. In the process he lost his parliamentary seat in 2001 and was barred from politics and disbarred from the legal profession, and finally reduced to penury (Lydgate 2003). The latest victims are SWP leaders, Chee Son Juan and Tang Liang Hong. Chee Son Juan was declared bankrupt in 2006 after failing to pay S\$500,000 for defaming former prime ministers, Lee Kuan Yew and Goh Chok Tong.

Hegemony

Hegemony in Singapore is based on elitism and the belief in the leading role and responsibility of a meritocracy to rule, based on a home-grown formulation of Asian values and Confucianism. Power is essentially hierarchical and patriarchal. The role of women is to breed, if well educated, and be obedient to men. Citizens owe fealty to the male leader of the state. The Chinese stand on top of a hierarchy as a superior race above Malay and Indian ethnicity. This system is always contrasted to the weakness and decay of Western democracy but is paranoid about weakness and enemies endangering the life of the republic and plotting its downfall. Thus the state needs to have a strong military to deter aggression. A great deal of wealth has built up a formidable arsenal of modern weapons, including a range of missiles, more than 100 fighter bombers, hundreds of tanks, a mini-navy equipped with the latest weaponry and several Swedish attack submarines. The city state spends

more than 6 per cent of its gross domestic product on defence and its military budget for 2006 was around US$6.5 billion.

Singaporeans are on the whole obedient and compliant citizens because of the government's success in improving the living standards for the majority of its citizens. Large-scale public housing, employment and educational opportunities have raised their income to levels found in many Western countries, and its Central Provident Fund provides a generous retirement income. Political conflict has been largely transferred to the private realm and, under the meritocratic system, people compete for employment and to build status and to accumulate wealth. Competition in the market place keeps people busy. There is nevertheless a significant element of fear in Singaporeans' discipline, about losing and of being denied access to services and opportunities by the state, and of being punished for not being good and productive members of society.

Government policy has induced a state-of-siege mentality. Singapore, according to the PAP, has many enemies who want to destroy it. Friedrich Wu, head of the government-owned DBS said that Singapore was 'a nice piece of real estate in a lousy neighbourhood' (Richardson 2001). The race card is a dominant theme in a propaganda discourse where Chinese Singapore faces the enmity of the Malays who resent their presence and existence. There is an image of a small Chinese community struggling in a sea of Malays envious of their success. Singapore defence minister Teo Chee Hean says that the country needs to be strong to survive and needs a powerful deterrent to keep the aggressor at bay, and that if 'the SAF [Singapore Air Force] is called into battle it cannot afford to fail in its mission. We will not have a second chance' (AFP 2006b). The minister went on to say that the Armed forces need to be strong to prevent Singapore becoming 'nothing more than a state subservient to some bigger country or – worse – cease to exist as a nation' (ibid.). The culture of fear has become more pressing since 9/11with government-exposed plots by Muslim terrorists to attack Singapore.

The sustainability of the one-party city state requires an expanding economy, particularly in view of a widening gap between the rich and poor. Low tax rate and no tax on capital gains or interest has advantaged the few to capitalize on their position in the hierarchy. But many Singaporeans are struggling in their public housing flats with the rising cost of living, and, in recent years, 20 per cent of Singaporean households have experienced a decline in income. A rising source of income is from Singapore's overseas investment of substantial national reserves, managed by the Singapore Investment Government Corporation (SIGC).

SIGC manages Singapore's foreign reserves – worth more than US$150 billion. Major government corporations, such as Temasek Holdings and the Government Investment Corporation (GIC), also have substantial assets overseas. Globalization has led to increasing demand for office space and apartments and to the growth of the property and construction industries, based on the expansion of the island's land mass which has gained more than 100 km² since independence when it was 580 km². Recent expansion has involved one of the world's biggest dredging operation to mine sand from surrounding shallow waters within Indonesia's archipelago, particularly in nearby Riau province, causing serious damage to coastal settlement and fishing grounds.

Singapore is becoming a major hub for financial services. In 2007 there were '380 banks, insurance companies and asset managers operating in Singapore' (Adam 2007). This aspect of the economy is being complemented with gambling ventures to rival the like of Las Vegas and Macau. Singapore lifted its ban on casinos and built the world's most expensive casino complex to take advantage of China's rising number of wealthy gamblers. With banking secrecy law more secure than Switzerland's, the private banking and tax haven for the rich also attracts money laundering operations. Singapore's private banking sector is said to have more than US$300 billion under management (Grigg 2008:56). Singapore has always catered for regional money looking for a safe haven particularly from Indonesian and Malaysian Chinese. Income flows from corruption have increased with China's and India's economic boom. Chief economist of Singapore's Morgan Stanley Andy Xie made the point in 2006 that Singapore depended on illicit money from Indonesia and China. Singapore's success, he claimed, 'came mostly from being the money laundering centre for corrupt Indonesian businessmen and government officials' and he added that 'Indonesia has no money. So Singapore isn't doing well' (Ismail 2006). More recently, Myanmar has become a major source of business, which highlights Singapore's close ties with Myanmar's military regime and with some notorious drug dealers such as heroin trafficker Lo Hsing Han who controls Myanmar's largest conglomerate, the Asia World Company.

Political corruption is rife in Singapore because the instruments of state power are used to suppress dissent, maintain a despotic system and provide a range of rewards for a power elite and their clients. Political corruption is the use of public revenues and resources to gain and maintain power. The PAP uses government institutions and funds to operate and expand party hegemony and to win elections. Silencing dissent is an expensive exercise requiring a vast surveillance system and extensive

patronage system with the judiciary, the police, universities and the business community. A power monopoly leads to the accumulation side of corruption, when those who control the system reward themselves with a large share of the country's wealth and distribute wealth and favour to their symbiotic clients and technocrats who run the city state. State corruption has become further ingrained because the small size of the country and its urban character has facilitated the expansion of the power elite through marriage and procreation. Sons and daughters of the elite now play an important role in the power and business structure of the island-state. The situation is largely hidden, because secrecy laws protect disclosures of assets and make the one-party state stronger, with a growing number of important people with more to lose from a change in political regime.

An authoritarian city state

The PAP ideology is driven by a vision of a well ordered, obedient and disciplined society, organized in a hierarchy headed by a self-appointed patriarchal elite, claiming unique rights to rule on behalf of the people. Below the power elite are the cadres and technocrats whose job is to run the state and the economy's megamachine. Society is ordered according to race, with the Chinese on top and the Malays at the bottom. Women's role is to serve as obedient wives, and procreate if well educated and with a high IQ. The purpose of the city state is to become strong and compete to survive in a world full of enemies.

Singapore's constructed history and culture taught to citizens as part of the country's nation-building efforts contains a number of narratives such as the island's victimization by the Japanese, the Malays who rejected the Chinese as members of the Federation of Malaysia,and Lee Kuan Yew's bold leadership who turned a malarial swamp into a modern global financial centre. Closer to the truth is the story of an island taken from the Malays and transformed as a British colonial outpost, with the most desirable global location and advanced urban and military infrastructure in Southeast Asia. This most desirable global island location was subsequently 'privatized' by a small population of migrants, as an outcome of WWII. Another myth is that the panoptic state was inevitably part of the country's destiny. An authoritarian Singapore 'lies in our genesis' said Lee; 'to survive we had to do these things'. We inherited a bad situation … people who spit and litter all over the place (Arnold 2007).

There is a great amount of paranoia driving the politics of Singapore and the necessity to control and closely watch people because they

cannot be trusted. An aspect of the hegemony of power is the support for eugenics and the pursuit of biopolitics to improve the human stock through supporting marriage within the educated class and restricting procreation by various means, including sterilization among poor Singaporeans with low IQs. Singapore's racial configuration is closely regulated and the Chinese share of the population must not fall below 75 per cent. In townships, housing estates have to maintain a balance of 75 per cent Chinese, 15 per cent Malay and 10 per cent Indian.

Paranoia prevails, with discourses of decay and society's disintegration, marked by the break-up of the family and addiction to drugs and crime. This is one reason why Singapore is one of the world's leaders in gene technology and is not burdened by ethics and restrictive legislation in funding the expansion of stem-cell research. Singapore's type of fascism has a strong religious undercurrent, but it has a secular flavour and is wholly constructed and inculcated in the socialization process, which Lee describes as the 'Confucianist view or order between subject and ruler ... in other words you fit yourself in society – the exact opposite of the American rights of the individual. I believe that what a country needs to develop is discipline more than democracy. Democracy leads to undisciplined and disorderly conditions' (Christie & Roy 2001:1).

Prospects for democratization

Will Singapore succeed in gaining the civil and political rights that exist in Australia or Norway? Or is the middle class contented with the way things are? Singapore is often used as a model of development and an example to the West of the merits of authoritarianism. Ian Buruma makes the point that 'with its glittering high-rise skyline, spotless streets, multinational high-tech industrial parks, rocketing GDP, and obedient population, Singapore looks like the living proof that authoritarianism works, the dream of every strongman in Asia and beyond' (Buruma 1995:66).

Authoritarianism always leads to resistance and movement for change. Nevertheless, resistance is difficult, given the overwhelming power of the state over a small urban island. Moreover, there is a certain amount of national arrogance among Singaporeans, based on their success and the failure of many countries around them. National ego inflation and xenophobia may be sufficiently strong to limit resistance and maintain a despotic state. The state has been able to manipulate the element of fear to advantage, particularly in recent years with the threat of terrorism and the coverage given to terrorist plots against Singapore.

Terrorism is a new means of repression to maintain a one-party state in power for the foreseeable future. The government has told its citizens that the 'war against terror' will take decades to win. Citizens who are sufficiently dissatisfied with the regime are encouraged to leave.

It is possible that the situation could change dramatically. The death of the elder Lee could encourage more dissent and demands for change, and encourage the younger Lee to decide to reform the PAP and the country's political system. This is what happened in Taiwan with the decision of the ruling party to open the political contest to other parties. Some accounts claim that the transformation of the Kuomintang, or KMT, was solely due to generalissimo Chiang Kai-shek's son, Chiang Ching-kuo who ruled the country for 40 years (Monk 2002; Taylor 2000). But Chiang Ching-kuo's conversion took place only when he was in old age and bad health and facing death. Veteran journalist Bertil Lintner writes that 'once the floodgates were open, nothing could stop the democratic development of the island, once ruled by an authoritarian regime that colluded with organized criminals' (Lintner 2002:19). Another issue has to do with the impact of climatic change. Lee himself is keenly aware of the issue and has recently asked, what 'if the water goes up by three, four, five metres, what will happen to us? Half of Singapore will disappear'. Lee wants Singapore to prepare itself for such an eventuality and seal off the island with 'dykes against the rising tides of global warming' (Arnold 2007).

Thailand

Thailand is the only country in Southeast Asia that was not colonized by Anglo-European powers. This was due partly to the King of Siam's negotiating skills and compliance with the commercial and political demands of colonial powers, as well as to the British and French strategic alliance to maintain the country as a buffer zone between their competing imperial ambitions. To maintain its independence, Siam had to cede Siem Reap, Battambang and Sisophon provinces to the French in 1907 and transfer the Malay states of Kedah, Perlis, Kelantan and Trengganu to the British in 1909. The judicious policy of the royal household kept the country from Japanese rule during WWII. Japan was given freedom of passage for its troops to Burma and elsewhere in the region and in exchange for friendly collaboration, Thailand was rewarded with the transfer of some territory which it claimed from British Burma and Malaya, and French Cambodia. After WWII the communist insurgency prompted Thailand to support the growth of a

powerful military establishment and the emplacement of a military dictatorship with the help of US money and aid. In exchange the United States built a number of military bases in Thailand as part of its war against communism in Indochina. In recent years, there has been some notable progress in the democratization of the country and, perhaps because it was never colonized, it is possible to detect a positive trend towards the protection of human and political rights. Nevertheless, the military, as in Turkey and Pakistan, constitute a continuing challenge to the political stability of Thailand.

Pathway to democracy

Democratization in Thailand as elsewhere in Southeast Asia is a form of war waged by citizens' demands for power and political equality. It has been fought on many fronts by communist uprisings on behalf of poor peasants of the north and northeast as well as by minority groups in the south. A major terrain of political engagement is the primate city of Bangkok where some major battles have been fought in recent years, such as the 1973 great student rebellion which overthrew the military dictatorship of field marshal Thanom Kittikachorn, and the 1976 bloodbath when the military seized power. One of the most important confrontations was the 1992 Black May popular uprising which overthrew another military regime and introduced major political reforms and the 1997 Constitution which strengthened civil society and press freedom.

The struggle for democracy has been a slow and difficult process, marked by violence and repression, and regression to military rule. Nevertheless, the movement for a more open, fair and just society has gained strength over the years. Thailand's forces for social justice and democracy consist of many NGOs, including labour unions, student, farmers' and rural organizations, environmental and professional groups, as well as some political formations. Together they have fought for and advanced democracy in Thailand over the years. Thailand's movement for democracy has been fighting an alliance between the military and the monarchy to maintain political control over the country. During King Bhumibol Adulyadej's reign to 2006 there were 11 successful putsches. The 1957 and 1977 coups were against royal power; all the others have been about 'ensuring the solidarity and strength of the royal-military alliance in the face of potential challenges, be they pro-democracy students, communist insurgency, or a headstrong elected prime minister' (Handley 2006b).

Towards the end of the 1980s the region was becoming more peaceful and Thailand was emerging as one of East Asia's tiger economies.

Economic and political development, however, was hampered by the frailty of Thailand's emerging parliamentary system which was controlled by special interests, while the Senate was appointed directly by the prime minister. There was no bill of rights to protect civil liberties or a court system to minimize corruption. The weakness of democratic institutions was one of the main reasons for the inability of the system to resolve peacefully major conflicts which confronted the country and which, time after time, led to political instability and the intervention of the military. Thus the introduction of a new constitution in late 1997 marked an important change in the governance of Thailand. The new constitution made the government more accountable and brought firm rules to tackle money politics. Special courts and a judiciary were put in place to oversee elections and the operation of parliament. Lastly, a new and directly elected 200-member senate was introduced (Vatikiotis 1997). The constitution of 1997 gave Thailand a new and promising political charter to undertake fundamental reforms and advance the democratic process. Reforms such as mandatory voting and the election of both houses led to the first directly elected Senate in the political history of Thailand. Previously, members had been appointed for their connections and money contributions, as a political reward for services to those in power, like retired generals, but also to put family members of the elite into safe and influential seats. In the new senate, senators were supposed to have no political affiliation to protect them from political influence and to give them more independence to support anti-corruption reforms and government transparency measures.

A number of institutions were put in place to implement the new political charter and stop corrupt practices, and promote cleaner politics. Among these were the Election Commission (EC), the National Counter Corruption Commission (NCCC), a new Ombudsman, the Official Information Act and the Human Rights Commission. Politicians had to declare all their assets. The head of the NCCC Apichit Jinakul said that 'Once they take office they must be prepared to bare all, their total net worth' (Cheesman 2000). In the new 200-seats Senate election of 2000 the EC failed to endorse the victory of 78 candidates and disqualified them for falsifying their declared wealth and vote-buying and other malpractices and ordered new polls. Anti-corruption measures made some inroads in the culture of political corruption and some ministers were indicted during the Chuan Leektai government. In 2000 the NCCC indicted the deputy prime minster and home minister Sanan Kachornprasart, a major general known as 'Mr Teflon', for lying to

minimize his real assets. Another casualty of the anti-corruption process was the indictment of the minister for transport Suthep Thaugsuban for collusive tendering (Alford 2000). This was the first time that politicians were brought in front of the court system to answer corruption charges against them.

Under the new jurisdiction, Thailand prosecutors issued warrants for the arrest of a number of crooked bankers and financiers who defrauded the country of fortunes as part of the 1997 Asian financial crisis. The crisis uncovered major financial scandals. Some had to do with the siphoning of funds for private use during the free-for-all business culture promoted by Thailand's neoliberal economic policy under pressure from the United States. When the crunch came many businesses went bankrupt. In some instances, particularly in the case of banks, they received funds from the central bank via the IMF to refloat the banking and financial sector. The cost of the bailout was in the order of US$115 billion. Some of that money was siphoned off by corrupt business identities and officials. A headline case was that of Pin Chakkaphak, the Thai takeover of the king's company Finance One, once Thailand's largest finance company. He fled the country in 1997, leaving behind huge debts, and was finally arrested living in a US$5 million apartment in London's Belgravia district. His expensive legal team in the UK is making a bid to save him from extradition to Thailand. Another key figure in the 1997 Asian financial crisis is India-born Rakesh Saxena who was involved in the US$4 billion 1996 collapse of the Bangkok Bank of Commerce. He has been living in Vancouver, protected by the Canadian government (Cheesman 1999). He is accused of siphoning off about £300 million, starting in 1991, in shading derivative and other speculative trades.

The failure of democracy

An aspiring and ambitious politician in the wake of the political reforms following the 1997 Asian financial crisis was former policeman Thaksin Shinawatra, who by 2000, was Thailand's richest tycoon, with a telecommunication empire valued at more than US$2 billion. As the leader of the Thai Rak Thai (TRT) Party (Thais love Thais Party), Thaksin financed his rise in politics to become prime minister in 2001. He was accused of bribing a number of MPs from the opposition party, the ruling Democrats, to join his party which was a major factor in his 2001 electoral win. Buying votes is an ingrained part of the system and in the 2001 legislative elections some US$460 million was used to buy votes (TI 2004). The TRT party received majority support from the country's 65 per cent rural poor,

particularly in the north and northeast of the country, with promises of major improvement in their living standards. Thaksin was popular enough to stay on as prime minister until the coup of 2006.

He swept to victory in 2004, based on his popularity with poorer and rural sections of the Thai electorate, because of his policy of free or low-cost health care for needy Thais, and cheap loans to farmers and small business in rural areas. He increased his support in the 2005 elections, winning 80 per cent of seats. His success highlighted growing inequality between Bangkok's 5 million or more people and the rest of the country – what Walden Bello calls 'the subordination of most of Thailand to Bangkok since most industry, about 90 per cent, was concentrated in the city' (Bello, Cunningham & Poh 1998:246). Thaksin was able to mine to advantage the country's rising inequality, a situation highlighted in a United Nations Development Programme (UNDP) report which stated that 'throughout the 1990s the share of income going to the poorest 20 per cent of the population stayed below 5 per cent' (UNDP 2000).

Problems began to emerge for Thaksin's government with the issue of corruption regarding his own accumulation of wealth. Early on in his career as prime minister, he proceeded to pass legislation and make decisions that would benefit his business and family holdings. The biggest beneficiary of putting a limit on foreign investment in the local telecommunication sector from 49 per cent to 25 per cent was his family telecommunication company, the Shin Corporation. Another boost in the income of his family empire was the decision to cancel the Shin Corporation's obligation to pay royalty to the government (Baker 2002). Thailand signed an FTA with Australia in 2003 which contained some significant benefits for Thaksin's telecommunication company in its access to the Australian telecommunication market. This came soon after the Singapore government's SingTel purchased Australia's second largest telecommunication company, Optus. It has been suggested that the Thai–Australia FTA (TAFTA) was largely driven by the Australian dairy industry's plan to access the Thai market in exchange for a deal with Thailand's Thaksin Shinawatra telecommunication company to invest in Australia's communication sector. This would involve the construction of satellite and relay stations in Australia to service Singapore's satellite launched from French Guyana (Paul 2006). In January 2007, Thaksin sold Thai mobile phone, media and satellite group Shin Corporation to Singapore government's investment company Temasek Holdings for US$3.8 billion, realizing a profit of US$1.9billion without paying a cent in tax because the assets were in the Caribbean US Virgin Islands' tax-haven (Boucaud & Boucaud 2006a).

Thaksin's attack on governance and transparency unfolded in the early years with restrictions on the powers of anti-corruption bodies. He limited freedom of the press while at the same time advising listeners to his radio programme that 'if you find anyone who is unusually rich, please inform the Government'. When he was accused of concealing his assets, and 'putting them in the name of his servants' and placing relatives and friends in important positions, he began to attack the press and to use his television station to threaten media editors who were critical of him (Baker 2002). With a majority in both houses the ruling party was able to block attempts to censure him and have him impeached. Driven by a large ego and rising popularity, Thaskin became more dismissive of parliamentary opposition. He was moving towards some form of despotism, driven by his belief that he could make Thailand prosperous. The model was Singapore's efficiency and success under Lee Kuan Yew's one-party state (Phongpaichit & Baker 2004). Thaksin saw the monarchy as an obstacle to embedding Thai society in a market economy and developing Thailand as a major capitalist regional core. He had ideas of transforming Thailand into some sort of corporate state that his party would run as a business on behalf of Thai shareholders.

Thaskin's bleaker legacy was his government's abuse of human rights, beginning in early 2003 when he declared war on drug dealers and gave the green light for extrajudicial killings. Between January and April 2003, state agencies and contractors assassinated more than 2500 alleged drug dealers and received payments and bonuses based on results. Moreover, in reaction to the deteriorating situation in the southern provinces, the government carried out arrests and targeted killings and kidnappings of known activists, such as high-profile human rights lawyer Somchai Neelapaichit who represented alleged Jemaah Islamiah members and disappeared in March 2004. Furthermore, the government dissolved organizations put in place to negotiate peaceful terms and move towards some form of permanent reconciliation with Thailand's Malay Muslims minority.

In 2005, Thaksin ordered the deportation of thousands of Burmese illegal workers and victims of the 2004 Tsunami back to Burma and declared a state of emergency to 'solve' the insurgency in southern Thailand. Christine Chanet, UN Human Rights Committee Chairwoman in Geneva, censored Thailand and asked the government to explain 'its record of detention of suspects without charge, the disappearance of activists; abuse of refugees, ethnic minorities and migrant workers; media censorship; and the state of emergency imposed on the Muslim

south' (Levett 2005). Chanet said that the government's emergency powers by 'granting impunity to officers who might have committed abuses and by allowing suspects to be arrested for up to 30 days without charges' violated Thailand's international treaty protecting basic civil and political rights (Hoge 2005).

Return of the military

Tasksin was disliked by the King, despite his generosity towards the royal family, and could not avoid a confrontation with the military when he began to replace senior military leaders with his own supporters. He relieved a number of generals from their command, including the supreme commander general Surayud Chulanont who was to become the new prime minister in the aftermath of the 2006 coup. The military establishment was also critical over his soft approach to the Myanmar crisis and his business dealings with the military junta. Thailand's military wanted a hardline military response to Myanmar's large export of drugs to Thailand (Boucaud & Boucaud 2006b).

With rising discontent and defection within his party, Thaksin resigned in April 2006 and called for a snap election which was boycotted by the opposition Democratic Party. He won the election but the results were contested in the country's constitutional court which, on the king's instruction, annulled the results. On the night of 19 September 2006, while Thaksin was in New York attending a UN summit, the tanks once again rolled into the streets of Bangkok. At the same time the coup leader General Sonthi Boonyaratglin addressed the nation and declared that the military had to intervene to restore peace and harmony and that 'the way it [Thaksin government] exercised power was corrupt, immoral and widely self-benefiting' (ABC 2007b).

This was a bloodless military coup by a junta calling itself the Council for National Security led by Thailand's first Muslim head of the army who went on to appoint retired general Surayud Chulanont as Prime Minister. This was the same Surayud who was Bangkok's military commander and ordered his troops in 1992 to fire on people, killing many demonstrators (Buruma 2007:44). September 2006 marked the 17th coup during the reign of King Bhumibol Adulyadej's 60-year reign and the first in the past 15 years. Paul Handley who worked as a foreign correspondent in Asia for more than 20 years, claims that this latest putsch was about the succession to the throne and that the King and the military did not want the King's son Crown Prince Maha Vajiralongkorn to succeed. In essence the coup was about the maintenance of the monarchy–military alliance ruling the country, and the controlling role

of the King's Privy Council to make a final decision about the successor to ailing King Bhumibol (Handley 2006a). Thaskin lost the confidence of both the King and the military when he began to put his people in key military positions, which led to a confrontation with General Sonthi, the coup leader.

Obstacles to democratization

The four million Muslim Malays in a Buddhist country of more than 65 million have a proud history and culture of independence. Their demand for sovereignty is long standing and marked by an insurgency that killed more than 2000 people between 2004 and 2006. The southern provinces have been among the poorest in the country and received little development aid from the central government which has treated its people over time as second-class citizens because of their ethnicity and religion. A Brussels-based International Crisis Group (ICG) report blames the insurgency on 'historical grievances stemming from discrimination against the ethnic Malay Muslim population and attempts at forced assimilation by successive ethnic Thai Buddhist governments in Bangkok for almost a century' (ICG 2005). The confrontation has increased in intensity in recent times as a result of Thaksin's final-solution approach to the issue as part of a campaign with the United States to wage 'war on terror'. The insurgency must be seen in the wider context of what many Muslims believe is an attack on Islam on the part of the West.

A major obstacle to a more open and democratic society is the role of the military in society. The Thai military built its power and legitimacy in politics during the cold war as a major ally of the United States in its war against communism in Southeast Asia. During the cold war the United States built three air bases at Udorn, Ubon and U-Tapao to bomb Indochina during the Vietnam War, and 560 km of paved roads and a naval base at Sattahip, while the Thai sent 11,000 ground troops, or 14 per cent of its army, to fight in Vietnam (Hiebert 1995). Their close collaboration was rewarded over the years with substantial funding from the United States for training and weaponry and formed the basis for the expansion of the Thai military business activities and share of the country's income. The military owns many businesses, including television channels and radio stations, and has extensive holdings in Thailand's infrastructure and real estate. The expansion of its corporate role in the country's economy has always been a key aspect of its political strategy and alliance with the monarchy.

This role has grown as it has become a close ally in the US coalition of the willing, following 9/11. The United States categorizes Thailand

as a non-North Atlantic Treaty Organization (NATO) ally which puts Thailand on par with Egypt and Israel. Most of the influential generals are US-trained and come out of the ranks of special forces which receive priority funding from the United States. The United States has been using Thailand air bases in the war against Iraq and the occupation of Afghanistan. Thailand is part of the NATO-line defence system which links Japan and Australia with key members of ASEAN as part of a coalition to contain China and deal with other regional problems, and is used as a forwarding base to position US military hardware and weaponry to which the United States has direct access. This implies that the United States may come in and out of Thailand as it pleases and continue to maintain bases on Thai soil.

The 'war on terror' provides a new platform for the military to retain firm control over demands for a more open society, and to maintain its symbiotic relationship with the monarchy. This can be seen as a return to the intimate relations that existed during the Vietnam War with the close cooperation between Thailand and US counter-terrorism agencies like the Central Intelligence Agency (CIA). Thailand set up the Counter Terrorism Intelligence Centre (CTIC) in 2001, at the time of Thaskin's appointment as prime minister, which incorporates Thailand security agencies: the National Intelligence Agency, the Special Branch of the Thai Police and the elite Armed Forces Security Centre. US counter-intelligence people work and train together with the CTIC and conduct operations in Thailand and elsewhere to arrest or kidnap suspects. Facilities in Thailand and Singapore have been used for the detention, interrogation and movement of Muslim prisoners and other detainees. During the military interim, new laws were passed to give the military more power; the Internal Security Act gives the Internal Security Operation Command power to arrest and interrogate without a warrant and censor the mass media.

The monarchy's dilemma

King Bhumibol Adulyadej is not a supporter of democracy. Institutions based on divine and birth right are essentially anti-democratic, and based on power relations meant to subjugate and exploit, and tend to corrupt the political process. The monarchy, whose wealth is valued at some US$41 billion, is an unreformed legacy of a feudal system steeped in myth and magic, and, thanks to a culture of fear, can hide its own corruption, greed and in-fighting. The Thai monarchy needs the full protection of the law to shield itself from public scrutiny,

including censorship of all media material and websites critical of the royal family, and there are severe penalties for criticizing the royal family. Paul Handley's book *The King Never Smiles* which demystifies and undermines images built over the years by media and other forms of propaganda is banned in the country as 'a threat to the stability' of the kingdom (Handley 2006a).

Thailand's political culture is constructed on discipline and submission to the monarchy and the worship of a 'just and virtuous' paternal figure as leader and protector of the people. A dangerous outcome is fear of punishment and dependency on the King to solve all major problems. Fear and dependency form the cornerstone of the monarchy–military alliance, and the King depends on the military to maintain his power over Thais. Handley writes that 'the palace has long used its own proxy generals to maintain sway on the military, and that has been the key role of the Privy Council head, General Prem Tinsulanonda, since he was King Bhumibol's hand-picked prime minister in 1980. His first duty on the privy council is to keep the military locked in steps with the palace' (Handley 2006b).

Ian Buruma writes that 'one of the dangers of this dependency is the one that plagues all systems based on personal charisma: what if the successor lacks the necessary qualities to command respect?' (Buruma 2007:45). It could be argued that the present king has been an instrument of stability during his long reign and made a substantial contribution to the welfare of Thais in his charities and role model in conservation work. But the present monarch, born in 1927, is now a recluse in poor health and likely to die soon, and his successor, Crown Prince Maha Vajiralongkorn, has a reputation as 'spoiled, prone to violent rages, vindictive, … [and] is little respected by the Thais' (ibid.:45). Handley too says that this 57-year-old presumed heir to the throne is widely disliked and feared and, with Bhumibol's coming death, his heirs 'must evolve and remake the throne themselves before they are forced to do so by the media and a generation of better-educated Thais' (Handley 2006b).

A return to civilian rule took place with the election of December 2007 which led to the formation of a government led by the People Power Party (PPP), a proxy for the Thaksin Shinawatra banned Thai Rak Thai party. During the military interim, new laws were passed to give the military more powers: the Internal Security Act gives the Internal Security Operation Command more power to arrest and interrogate without a warrant and to censor the mass media. Whatever party is

in government will need to respond to the directives of the military until there are fundamental changes in the constitution which strips the military of its business world and returns it permanently to its barracks.

Timor-Leste

Timor-Leste, a former colony of Portugal is the first nation in the region to gain independence since the end of the cold war. Following the 1974 revolution in Portugal, which overthrew the country's long-standing dictatorship, the new government decided to abandon all its colonial settlements, including Mozambique, Angola and East Timor. Indonesia capitalized on the ensuing chaos and with the support of Australia, the UK and the United States, invaded East Timor and occupied it until 1999 when, following a referendum, the province opted for full sovereignty. During Indonesia's 24-year occupation, East Timorese were humiliated and brutalized by the military while an armed resistance movement gained widespread global support.

Independence

The situation changed dramatically after the 1998 fall of Suharto when Indonesia underwent a regime change towards a more open society. At the same time the new interim president Bacharuddin Habibie agreed to hold a referendum on 30 August 1999 in which the majority of East Timorese gave their support for full independence. What followed was a campaign of terror and destruction organized by the Indonesian military and its local mercenaries (Martinkus 2001). Anti-independence militias killed an estimated 1200 people and destroyed 80 per cent of the country's buildings and infrastructure, and some 250,000 people were forced to flee to West Timor. According to Clinton Fernandes, the Australian government was complicit in this affair. The Howard government had access to information and intelligence that gave it advance knowledge of Indonesia's planned killing and destruction but took no action because of the government's position at the time that East Timor should stay as part of Indonesia. Eventually the government was forced to act when confronted with the extent of human suffering in East Timor and domestic protest in Australia (Fernandes 2004). Under a UN mandate, an Australia-led International force for East Timor (INTERFET) began its operations on 20 September 1999 and the last of Indonesia's troops left East Timor on 20 October 1999. INTERFET handed over command to the United Nations Transitional Administration in East Timor

(UNTAET) in February 2000 and East Timor became an independent country in May 2002.

The 2005 final report of the Commission for Reception, Truth and Reconciliation in East Timor (CAVR) blames high-ranking Indonesian officers for planning the killing and destruction of the country during the 1999 independence referendum (CAVR 2005). Many Timorese have blood on their hands as well. Investigators estimate that more than 100,000 East Timorese were killed or died between the 1975 invasion and the independence vote in 1999. Moreover, Geoffrey Robinson's UN report states that 'Australia shares some responsibility for the atrocities of 1999 in East Timor and recommended that Australia, UK and the United States pay compensation to East Timorese for selling arms, training and supporting Indonesia's military invasion and 24-year occupation of East Timor and brutalizing the population'. It also recommended that a number of senior Indonesian officials, including a retired chief of the armed forces, should be put on trial for war crimes (Robinson 2003).

Another crisis

Xanana Gusmão became the country's first president after the country's first elections in 2002 and Fretilin leader Mari Alkatiri became the prime minister. In the following years, Timor-Leste moved towards a major crisis which erupted in May 2006 when escalating violence brought the country to the brink of civil war. What happened during the four intervening years is a useful framework to understand the nature and challenge of peace and conflict in Timor-Leste.

The major failure was the inability of the government and its foreign consultants to address the problem of unemployment and put people to work, meet the population's basic needs, and provide basic services and educational opportunities to minimize illiteracy. In 1999 East Timorese academic Benjamin Corte-Real warned about the need to tackle poverty and unemployment or the lost generation of 'angry, idle young men would be a ticking time bomb' and turn against their leaders if their expectation for a better life were not met (Williams 2006). The government was ill-prepared and lacked the infrastructure and the resources to deliver required social needs and services. Government ran austere budgets and minimized public spending, preferring to put its small income in a New York bank, and refused World Bank development loans because of ties to domestic economic reforms and the impact of uncontrolled foreign investment. Most foreign aid money was spent on expensive foreign consultants. Moreover, Australia's intentional delays

in negotiating a fair agreement on the seabed resources played a role in keeping the population in poverty.

Another critical issue was the growing schism and hatred between Prime Minister Mari Alkatiri and President Xanana Gusmão and their respective supporters. The feud within the leadership went back several decades and concerned their role in the liberation of the country and alleged collaboration with Indonesia. Moreover, there were constant disputes over political ideology and the division of spoils, jobs for the boys and access to financial opportunities. There was also a festering dispute between Ramos-Horta and his ex-wife, Ana Pessoa Pinto, and Rogerio Lobato dating back to the 1970s. This led to the two sides arming their supporters by building up their security forces. The constitution provided for a 3000-strong army and the same for the police force. Gusmão controlled the Timor-Leste army (F-FDTL), building up a force of 1600 men with nothing to do. Army commanders were Gusmão loyalists and the only force outside Fretilin's control. Alkatiri, on the other hand, controlled the national police (PNTL) and armed it with new modern weapons bought from European arms makers. The growing rivalry between police and army became highly politicized, with each side competing to dominate the internal security of the state.

It is not surprising that the Catholic Church was a major player in the brewing leadership turmoil. The power of the church had become considerable over the years. The number of Catholics increased from 30 per cent in 1975 to 98 per cent in 2000 and religion became a vehicle for locals to assuage their fear and seek protection in the sacred. This gave the church more political power and an important role to play in East Timor's struggle for independence (Durand 2004). Power was also implied in the church language policy to use Portuguese in its services. Early in the power struggle the church moved against Alkatiri, accusing him of being a Muslim Marxist.

The UN intervention must bear some of the blame for the events of 2006. Gusmão himself said that the UN did not do an adequate job in preparing East Timor for independence, and accused its bureaucracy of lack of respect for local culture. He claimed their conspicuous consumption was as an affront to the mass poverty surrounding them, and accused them of taking with them equipment which had been given to East Timor by international donors (Gusmão 2005). More important, however, was its failure to maintain a powerful mission on the ground to keep the peace. Major General Michael Smith, former deputy commander of the Australia-led UN peacekeeping mission, said that troops left too early and should have stayed on under the UN flag. Australia

should have invested sufficient resources to meet social needs, particularly in regard to employing and educating the country's youth. While Australia spent more than A\$2 billion on its military intervention, what was needed was an equivalent Marshall plan to put the country on its feet. Particularly destabilizing were the negotiations over maritime boundaries and Timor's share of oil and gas production. Dragging the negotiations out over a long period of time deprived the government of needed revenues to tackle the poverty and unemployment problem. Paul Cleary writes that 'Australia denied revenue to the new country that could have been used to generate jobs and prevent the formation of today's rock-throwing gangs' (Cleary 2007a).

Crisis dynamics

By the end of 2005 conditions were ripe for the eruption and escalation of violence between the feuding forces. The elites began to manipulate popular feeling and mobilize gangs in their efforts to fuel ethnic and religious hatred and aggression. Manifestation of the unfolding crisis began in February 2006 with a series of protests by soldiers demanding an end to 'nepotism and injustice'. At the time the government was under pressure to settle war veterans' claims for a pension scheme and complaints about their exclusion from the better jobs. This was followed by a 'strike' by more than 590 soldiers, or more than a third of the army, because of discontent over living conditions and discrimination over promotion. When the soldiers refused an order to go back to their barracks in March they were sacked by the government.

Mass protests were organized by the Catholic Church in April, calling for Alkatiri's resignation. The church was particularly incensed by the government's decision to stop compulsory Catholic education in all schools and end funding of religious instruction in primary schools. There were rumours that some local bishops had launched a movement to overthrow Alkatiri and had proclaimed a new government. By May the violence had escalated with gang violence and rebel army units challenging the regular army. This was followed by a growing rift between the police and the army and it climaxed on 25 May with the killing of 12 policemen and the wounding of 20 others by the army as the policemen were being escorted out of their barracks under UN protection. The same day the first Australian troops were arriving in Dili in response to a letter from the government, requesting international military assistance to quell civil disorder. By 30 May 2006 there were some 2500 foreign troops in Timor-Leste, mostly Australians but including 220 Malaysians, and more than 300 from New Zealand and Portugal. By the beginning

of June, 37 people had been killed and hundreds wounded. There had been widespread destruction in Dili and more than 150,000 people had been displaced by the violence. Many were seeking refuge in the hills, churches and camps and food shortages were further contributing to the already severe malnutrition problems of Timor-Leste's children.

The campaign to unseat Alkatiri's government gained momentum under the protection of the international peace-keeping force. In June president Gusmão assumed control of the country's defence and security, including the Australia-led force. On a 19 June ABC TV programme, Alkatiri was accused of arming civilians and knowingly being part of former interior minister in charge of the police Rogerio Lobato's plan for a 'Fretilin hit squad' to kill opposition members (ABC 2006). On 23 June, former interior minister Laboto appeared in court and claimed that he and Alkatiri organized and armed squads to eliminate opponents, and that Alkatiri had full knowledge of the plan. Three days later, Alkatiri agreed to stand down and power was transferred to an interim government headed by Ramos-Horta, thus preparing the grounds for the 2007 presidential and parliamentary elections. The Presidential elections held between April and May 2007 were supervised by the UN mission and a small army of election experts and 1600 international police. Ramos-Horta was elected President in the second round, despite alleged intimidation and irregularities. In the Parliamentary elections of 30 June 2007 the Fretilin won the most votes and 21 seats. However, President Jose Ramos-Horta announced a government in August 2007, headed by Prime Minister Xanana Gusmão as Prime Minister in a four-party coalition which excluded Fretilin from power.

The coup they had to have?

Recent development in Timor-Leste raises a number of questions about the forces behind the country's regime change. Did the Howard's government manage the coup 'they had to have'. The Howard government's antagonism towards Alkitiri and the Fretilin party was well known. Alkitiri was widely disliked in government, military, academic and media circles. A former Australian intelligence officer, Neil James, said that 'Alkatiri has long been identified in government intelligence and diplomatic circles as one of the single greatest causes of East Timor's post-independence woes' (Kerin 2006). Alkitiri drew the animosity of Australia's former foreign minister Alexander Downer for his toughness in negotiating his country's share of the offshore gas and oil deposits. During the negotiations Downer at times treated Alkitiri with contempt

and bullied him for his stand against 'honouring' the 1989 Timor Gap Treaty signed with Indonesia.

Alkitiri received a bad press in Australia. The mass media labelled him a 'Muslim of Yemeni-descent', incompetent and typical of an abusive African-type leadership. Australians were told that he was very unpopular with the US embassy for his decision to hire 500 Cuban doctors badly needed to meet his country's primary care needs (Dodd 2006). Paul Cleary, a negotiator on the Timor-Leste team on behalf of the World Bank, writes about the 'Alkatiri-led Mozambique clique' which still dominates the government. In the process of demonization, the press played on contrasting stereotypes and key themes such as 'Muslim versus Catholic', 'Yemini versus Portuguese', 'Mozambique exile versus national hero' and 'Mozambique-trained Marxist versus liberation hero'. The press gave extensive coverage on Alkatiri's alleged corrupt practices. There were a number of specific accusations of corruption against himself and his brothers. One lengthy article published in 2004 covered a court case in the United States brought by Oceanic Exploration against ConocoPhillips and which named Alkatiri as the recipient of US$2.5 million in bribes from ConocoPhillips (Sykes 2004). Such coverage during the difficult negotiations over the country's maritime boundaries was clearly meant as adjunct leverage to harm Alkatiri and his negotiating team (Cleary 2007b; Cleary 2006). Moreover there were a number of articles on Alkatiri's brothers' involvement in arms imports from Danish and other trading firms.

Australia had been spying on the country and had people on the ground with specific information about the state of affairs, and knew it was just a matter of time before another clash erupted between contending forces. Possibly, Canberra's policy was for violence to take its course and 'teach' the country a lesson in 'good governance'. Or was it simply a strategy to let the situation deteriorate sufficiently to require Australia's military intervention and thus the opportunity to emplace a government friendly to Australia and global capital? From this perspective Canberra could slowly manage the coup and help the dynamics of the situation. This could explain why Australia was already planning for another military intervention in Timor-Leste and was quick to pre-position ships some months earlier, ready to roll off their weapon carriers and heavy transports. A Portuguese former general and chief of staff of the United Nations peace-keeping force in East Timor in 2000–1 accused Australia of being involved in the regime change. General Alfredo Assuncao said that Australia provoked the East Timor crisis

because of its interests in the oil and gas deposits, 'what better way to control these enormously rich resources than to be physically present and control the country's political system' (AFP 2006a).

In an Australian TV programme Alkatiri was accused of plotting against the opposition. The ABC coverage of the crisis showed Vicente 'Railos' da Conceicao a former guerrilla fighter and long-time ally of Gusmão, claiming that former prime minister Alkatiri gave him orders to 'eliminate' his political opponents (ABC 2006). The programme was used by President Gusmão to fuel tensions and request Alkatiri's resignation. Some months later a United Nations report by the High Commissioner for Human Rights rejected Conceicao's claim but said that Alkatiri probably had knowledge of the distribution of weapons to civilians (Murdoch 2006a; UN 2006a). Moreover, in February 2007, international and Timorese prosecutors reported to the office of the Prosecutor-General that they had found no evidence implicating Alkatiri (Murdoch 2007). It also accused President Gusmão 'of making unnecessarily provocative public speeches that inflamed an already volatile political environment' and hence playing a major part in fuelling tensions.

Alkatiri has claimed on a number of occasions that the 'Catholic church hierarchy was behind a conspiracy to destroy his Fretilin government' and that army mutineers were given protection by Australian troops (Murdoch 2006b). John Martinkus reported that 'senior figures' in the Catholic Church and some foreign nationals had approached senior military leaders on several occasions in 2005 to lead a coup against the Alkatiri government. When that failed 'they helped provoke the army mutiny which had taken the country to the brink of civil war' (CN 2006). Martinkus says that when the army leadership refused to get involved the opposition group turned to junior officers in the F-FDTL 'who broke with the army command and took their weapons with them ... and attacked the F-FDTL on May 23 and 24 and precipitated the widespread unrest in Dili that led to the international forces being called in' (Martinkus 2006).

Prospects

Prospects for democracy and democratization are closely tied to the ability of the new regime to promote the well-being of the population and establish conditions for peace in Southeast Asia's newest country with a population of some 950,000 and with one of the world's highest birth rates – more than 3 per cent a year. At the time of the 2007 election there were more than 100,000 displaced people in the country

and WB and the UN Human Development Reports indicated widespread poverty and illiteracy, and rates of infant mortality on par with some of Africa's poorest countries. In Timor-Leste, half of the children 'under five are stunted, and sixty per cent of the population has no safe source of drinking water and three-quarters have no access to electricity' (Hartcher 2006).

The new government has big ideas about developing Timor-Leste into a Dubai or Singapore. Their model of development focuses on privatization and the extensive role of foreign investment. Economic growth is planned on the expectation of increasingly large income streams coming from gas and oil royalties, which amounted to about US\$230 million a month in 2007. Timor-Leste has also plans to enlarge and modernize its defence force with the introduction of modern armaments including missile-armed navy and airforce (TLG 2007).

Establishing peace in the country requires bringing an end to the current insurgency and gang warfare in Dili. These issues can easily be negotiated given the political will to fund the necessary employment and training opportunities, and the continuation of the peace and reconciliation process. This raises the question of foreign military occupation. Australia's use of special forces, the Special Air Servicer Regiment (SASR), to capture 'rebels' is unlikely to be the solution to the problem and may add fuel to the insurgency. Some Australian troops have been accused of arrest and detention without a warrant, violence against prisoners and stealing and tearing up Fretilin flags. The Portuguese military have been collaborating with their Australian counterpart and Australia has refused to put its troops under UN command. As long as foreign soldiers are in Timor-Leste they should take their orders from a UN commander. Timor-Leste General Ruak claims that Australia had taken sides and that 'having Australian troops and United Nations forces under different commands had failed; when dealing with a conflict there should only be one commander' (Murdoch 2006a).

Newly elected Prime Minister of Timor, Leste Ramos-Horta suggested Cuba has done more than Australia, America and all the European countries combined 'to help Timorese gain access to education'. Australia, he added, 'pursues a policy that really discourages East Timorese from going there to study' (Aarons 2007). Australia refused his country's plea to send hundreds of Timorese each year to work and study in Australia. A new Australian government should implement a bold policy towards Timor-Leste and propose a plan to include Timor-Leste in a major reconstruction programme which would include free access to all Australian educational institutions, as well as the free movement of labour.

Peace and conflict issues are closely related with Timor-Leste's engagement with ASEAN. Timor-Leste signed ASEAN's Treaty of Amity and Cooperation in 2007 but its application for membership was rejected by ASEAN's secretariat which said that it needed five years to prepare for full membership. There were issues about the cost of accession and the shortage of qualified officials and technocrats to undertake the task of economic integration to comply with ASEAN Free Trade Area (AFTA) requirements. More important are issues of compatibility and security. Myanmar initially vetoed Timor-Leste's application in response to Ramos-Horta's widely publicized offer of sanctuary to political refugees from Myanmar. There are also areas of friction with Indonesia concerning bringing Indonesian officials to justice for crimes against humanity and the role of Timor-Leste as a base for political refugees from West Papua. Relations with West Timor need to be improved in regard to Timor-Leste's enclave within the province. West Timor is poor and the 2007 ongoing drought 'has left almost a quarter of the children in the Indonesian province malnourished and at risk of starvation' (Vaeisen 2007). There is increasing resentment in West Timor about being excluded from sharing the oil and gas revenues to which West Timorese have a rightful claim.

ASEAN showed no leadership during the 1999 East Timor crisis, although in 2006 Malaysia responded quickly to Timor-Leste's call by sending some 500 troops and police as part of the Australian-led intervention force. Nevertheless, Malaysia and other member countries may be concerned about Timor-Leste's close relations with Portugal and the Catholic Church. Timor-Leste has joined the Community of Portuguese Language Countries. Its defence strategic plan says that 'Timor-Leste will maintain privileged links with the countries that have Portuguese as their official language and special links of friendship and cooperation with neighbouring countries and those in the region' (TLG 2007:5). Timor-Leste is a major challenge to ASEAN because it highlights the UN's Covenant on Economic, Social and Cultural Rights which states that 'All peoples have the right of self-determination' and that 'by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development'. Timor-Leste's inclusion in ASEAN in essence legitimizes the right to self-determination and becomes a challenge for all members facing insurgencies and secessionist movements. The nature of the challenge becomes more acute if Timor-Leste is the only member state with free and fair elections.

Vietnam

The French ruled Vietnam from 1854 until they were defeated by General Võ Nguyên Giáp at the battle of Diên Biên Phu in 1954. The battle for Vietnam's liberation began after WWI and escalated at the end of WWII with the beginning of the resistance in the south in 1945 and a major uprising in the north in December 1946. During the battle of Diên Biên Phu the United States offered France two tactical nuclear weapons to save it from defeat, one to use against China and another to rescue French troops at Diên Biên Phu (Schwartz & Derber 1992:86). Soon after France's withdrawal from Vietnam, the war for independence became embroiled in the cold war, with the United States engineering the country's partition and backing the south in a war against the north. By 1965 the United States had mounted a full invasion of the south with more than 500,000 US troops, supported by large military contingents from the Philippines, Thailand and South Korea, and the war spread to battlefields and mass bombings in Laos and Cambodia.

The United States lost the war when Saigon fell to the Viet Cong in 1975, but hostilities continued with Vietnam's military intervention against Cambodia's Pol Pot in 1978 to save the population from the Khmer Rouge's regime of terror, followed by China's Deng Xiaoping sending troops across the Vietnamese border in 1979 and destroying four provincial capitals to 'teach the Vietnamese a lesson'. Vietnam's presence in Cambodia was opposed by China, the United States and Thailand which armed and continued to support the Khmer Rouge (Chomsky 1993; Pilger 1998; Shawcross 1996). Vietnam left Cambodia in 1989, but it was not until 1990 that Vietnam and China stopped exchanging shellfire across their contested border. Mass killing and maiming and the destruction of the environment have been major setbacks in the country's development. More than 500,000 were killed during the war against the French (1945–54). Casualties during the second Vietnam War (1960–75) have been estimated at between 2 and 3.8 million killed (Nguyen 1984; Obermeyer et al. 2008). Between 1965 and 1971 in an area 'slightly bigger than Texas, the US military forces exploded 13 million tons of munitions in Indochina' or the equivalent in energy 'of 450 Hiroshima nuclear bombs'. The amount of munitions dropped from the air was 'approximately twice the total used by the US in all theatres of World War II' (Westing & Pfeiffer 1972:3). Between 1961 and 1971 the United States conducted chemical warfare against the Vietnamese by spraying 77 million litres of

Agent Orange, a defoliant containing some 400 kilos of dioxin, over some 2.6 million hectares of the country (Gendreau 2006).

The US war in Vietnam resulted in 'the destruction of 2.2 million hectares of forest and farmland' (Osborne 1990:218). Aerial spraying covered some 10 per cent of the country area and 50 per cent of its forest and mangroves areas, and between 2.1 million and 4.8 million people were directly affected (Gendreau 2006; Stellman et al. 2003). A montagnard in Quang Ngai province saddened by the devastation of his land asked the writer Sophie Quinn-Judge, 'why Americans hate the colour green' (Quinn-Judge 1985). The war and chemical warfare continues to affect the health and productive capacity of the country. Many families suffer because of genetic pathologies with large numbers of children born with disabilities because of genetic damage and contamination of food supplies. Entire regions are excluded from production because of chemical poisoning and the presence of explosives. The chief architect of this destruction was Robert McNamara, former defence secretary under presidents Kennedy and Johnson. McNamara was rewarded for his effort with the presidency of the World Bank. In 1995 he confessed that the war had been a big mistake and that the United States was 'terribly wrong' in getting involved and should have withdrawn from South Vietnam in 1963 (McNamara 1995).

Globalization

Vietnam joined the neoliberal global economy because it did not have a choice. There was no US 'marshall plan' unlike in Germany and Japan after WWII, or some form of compensation from the United States. With the collapse of the Soviet Union the opportunities for help from ties and treaties of friendships with socialist countries ended in the late 1980s. The war had destroyed much of the country's infrastructure and environment and the population was impoverished and growing at more than 2 per cent per year. Not surprisingly the Vietnamese Communist Party's sixth congress in 1986 began the process of economic liberalization and its *Doi Moi* policy (renewal/renovation). Progress was relatively quick after the initial decision to liberalize the economy. The collectivization of agriculture, which had led to the import of rice ended in 1989 and by 1995 the government had closed, merged or privatized close to half its state-owned firms. Economic liberalization was accompanied by the normalization of Vietnam's relations with the Western world and the integration of the country into the capitalist global economy. The ending of the US embargo in 1994 led to Vietnam's inclusion in ASEAN in 1995, and the Asia Pacific Economic Cooperation (APEC) in 1998.

A bilateral trade deal was signed with the United States in 2001 as a prerequisite to membership in the WTO in 2006.

Vietnam's big push for fast growth based on foreign investment and export has been relatively successful. In recent years the country has attracted large investment flows from Asia and the West to the many industrial and free economic zones. Major foreign investors came from the British Virgin and Cayman Islands and other Caribbean tax havens. Economic growth has been cyclical in tune with the world's economy, and with levels of real GDP growth in excess of 7 per cent from 2002 to 2006, and over 8 per cent in 2006. US bilateral trade deals in 2001 and admission to the WTO in 2006 have increased levels of foreign investment in information technology, such as the 2006 Intel plant in Ho Chi Minh City technology park, and expanded the service sector for hi-tech services to global industries, such as architectural designs and drawings. According to the head of the State Securities Commission, Vietnam's equity market 'would grow to at least 40 per cent of the economy as state banks and companies sell shares' (Bloomberg 2007).

There has been substantial progress in the reduction of poverty and improvement in living standards and access to education and health services. Statistics on longevity, infant mortality, literacy and access to primary care show Vietnam's ranking on par with other ASEAN countries such as Thailand, Malaysia and Indonesia. Vietnam reached self-sufficiency in rice production and became the second largest world's rice exporter after Thailand. Nevertheless, wage levels continue to be low. Wages in the Hanoi region in 2007 where about one-third lower than in China. Wages in some higher technology plants in Ho Chi Minh City ranged within A$120–250 per month in 2006 (Karadjis 2006). In some factories making stuffed animals for the US markets, wages were less that US$2 a day (Glantz & Nguyen 2007). Poverty linked to low wage is compounded by rising inflation and substantial increase in the price of housing, food and transport, and energy. Land prices in major cities have risen to record highs, accentuating a severe housing crisis.

One-party state

A major shift to a market economy has not led to the liberalization of the political regime. Power continues to be the monopoly of the Communist Party of Vietnam (CPV). The party has about 2 million members for a population in excess of 80 million. As in China, membership has recently been opened to capitalists to join ranks with workers, peasants and intellectuals. The party structure is hierarchical, headed by a ruling troika within the Central Committee. Decentralization is

through executive powers held by cadres elected to popular commit-tees at the provincial, district and communes levels. The party runs a parallel organization within the state down to the village level and appoints members to key positions within the military, administration and ministries. Party members are also involved in the administration of state and private companies.

The power of the party relies heavily on the repression of dissent by an extensive security apparatus such as the Stasi-like *Cong An*, or Public Security Force. It acquires and uses information to control the popula-tion and punish those who threaten the state. Dissidents are routinely arrested and detained and there is widespread use of harassment, fear and exclusion as weapons of control. Material critical of the regime, such as demands for political liberalization, is routinely censored. The Internet is also censored and the government has installed systems bought from the United States to screen all outgoing and incoming emails and block access to prohibited sites. Vietnam uses consultants from Singapore to track and control attempts to subvert firewalls, and to monitor the Internet.

The CPV's power rests on the control of the military and paramilitary forces. As in Thailand and Indonesia, the military is to a large extent self-financing through the control of many businesses, including com-panies that are directly or indirectly related to the armament industry. The People's Army of Vietnam (PAVN) is involved in many sectors of the economy, including food production, various types of manufac-turing, construction, transportation, banking and tourism, and has a number of joint ventures with foreign companies. Between the party and the people are state-controlled civil organizations. The party-state organizes civil society under the umbrella of the Patriotic Front which groups together a number of mass organizations of women, workers, youth, veterans, students, churches, farmers and other social forma-tions. These are given formal representation through organizations such as the Women's Union, Vietnam General Confederation of Labour (VGCL) and the party-created Buddhist Church of Vietnam (EBV). All organizations are required to operate under the umbrella of a commu-nist organization, such as the Fatherland Front which nominates most of the candidates for local council elections.

Rising contradictions

There are major problems emerging because of contradictions aris-ing from neoliberal economic reforms under a one-party state whose legitimacy rests on the socialist transformation of society. Vietnam is a relatively poor and agrarian country with a per capita yearly income

of around 550 Euros in 2006, and a major issue is growing inequality and poverty (Brassard 2005). Ethnic minorities continue to be among the poorest groups in the country and the extent of inequality is readily seen in levels of infant mortality which vary dramatically from province to province between 85 per 1000 infants to below 20 in urban areas. Central Quang Tri province is one of the country's poorest provinces where the majority of families fall below the poverty line and where many children suffer from malnutrition. The province was one of the most heavily bombed, strafed and shelled in the country during the war. Substantial land area cannot be cultivated because of hidden explosives and chemical poisoning. The country faces other issues such as the polluting industries from countries like Taiwan and China relocating to Vietnam, attracted by low wages and little, if any, restrictions on labour health and environmental standards.

Vietnam's urban population was estimated at more than 30 per cent of the country's 84 million in 2006. Lagging rural development and the pull of cities encourage people to move to cities where many find opportunities lacking and join a growing slum population. Intraurban inequality is increasing, particularly in the two major cities of Ho Chi Minh City and Hanoi. Ho Chi Minh City's canal district slum is growing, and housed more than 500,000 people in 2007. Shortage of housing is exacerbated by inflation and increasing rent and land prices. The transition to a market economy has left many poor Vietnamese rural families unable to afford basic health care and they are drawn to the city expecting a better life. Vietnam along with many other countries in the region has a growing problem with a soaring rate of drug addiction among its urban youth.

Corruption increases the level of inequality and undermines the legitimacy of the one-party state. Bribing for services is relatively common and so is the siphoning of public wealth by party and other privileged members of societies. Smuggling, fiscal fraud and other rackets proliferate, such as the illegal appropriation of land and natural resources, and construction without a permit. Corruption is highlighted from time to time with major scandals such as the arrest in 2002 of many high officials in Ho Chi Minh City linked to a local crime boss. According to the Vietnamese government, bureaucrats 'creamed off at least 20 per cent of infrastructure spending' (Anon 2002). In a letter to the party, war hero general Võ Nguyên Giáp wrote that the party had become a shield to protect corrupt officials (Pomonti 2007).

Struggle for democracy

The nature of power relations in Vietnam lead to demands for equality and the liberalization of the political regime. There is widespread

resistance to the one-party state and an ongoing struggle to advance an agenda of civil and political rights. A terrain of contestation is the confrontation with the Catholic and Buddhist leadership over land use and restrictions imposed on their activities. One example is the conflict over the state-created Buddhist Church of Vietnam (EBV) to replace the pre-communist Unified Buddhist Church (EBU). Moreover, there is a growing level of unrest among rural and urban workers exemplified by the large number of strikes in recent years for higher wages and better working conditions in foreign-run establishments. These are most visible in urban-based industrial action, which often has the backing of Communist-led unions. Among recent industrial strikes is the case of the Hanoi Canon plant led by the Communist Party's Vietnam General Confederation of Labor (VGCL) and its newspaper *Lao Dong*, and strikes at the Taiwanese-owned Nike plants (BBC 2008a; Karadjis 2006).

On the surface there does not appear to be a mass movement for democracy with clearly identifiable large groups cooperating to bring about a major change in the political regime of the country. The role of the middle class does not seem significant, probably because it is too small and too close to the state to take on a leading progressive role. An authoritarian state makes it difficult if not impossible for various resistance groups to forge an alliance, and activists in the cities are small in numbers. This could change in the future in view of Vietnam's rising levels of urbanization. Western and diaspora interests are nevertheless busy funding opposition groups and undermining the legitimacy of the communist state. A recent example is the US-funded Movement for National Unity and Building Democracy's attempts to hold an 'International Conference for Development in Vietnam' in Ho Chi Minh City in the early 1990s. Western governments are also involved in covert operations, aiding some urban groups and arming ethnic minorities in the country's highlands.

Democratization is more likely as a result of change within Vietnam's authoritarian governance. The rapid expansion of capitalism in the country is creating divergence, competition and faction within the party-state structure, and paradoxically expands and opens the political space for discussion and negotiation. Invariably the party has to include new factions in its political and ideological arenas, and acknowledge the existence of faction politics. In other words the adoption of market capitalism expands the legitimacy of what can be discussed and debated, what opinions expressed and what channels can be used and institutionalized. This is clearly exemplified in a small but significant

way in the expansion of the party membership to include a new class of capitalist professionals and entrepreneurs.

Gainsborough and others suggest that democratization is unlikely to come from the leadership of a particular class or changing class relations, or from the militant role of the middle class (Bell et al. 1995; Gainsborough 2002). Gainsborough writes that 'in Vietnam the main arena of struggle is within the state' (Gainborough 2002:706).

As in Singapore the state creates new organizations which it controls to meet demands of a rapidly expanding market economy and consumer society. However, what allows the party to stay in power is the existence and expansion of the market economy. It allows people to vent their frustration and struggle in the market place, competing for employment, education and the accumulation of wealth. This is possible with the expansion of employment and educational opportunities and the consumer market. Competition is also waged in the rapidly expanding activity of the stock and land market where there exists the possibility of substantial gain and wealth accumulation. The property game of buying, developing and selling property is of particular significance in Vietnam, particularly in the south. In a market economy the individual struggles to survive, and getting ahead is a form of social and political control, and where the 'civil' war is fought in the market while leaving the political control of the country to the party-state. Market capitalism can be viewed as a more efficient and sophisticated form of social control than the traditional East German 'stasi-type' state repression. This situation is likely to continue while the economy expands and ambitious entrepreneurs have opportunities to expand their energy and ambitions, and people's hope for a better life shows some progress and meet expectations.

Prospects

There are a number of contradictions in the country's power relations which underlie conflict and pressure for resolution. Growing inequality weakens the legitimacy of the Communist Party one-party state and raises demands to further liberalize the political economy. The danger is that the party will become increasingly nationalistic to maintain its hold on power and revive the history of Vietnam's struggle for liberation from US occupation and of the crimes committed by the United States between 1961 and 1971. Most Vietnamese have condemned the US invasion of Afghanistan and Iraq and political forces will continue to manipulate nationalism and increasingly make use of memories to revive its sense of uniqueness, shared loss and suffering and grievance against others.

Another contradiction emerges with the integration of Vietnam's economy in a neoliberal global economy. Joining the WTO locks Vietnam into a timetable to further liberalize the economy. What are the implications of 'locking into' the global state for Vietnam's one-party state and plans for a socialist society? Part of the answer depends on whether the neoliberal economy delivers on promises for economic growth, and the modernization and well-being of Vietnam's society. The future of a capitalist global economy is not assured and another 1997 Asian financial crisis is a clear possibility. The flaws of the US economy and global financial system were again clearly demonstrated in the 2008 liquidity crisis. There are also serious concerns about the security situation and the tensions developing between the West and China. Moreover, environmental degradation and climate change has implications for Vietnam's politics. Sea-level rises are likely to have a major impact on the country's economy, exposing major industrial, urban and agricultural areas to permanent flooding and salt-water damage. This would lead to major population movement inland and probably overseas.

4
Regional Integration

The construction of Southeast Asia

During its early history Southeast Asia was peopled by waves of migrants coming mainly from the north and western regions of the Asian continent. In time there emerged centres of power which expanded and contracted over time, usually as a result of war. These were based in religious urban-cores, incorporating ideologies transmitted from India, China and the Middle East. Both India and China influenced and moulded Southeast Asia's cultures, economies and politics. Adoption of Hinduism, Buddhism, Confucianism and Islam, and the transfer of other cultural products shaped their political system and the cultural unity of indigenous people. By the sixteenth century, Southeast Asia was functioning in a regional and global economy, mainly through trading networks in China and South Asia (Frank 1998; Reid 1993).

A decline in India and China's influence in Southeast Asia was counterbalanced by the rise of European powers and their invasion of the region. The occupation and exploitation of Southeast Asia began systematically in the sixteenth century with Portuguese and Spanish landings at various locations in what are today Malaysia, Indonesia, Timor-Leste and the Philippines. The Dutch and British followed and later in the nineteenth century the French colonized Indochina and the United States the Philippines. The only country to escape occupation was Thailand, ruled indirectly by the British and the French as a buffer zone between the two powers' imperial enmity. While all were driven by greed and the desire for loot and profit, their ideologies differed on a common theme of the superiority of their civilization. The Portuguese and Spaniards used their Christian god as an excuse for invasion and exploitation; the French put more emphasis on their 'mission

civilisatrice'; and the British and Americans on their 'Anglo-Saxon racial exceptionalism' (Kramer 2002; Pasquier 1930).

Western colonialism initiated the construction of Southeast Asia's modern state by creating its territorial identity, and delimiting its boundary and administrative and urban structures. Colonialism also led to movements of resistance largely influenced by European revolutionary ideologies of emancipation and liberation articulated in discourses on liberty, equality, socialism and democracy. Southeast Asia became directly involved in major civil wars within the Western world for global hegemony. Human and natural resources from the region played an important role in European wars. WWI came to the region with Vietnamese and other indigenous people sent to the Western front, and with the loss of Germany's colony of Papua and its transfer to the British-run Commonwealth of Australia.

Southeast Asia became a region of contestation with the rise of Japan's economic and military power. Japan's modernization and population growth were key factors to follow the pathway of Western imperialists and expand Japan's economic and political reach beyond their shores to mainland Asia. Japan presented a threat to Western monopolies in Southeast Asia and enmity between the two was steadily mounting. By then, Europe was again embroiled in another war for global hegemony between Germany and England. The conflict expanded to Asia and further encouraged Japan's military regime's imperial ambitions to extend its reach to Southeast Asia's natural resources. Following England and France's declaration of war against Germany in 1939, Japan occupied French Indochina between 1940 and 1941.

Japan eventually challenged European–American's regional hegemony by attacking Pearl Harbor in 1941 and invading Southeast Asia's Western colonies under the banner of fighting 'white racist imperialism' and 'Asia for Asians'. Subsequently the region became a major battle zone in WWII and both the West and Japan identified and defined Southeast Asia as a critical region in their global economic and geostrategy. The war created new opportunities for nation-building, further politicized resistance to colonial occupation, and strengthened national liberation movements and the role of the communist party. With the end of WWII came decolonization, often marked by fierce anti-colonial wars. The liberation of Southeast Asia from European colonization became entangled in the cold war between the United States and the Soviet Union. This situation further politicized domestic division in newly independent Southeast Asian states between the Left and the Right.

During the cold war the United States, the Soviet Union and China confronted each other through proxies by manipulating Southeast Asian states and populations. Southeast Asia became a major battlefield in the cold war because of its geography close to China and the US-domino strategy of containing the spread of communism in the region. After the defeat of the French at Diên Biên Phu in May 1954 and the expulsion of Dutch residents from Indonesia in 1957, the main bastions for Western capitalism were the Anglo-American colonial assets of the Philippines, Malaya, Singapore, Borneo and Thailand which, for strategic reasons, became allied with the West as part of the United States's Southeast Asian Treaty Organization (SEATO) in late 1954.

With the help of the West the communist movement in Thailand, Malaysia, the Philippines, Singapore and Indonesia was largely defeated during the 1960s. The greatest number of casualties was in Indonesia where president Sukarno was overthrown in a 1965 US-engineered coup by general Suharto which led to the killing of an estimated 500,000 people. At the time, Burma's experiment with democracy had failed with the assassination of Aung San and it went into isolation to follow the 'Burmese way to socialism' under the military dictatorship of general Ne Win. The fiercest and most destructive struggle, however, took place in Indochina. By 1965 Vietnam, Laos and Cambodia were engaged in a full-blown war with the United States and its allies. Troops from Thailand, South Korea and the Philippines joined the fighting. The US air war on Indochina was waged from US airbases in Thailand and the Philippines while Singapore supplied energy and logistics, and Hong Kong was used by the UK to supply war material.

The cold war divided Southeast Asia into two distinctive realms with the formation of a US-led Association of South East Asian Nations (ASEAN) in 1967, joining together Thailand, Singapore, Indonesia, Malaysia and the Philippines. ASEAN was an anti-communist alliance, providing its members economic and security guarantees and substantial investment from Japan, in exchange for surrendering some of their sovereignty to the United States. The alliance also secured Western support for ASEAN's military-authoritarian regimes. During the anti-communist campaign in Southeast Asia, pro-Western governments used Islamic forces to fight communism and some movements of national liberation. This was the case in the anti-colonial insurrection in Malaya and Borneo in the late 1940s, and the US-funded Islam-backed secessionist movement against Sukarno in the 1950s. In 1965, Islamic forces were used to topple Sukarno in a military coup and to wage a campaign of terror and massacre large numbers of Indonesians accused of being

communists. When the Soviet Union invaded Afghanistan in 1979, the United States responded by funding a large Mujahedin army of mercenaries to fight Soviet occupiers, and many Mujahedin were recruited among Southeast Asia's Muslim population.

The war in Vietnam came to an end with the 1975 defeat of the United States in Indochina, when north Vietnamese forces entered Saigon and the Khmer Rouge occupied Phnom Penh, while the Laotian communist party gained control of Vientiane. The defeat of the Soviet Union in Afghanistan in 1989 and the earlier Chernobyl nuclear disaster were a prelude to the fall of the Berlin Wall and the end of the European communist challenge to US market capitalism. The cold war officially came to an end on 21 December 1991 when the representatives of all the Soviet Republics except Georgia signed the dissolution of their political union and brought an end to the Union of Soviet Socialist Republics (USSR). The year also marks the normalization of Cambodia's situation with the Paris agreement to allow UN intervention and arrange for national election in 1993. By then, China was well underway in reforming its economy and pushing for economic and export growth as a key member of the West's neoliberal global economy.

ASEAN's expansion

ASEAN's formation during the cold war was engineered by Western powers to construct a pro-Western regional security alliance in Southeast Asia that would be used as a bulwark against communism and as a major core for the integration of the region into the capitalist global economy. The August 1967 Bangkok Declaration signed between Singapore, Indonesia, Malaysia, Thailand and the Philippines was a continuation of the United States' 1954 SEATO to fight communism in Asia. At the time the United States was involved in a full-scale war against the states of Indochina with the help of Thailand and the Philippines. Singapore and Malaysia were key locations for British investments and Western security against Communism. Moreover, at the time of the signing of the treaty the West had successfully overthrown Sukarno and the communist party with the help of general Suharto and secured eastern Malaysia, which became part of Malaysia in 1965, and the oil Sultanate of Brunei which stayed under British control until 1984 when Brunei joined ASEAN.

During an early phase in regional development, ASEAN became a major vehicle for the expansion of Japan's economy giving access to the region's resources and serving as an investment base for manufacturing

production in the region to serve the domestic market and for export to Europe and North America. Japan also played a key role in the economic integration of the region as part of its manufacturing investments, such as car manufacturing in Thailand and Malaysia. In the 1980s, Japan had become Southeast Asia's largest investor and largest trader. Japan was also the region's largest aid donor and responsible for the increasing level of regional and intra-ASEAN trade (Paul 1995). Some of the early gains by Thailand and the Philippines came from their direct participation in Indochina's war, while Singapore was a major beneficiary as a supplier of fuel, goods and services to US forces in the region.

The end of the cold war brought about the expansion of ASEAN. The disintegration of the USSR and China's embarking on the road to capitalism pressured other Southeast Asian states to join the emerging neoliberal global economic order. Vietnam joined ASEAN in July 1995, Lao PDR and Myanmar in July 1997 and Cambodia in April 1999. Behind the changes were the United States and the G7 generally pushing for the expansion of a capitalist global economy and the capitalist transformation of former communist countries. Vietnam's entry was possible with the end of US economic sanctions and the normalization of their diplomatic relations in 1995, and Vietnam's need for economic survival after losing its subsidies from Russia and economic ties with the Council for Mutual Economic Assistance (COMECON). Joining ASEAN gave Vietnam and other members access to foreign capital, aid and tourism, and access to the rich market of the G7. New members were expected to transition to market economies and surrender their economic sovereignty and be governed by the World Bank, the International Monetary Fund and the World Trade Organization. With the end of the cold war, ASEAN committed its societies to the promises and expectations of mass consumerism and the construction of a dominant middle class.

Under ASEAN's governance the region's economic integration was formalized with the 1992 agreement to construct an ASEAN Free Trade Area (AFTA) and to eliminate all barriers to trade and commercial interactions among all of its ten members by 2015. According to the 2003 Bali Concord II, backed mainly by Singapore and Thailand, ASEAN leaders declared their intention to have an ASEAN Economic Community in place by 2020. ASEAN's vision for a free trade area, however, has been compromised by signing a large number of Free Trade Areas (FTAs) with non-members. The enlargement of AFTA includes the United States's FTAs with Singapore, Thailand and Vietnam. Japan has also signed a number of FTAs, known in Japan as Economic Partnership Agreements (EPAs). Its first was with Singapore in 2002, and later with Brunei,

the Philippines and Malaysia; there are ongoing negotiations with Thailand, Indonesia and Vietnam. Another major player is China which signed a separate trade agreement with Thailand in 2003 for agricultural produce, and with Myanmar, and non-ASEAN states of Timor-Leste and Papua New Guinea (PNG). Australia is also a participant with FTAs with Thailand and Singapore.

The enlargement of AFTA is also taking place with ASEAN-wide negotiating of FTAs with principal global economic players. In 2002, China and ASEAN signed the Framework Agreement on Comprehensive Economic Co-operation, to create an ASEAN-China Free Trade Area (ACFTA) within ten years and, if it succeeds, it will be the world's largest trading bloc with more than 1.9 billion people. ASEAN's economic cohesion will be further diluted with an ASEAN–EU FTA expected to be finalized in 2009. The European Union (EU) wants business opportunities for its large corporations and protection for European pension investment, intellectual property and market access for the EU agricultural surpluses, while ASEAN members want greater access to the EU's market. EU–ASEAN negotiations have met strong resistance from progressive European groups concerned about the lack of participation of Southeast Asia's citizens in negotiations which could have a detrimental impact on their future well-being and human rights. European human rights activists point out that the EU priority on access to raw materials will 'seriously undermine ASEAN countries capacity to maintain sovereignty over their natural resources' (TNI 2007a, b). Moreover the EU will gain greater leverage over regional politics through the control of investments and intellectual property. An EU–ASEAN FTA is likely to undermine the capacity of Southeast Asia's equitable distribution of wealth and services necessary to promote democracy and national cohesion. ASEAN recently announced that it would have FTAs with all of its major trading partners – China, Japan, South Korea, India, the EU, Australia and New Zealand – by 2013.

ASEAN's integration

ASEAN has been instrumental in increasing the value and level of trade among its members. The level of intraregional trade was close to 25 per cent of ASEAN's total trade in 2005. ASEAN's FTAs have embedded Southeast Asia with the United States and Japan with equal share of some 12.6 per cent, the EU and China with 11.5 and 9.3 per cent respectively (ASEAN 2006). Intra-ASEAN trade is substantially larger than recorded in official statistics because of the high level of smuggling

activities through the region's porous boundaries, often with the help and support of governments. The main mechanism for the economic integration of the region is the Common Effective Preferential Tariff (CEPT) on all manufactured and agricultural products goods which meet a 40 per cent ASEAN content requirement and an agreement to eliminate all barriers to trade by 2015 for the ASEAN6 and 2018 for its newer members.

Plans for an AFTA, 'an integrated market where there is free flow of goods within the region' within a decade may prove to be more than difficult while ASEAN 'remains a chain of disparate markets' (Salazar & Das 2007:1). One issue is the capacity to implement all FTAs signed with non-ASEAN countries and their implementation in ASEAN's regional economy. Economist Jagdish Bhagwati warned about the 'spaghetti bowl' problem of trying to integrate agreements which are inconsistent or incompatible with each other (Bhagwati 2005). For example, there are many rules about the percentage of local content of traded goods and services. More important is the problem that 'if governments try to implement all the current and proposed agreements, they will create major social, economic and political conflict' (APRN 2007). The process of embedding ASEAN with the mechanism of CEPT is likely to further increase the level of inequality in the region. Reduction of tariff within the AFTA guidelines will affect Cambodia, Laos and Vietnam and lead to 'significant revenue losses with adverse economic and social implications' (Tongzon & Khan 2005). Another major issue which constitutes a major impediment to ASEAN's creation of a single market is the absence of an integrated road and rail transport network on mainland Southeast Asia.

The United Nations warns that economic growth has come at the cost of increased inequality, and there is growing concern about rising inequality within and between countries in the region (UN 2005). A major divide is between the original ASEAN6 and the new members of the organization, indicated by their per capita GNP ranging from highs in excess of US$25,000 per year for Singapore and Brunei to lows of less than US$500 per year for Laos, Myanmar and Cambodia. As Table 4.1 shows, infant mortality also points to marked inequality in the region; Singapore ranks among the lowest in infant mortality in the world in contrast to Cambodia's high of 98 deaths for 1000 live births in 2005. Levels of human development as measured by the United Nations' Human Development Index vary considerably and generally point to high levels of poverty in the most populous countries of the region. Levels of poverty remain high in many ASEAN countries and may be

Table 4.1   Southeast Asia human development

Country	Poverty % 2005	HDI 2005	IM 2005
Brunei	n.a.	.89	8
Cambodia	35.9	.59	98
Indonesia	18.2	.72	28
Laos	38.6	.60	62
Malaysia	7.5	.81	10
Myanmar	22.9	.58	75
Philippines	30.4	.77	25
Singapore	n.a.	.92	3
Thailand	9.8	.78	18
Timor-Leste	41	.51	52
Vietnam	28.9	.73	16

Source: UNDP 2008; ASEAN 2006; ADB (2008)
Note: population in poverty according to country-based national poverty line as a percentage of the total population; HDI: Human Development Index for 2005 measured from 1 to 0; IM: infant mortality under 1, rate of deaths per 1,000 live birth

increasing. In rich Singapore, inequality is increasing and the foundations of the middle class are eroding as the bottom 20 per cent of the population struggles with the rising costs of living. The state Gini Coefficient has worsened from 42.5 per cent in 1998 to 47.2 per cent in 2006 (Seah 2008).

ASEAN's development model has led to high levels of external debt for many of its members, particularly Indonesia, and increasing current account deficits for countries like Cambodia, Laos, Vietnam and Thailand. The cost of maintaining a high level of foreign debt is a serious obstacle to social spending and human development, particularly in education. Most ASEAN members suffer from a brain drain, exporting their professionals to rich countries. Capital formation in Southeast Asia and elsewhere has lead to 'the accumulation of wealth by the few and deepens the poverty of the many' (UN 2005). It leads to the formation of a wealthy elite and reduces the distribution of new wealth to the lower classes. The large share of new wealth appropriated by the state for military expenditures and transfer of dividends to the developed world's corporations vastly reduces capital needed for vital social expenditures in education, primary care and housing.

Former World Bank economist Herman Daly argues that the West's policy of free trade harms both the environment and human welfare. A neoliberal global economic order fuels competition within ASEAN

to attract foreign investors by securing cheap and obedient labour and offering attractive financial incentives, and pressures countries to export more to pay for the rising costs of import dependency. The outcome is the growing cost of business welfare and subsidies for energy while governments tighten their control over the labour market. Thailand–US FTA negotiations show that 'FTAs are more compatible with authoritarian labour control, increasing poverty, job displacement, and weakening of the development process than with sustainable development' (Arnold 2006:195). Free trade and competition, writes Daly, is part of a recipe 'for hastening the speed with which competition lowers standards for efficiency, distributive equity and ecological sustainability' (Daly 1993:28).

ASEAN's development model has been destructive to the region's ecology. Extensive and illegal logging has taken place in Myanmar, Laos and Cambodia, Indonesia and the Philippines. Deforestation leads to major losses in biodiversity, lowers soil fertility and increases erosion and flooding. The commercialization of rural areas has had some devastating impact on public health, exemplified by the major fires in Indonesia which have been a regular occurrence in recent years, and particularly in 1997 when major fires in Sumatra, Kalimantan and Borneo blanketed the region with a thick and noxious smog. These disasters are the result of the destruction of the region's tropical forests and, in the case of Indonesia, the huge expansion of palm oil biofuel plantations funded by major financial global institutions such as the World Bank.

The construction of ASEAN and its incorporation in the global economy by webs of FTAs and other arrangements has proceeded without the consent of its citizens. It has been a project controlled and implemented by the region's elite and without the participation of its people.

Walden Bello makes the point that the 'people were never brought into the equation in terms of mobilizing them to support these arrangements … the Asean project was never democratized' (Bello 2002b). There has been widespread dissent about the formation of an ASEAN economic bloc, particularly in the few countries where there exists some political space for resistance. In Thailand, for example, there is substantial opposition to a US–Thailand free agreement because it would allow the US domination of the economy through control of the country's intellectual property rights and financial markets. There has also been opposition to trading arrangements with China and the threat of China's exports to the country. Already, China's shipment of cheap fruits and vegetables to northern Thailand is displacing local farmers. Indonesia's social movements have protested about the country's loss of

food security and the increasing costs of food imports, and their impact on the country's large population of rural and urban poor.

Thailand's resistance movement has also focused on ASEAN's economic treaties with China. There is a growing perception in the region that China's inclusion has had a negative impact on Southeast Asian economies because of the loss of investment to the low labour cost of Mainland China and the import of cheap manufactured goods and agricultural products (Bello 2006). Bello writes that Southeast Asia is becoming a cheap source of resources for China and a dumping ground for its excess production and population, and suggests that discontent in Thailand over the impact of trading arrangements with China was a major factor in triggering the 2006 military coup against the government of Thaksin Shinawatra. While social movements have had some influence in the Philippines and Thailand, their activities have been violently repressed in Myanmar, Singapore and Vietnam.

Regional integration requires the construction of an identity capable of transcending national identities and political regimes. The new identity needs to be based on the commonality of human rights; in other words on the acceptance of a common humanity based on the recognition of the individual's rights, regardless of religion, ethnicity or nationality. However, ASEAN has failed to include civil society in the decision-making process about the role and future of the organization. ASEAN's Standing Committee has excluded human rights civil society organizations (CSOs) from engaging in a dialogue with the ruling elite by withholding accreditation to its various committees (Collins 2008:315). The empty dream of integration as a community of people is evident in ASEAN's role in not confronting the abuse of human rights in the region. The case of Myanmar stands out as an example of how the policy of non-interference enables individual states not to protect their citizens. ASEAN has made little progress in the treatment of migrant workers and refugees from their own region. There is much concern about this issue, with evidence that ASEAN members exploit migrant workers and show little sympathy for political and economic refugees.

NGOs that have been accredited are conservative business and professional bodies which have much to gain from incorporation into ASEAN's power structure. The Solidarity for Asian People's Advocacy (SAPA), a coalition of human rights groups, described the 2007 ASEAN Charter as a disappointment and 'a document that falls short of what is needed to establish a people-centred and people-empowered ASEAN' (Collins 2008:314). Jenina Chavez, coordinator of Focus on the Global South Philippines Programme, says that 'it is time that the initiative is

wrested from the political elites and given back to the people. Let us define the Asean we need, and start the building of an Asean people's charter' (Chavez 2007).

Capturing ASEAN

Geopolitics play an important role in defining the function of ASEAN in the global economy. The major powers which run the global state are competing with each other to influence ASEAN's development. They are pursuing various strategies to use ASEAN in the pursuit of their own economic and security interests. At stake is ASEAN's capacity to retain sufficient independence of action to advance the interests of the people it is meant to represent. What is being played out is the capture of Southeast Asia into a growing web of economic relations dominated by the major players.

On one side is China's scheme for an East Asian economic bloc. The ASEAN + 3 (China, South Korea and Japan) would exclude the United States, Australia and India. Together the ASEAN + 3 accounted for 55.3 per cent of total global trade in 2005, against 44.5 per cent for North American Free Trade Agreement and 53.3 per cent for the EU (Yamada 2006). The West strategy is through Japan's proxy role for a wider economic region. Yan Xuetong, director of the International Studies at Tsinghua University, writes that 'to sustain its special relationship with the United States, Japan has adopted a policy undermining the establishment of the East Asian Community. This policy is similar to that adopted by Great Britain with regard to the European Union' (Leonard 2008:103). Japan's suspicion and fear of China's regional dominance is a major incentive for its sponsorship of the East Asia Summit (EAS) as a conduit for negotiation for a wider economic region which would include India, Australia and the United States.

The EAS inaugural meeting in Malaysia in 2005 consisted of ASEAN + 6: Japan, China, South Korea, India, Australia and New Zealand. Singapore's position, which is shared by some but not all ASEAN members, is reflected in former prime minister of Singapore Goh Chok Tong's argument for the need for FTAs to assure US presence in the region and counterbalance the growing weight of China's economic power. Speaking seemingly about a marriage of convenience, Goh said that 'a web of interlocking FTAs would ensure that the US and Asia would remain in happy embrace' (Saywell 2003). More recently Singapore's prime minister, Lee Hsien Loong, warned former president Bush Junior 'not to try to push Southeast Asia into choosing between

the region's two dominant powers' (BBC 2007a). Singapore's argument is that the region's economic and political security is best served by ASEAN's enmeshment with both China and the United States and that the greater the enmeshment, the more likely is the survival of ASEAN and thus of Southeast Asia as a distinct political and economic region.

China together with Japan, South Korea and Taiwan are expanding their influence and redesigning the nature and role of Southeast Asia. Major changes on the ground show clearly China's regional expansion and challenge to ASEAN's coherence. China's powerhouse economy is changing the economic and social landscape of northern mainland Southeast Asia through the spatial integration of its southern province of Yunnan. An important aspect of this phenomenon is China's construction of a transport corridor along its southern border with Myanmar, Laos and Vietnam involving rail and road links, and navigable channels along the Mekong and Salween rivers (Osborne 2004). Considerable work is in progress, building new and upgrading rail links between Yunnan's city of Kunming and Vietnam's Hanoi and the port of Haiphong. China intends to speed up the rail link between Singapore and Kunming. There are other transport channels networking the region, such as energy pipelines from the offshore gas and oil field of Myanmar.

Commercial links with Southeast Asia have been developing rapidly since 2001 when ASEAN and China made known their decision to complete an ASEAN–China free trade area in ten years' time. From 1993 to 2001, China's trade with ASEAN increased by 75 per cent a year (Dalpino & Steinberg 2003:50) and by the end of 2007 China was ASEAN's biggest trader. China's investments are becoming important, particularly in the region's natural resources to feed its growing economy. These are combined with a generous aid programme. China has extensive investment in Myanmar's oil and gas resources and is showing interest in Timor-Leste's oil and gas resources. Some major resource projects are the pulp and paper mill in Sabah, substantial investments in Indonesia's oil palm plantation in Kalimantan adjacent to the border with Sabah and Sarawak (1.8 million hectares) and the PNG Ramu nickel mine in Madang province. China is involved in extensive, but mostly illegal, logging operations in many parts of the region, particularly in Indonesia's West Irian province, PNG, Myanmar, Laos and Cambodia. This provides China's market with an insatiable demand for *merbau* and other tropical logs for the manufacturing in China of furniture and parquet flooring, and plywood for the domestic and export market (AJ 2007a; Pomonti 2005). Manufacturing is attracting China's

plan to meet Southeast Asia's market demand for cars, such as Chery Automobile Co's investment to make and sell cars in Malaysia – the first Chinese-made car in Southeast Asia.

China is reaching into Southeast Asia to meet growing demand for food. The country's agriculture is being undermined by rural people moving to cities in large numbers, the expansion of the urban landscape and pollution and desertification. The amount of usable agricultural land is shrinking and, according to Chiang Mai-based journalist Brian McCartan, 'three million hectares of rice land were lost between 1996 and 2006'; in 2007 the country moved from being a net exporter of rice 'to a net importer of rice and wheat' (McCartan 2008). China's agricultural expansion is taking place in countries like Indonesia, Myanmar, Laos, the Philippines and Thailand. In the Philippines where most farmers are landless, Chinese corporations are forming large agribusinesses to export food to China. Recently the Philippines' Agriculture Secretary Arthur Yap announced a deal with China's Fuhua Group 'to invest US\$3.8 billion over five to seven years to develop 1 million hectares of land to grow high yielding strains of corn, rice and sorghum' (Bello 2008b).

Historically Chinese migrants have played an important role in the settlement and development of Southeast Asia and in recent years there has been a resurgence of Chinese people moving to the region. Large numbers are leaving China, seeking jobs and investment opportunities throughout the region in an unregulated immigration into Cambodia, Laos, Myanmar and Thailand. In Myanmar, the cities of Lashio and Mandalay have Chinese populations of more than 50 and 25 per cent respectively (Osborne 2004). Their growing presence in Myanmar is a source of friction with locals and of concern to the authorities. Many Chinese migrants are also moving to other parts of the region, including Indonesia, PNG and a number of Pacific Islands. That so many Chinese move from their homes suggests the failure of China's model of development and the marginalization of large numbers of people who are excluded from China's economic miracle.

The growing economic and political power of China and its pathway to a capitalist economy has generated new and powerful links with Chinese-Southeast Asians. 'Overseas Chinese' are of 'ethnic Chinese descent living outside Mainland China, and in Southeast Asia their numbers were estimated at more than 23 million in 1991 or 7 per cent of the total population at the time' (DFAT 1995:23). While a small percentage of the total population, Chinese Southeast Asians have gained an influential role in the region's economies. Estimates vary and,

according to Peter Katzenstein, 'ethnic Chinese are reported to control up to 80 per cent of the corporate sector in Malaysia, Indonesia and Thailand, and about 40 per cent in the Philippines'. Chinese capitalism, largely based on family-centred enterprise groups that operating as networks, is 'very flexible and readily adaptable to external economic opportunities' (Katzenstein 2005:65). Chinese business networks operate worldwide and are important links in the regional integration of Asia, and in 'stitching up' the economies of Southeast Asia with Taiwan, Hong Kong and Mainland China.

China's rise to power has led to a resurgence of Confucian ethnocentrism and the identification of overseas Chinese with the mainland. An emerging issue is the assimilation of overseas Chinese and their political allegiance. Southeast Asia's Chinese diaspora is reconnecting with China. Michael Vatikiotis suggests that Chinese 'who have spent the best part of half a century suppressing their ethnicity to integrate with their host societies will begin to reverse that process in the interests of forging lucrative business ties with China' (Vatikiotis 1996:203). In the same vein, Professor Jamie Mackie of ANU sees a reversal of assimilation 'into a phase re-Sinification of a kind that we thought was dead' (Mackie 1998). This raises many questions such as the future of Singapore's national identity and its role in the construction of ASEAN. Japan plays an important role in defining the future of Southeast Asia as a member of the ASEAN +3 proposal and the region's major investor. Chinese and Japanese capitalism in Southeast Asia are 'both distinct and complementary' and work together. Japanese business networks in Southeast Asia are generally 'closed, vertical, Japan-centred, and long term' and are dependent on 'Japanese imports for the key technologies and intermediate products' (Katzenstein 2005:67, 68). The new wave of Chinese tycoons in Southeast Asia 'often cooperates with Japanese business, for example, in the Siam Motor Group in Thailand, the Astra Company and Rodamas Group in Indonesia, the Yuchenco Group in the Philippines, and the Kuok Brothers in Malaysia' (ibid.:68).

China's pull is amplified by its soft power effort to convert regional governments to an alternative model of political and economic development. Beijing has embarked on a major campaign to counter Western ideology of development in a war of ideas which has been dubbed the 'Washington consensus' versus the 'Beijing consensus'. The Washington consensus is coding to signify the US policy, in the aftermath of the disintegration of the USSR, of constructing a capitalist global economy based on a neoliberal broad-based economic catechism of privatization of all economic and welfare activities, and the US dominant role in

global governance. In contrast, the Beijing consensus provides an alternative model based on the success and ideals of China's revolution and its recent achievement in transforming the country into an industrial and military superpower (Cheng 2005; Leonard 2008; PRC 2005; Paul 2006; Ramo 2004).

There is a cultural war waged by China to deconstruct Anglo-Saxon economics as unscientific and a product of Western imperialism and substitute its own version of Asian political economy based on Asia's cultural history and achievements in a major campaign to modernize Marxism and rebuild its ideological foundation. The theoretical content claims that China is building the foundation for socialism and democracy and that its system is superior to that of the West. The appeal of China's model is partly due to ongoing failures of the United States and Western-based world order to resolve the issues of global inequality and growing poverty. The international economic system led by the G7 has been prone to financial scandals and crises since the disintegration of the Soviet Union (Johnson 2007a; Stiglitz 2002, 2007; Stiglitz & Bilmes 2008). Moreover, the invasion of Iraq by the United States in 2003, which was declared illegal by the United Nations' secretary general, has been marked by widespread killing of civilians and the continued suffering of the population. The war has revealed widespread corruption within the US administration which has undermined the confidence of many governments in the capacity of the United States to bring peace and democracy to the world.

What China is doing is not unlike Luther's rebellion against the Catholic Church and the proclamation of the moral and divine superiority of the new church. The 'Beijing Consensus' is potentially a powerful ideological challenge to Western dominance and power and provides political space for other countries to resist and contest the G7 leadership. What it means for Southeast Asia needs to be interpreted in the context of the region's process of democratization. Essentially China is presenting a powerful model of development for the region based on authoritarian rule which dismisses Western-style democracy as politically decadent and destructive of society and an unsuitable model for developing countries. Southeast Asian governments are attracted to China's model, particularly when it is backed by generous no-strings-attached development aid packages, and promises of a special economic and political relationship with what could be the biggest economy in the world by the year 2020.

Nevertheless, it is not surprising that ASEAN is keen for closer economic and security ties with the EU and the United States, and to

formalize their relationship in various treaties. A number of important FTAs have been signed between the United States and Singapore, Indonesia, Thailand and the Philippines, the signatories to the 1967 ASEAN declaration. There are also ongoing negotiations with the EU. Negotiations for an ASEAN–EU FTA have been conducted as part of a broader Asia Europe Meeting (ASEM) dialogue. However, there are some serious obstacles to the finalizing of an agreement because of the strength of the anti-globalization movement in Western Europe and the criticisms of a large number of social movements that the proposed treaty is 'undemocratic and could harm the prospects for development in the ASEAN region' (TNI 2007b). Among the many issues raised is that the EU treaty would 'seriously undermine ASEAN countries' capacity to maintain sovereignty over their natural resources, including restrictions on export, investment and intellectual property rights … and will encroach on vital policy space needed for equitable wealth redistribution and social coherence necessary for nation-building' (ibid.).

Southeast Asia's economic integration envisioned in the AFTA by the year 2010 or 2015 is uncertain. ASEAN's governments are subjected to and buffeted by the pull and push factors of powerful economies and the major turbulences of a fast-changing capitalist global economy and hegemonic contest. Because of this, says Malaysian prime minister Abdullah Ahmad Badawi 'our economics is pushing us in one direction but our politics is pulling us in another' (Cameron 2006). Development in East Asia is pulling the region within a China-centred economic orbit. Moreover, the ambition of India's more than one billion people for their country to become another China poses more questions about the potential economic relationship, given India's considerable cultural and business influence in Southeast Asia.

ASEAN's governments have been wheeling and dealing in FTAs without the consent of the people and rely on economic growth, not only to meet the expectations of a rising population, but also to maintain the legitimacy of their authoritarian rule, and there is no assurance that favourable conditions will continue. The Asian financial crisis of 1997 was a wake-up call about the nature of global geopolitics and the predatory nature of global capitalism which former prime minister Mahathir called 'the new colonialism', and the role of US strategy to dismantle Southeast Asia's barriers to US trade and investment and security interests. At the time, Singaporean academic Obaid Ul Haq suggested that 'ASEAN as an organization seemed ineffective and even irrelevant to the crisis. The much-talked about unity of the ASEAN was neither in evidence nor of much avail. Every country had to fend for itself' (Haq 1999:37).

The United States in Southeast Asia

During the cold war, United States strategy for Eurasia was guided by 'the three grand imperatives of imperial geostrategy: to prevent collusion and maintain security dependence among the vassals, to keep tributaries pliant and protected and to keep the barbarians from coming together' (Brzezinski 1997: 40). With the defeat of the Soviet Union and communism, US hegemonic planning has entered a new phase focusing its high technology weaponry and aggression on new enemies in a new global war: the 'war on terror' or, more historically accurate, World War IV. US strategy towards Asia is essentially the same as in previous decades which is to 'preclude the rise of a regional or continental hegemon. This is important for two reasons: to prevent the US from being denied economic, political, and military access to an important part of the globe, and to prevent a concentration of resources that could support a global challenge to the US on the order of that posed by the former Soviet Union' (Khalilzad et al. 2001:43).

An essential aspect of US strategy is therefore to prevent the emergence of a major power in Asia which would undermine the US role in Asia and contest its global hegemony. The United States is building an alliance to contain China's potential threat to US national interests and is surrounding the Chinese mainland with weapons of mass destruction. The construction of an Asian NATO enmeshes the United States with Japan and Australia. Japan's role is a critical component in the US strategy in Asia. Its security treaty with the United States ties up the country in a close military alliance with many important US military bases on Japan's territory, and the free movement of military personnel, planes and naval units in and out of the country. Japan is dependent on major military hardware from the United States. Moreover, US military presence in Japan is possible because of the US-sponsored Liberal Democratic Party's (LDP) hold on power since the end of WWII.

Japan is an Asian version of the UK but not trusted to the same extent. US military presence and treaties are bondage ties to keep Japan as a major military bastion in East Asia and a form of assurance to maintain tensions between Japan with China and South Korea. Japan's militarization targets both China and North Korea as threats to its national interests (Brooke 2004). Gavan McCormack suggests that 'the consistent thread of US Asian policy since 1945 has been firm control over Japan combined with the deterrence of any project that might lead to the emergence of any Asian or East Asian community from which the United States might itself be excluded' (McCormack 2007:119). In a

sense, Japan is more like the Germany of Asia but there are differences there as well, since Germany is more trusted by the United States than Japan because of its Anglo-Saxon roots, its stand against communism and the Soviet Union and the cultural cleansing undertaken to make some amend for its Nazi past atrocities.

One of the most important aspects of US power in Asia is the emplacement of missiles on Japan's territory as part of the US-designed 'Star Wars Program' to gain control of space and hence the earth. Japan's decision to expedite the missile 'shield' programme was precipitated by North Korea's missile development and the test-launch of a long-range missile over northern Japan and the Pacific in 1998. More recently, Japan has emplaced an anti-missile system on land and ships and furthered its space programme. It successfully tested its defence system in 2007 when for the first time it shot down a ballistic missile in flight. The same year China successfully fired a missile to destroy one of its own satellites. This was widely seen as China's response to the threat of a potential pre-emptive strike by a US–Japan missile system.

Australia is the southern anchor of Asia's version of NATO and a key partner in the US hegemonic Anglo-Saxon core. Its ties with the United States have become equal to those of the UK in level of collaboration and trust. Australia's expanding military establishment has shifted its primary mission from defending the continent to a programme of fast-response expeditionary forces to operate with US forces in Asia. Moreover, Australia has become a key member in the United States' surveillance and missile space war system which is a vital component in US strategy to manage and contain China. As US regional sheriff, Australia recently signed a security pact with Japan that will expand significantly military relations between both countries. Japanese troops will train in Australia and join it in a vast training exercise held yearly in northern Australia with the United States. The treaty envisages greater collaboration with Japan's space and intelligence programme and the expansion of Japan's satellite operations, now operated from Landsdale in Perth's Western Australia.

The Japan–Australia nexus has been built over the years in collaborative operations in Cambodia in 1992–3 and later in East Timor. More recently Australian troops were deployed to protect Japan's military base in Iraq, and naval units from both countries have been collaborating in joint naval exercises and missions to patrol and defend vital areas in the South China Sea, the Indian Ocean, the Strait of Malacca and other critical channels through the Indonesian archipelago. The Australia–Japan Treaty was Japan's second comprehensive security agreement, after that

of the United States, signed in the wake of Japan's normalization of its relations with the United States with the Japan–US Security Treaty in 1951. Richard Tanter writes that this is a signal of a major change from 'an anti-Soviet US-dominated but uncoordinated bilateral alliance to a nascent anti-China US-dominated multilateral alliance system' (Tanter 2007).

The Japan–Australia security pact was signed in Japan by John Howard in 2007. Its main contents are secret and its reality and implications have neither been debated by the public nor subjected to parliamentary scrutiny by politicians on both sides of the ocean (Alford 2007). Professor Desmond Ball from the Australian National University foresees the day when Australian and Japanese troops will die fighting together and has written that 'given the likelihood of their common involvement in US-led coalitions, as well as their mutual interest in BMD developments, it becomes increasingly likely that Australian Defence Force (ADF) and Japan Self-Defence Force (JSDF) elements will serve together in operational situations, including not only in combat support activities but also actual combat' (Ball 2006:15).

Ball maintains that the Japanese and Australian public do not understand the implications of the expansion of the security relations between both countries, 'not just in the defence and security realms, they also manifest, through the particular values that the two countries choose to jointly promote, the sorts of people that Australians and Japanese are and the sort of international society to which they aspire' (ibid.:16). He warns that relations are increasingly dictated by geopolitical interests and national security issues and that these will be perceived as signs of enmity by China and elsewhere and encourage responses in kind. Ball believes that focus on a security relationship diminishes the prospects for substantial and necessary investment in more peaceful collaboration and humane exercises and suggests 'that the Australian and Japanese people have little compassion, little commitment to social justice and little imagination of quality of life as a universal concept. Is this really the case? Is it really the image we wish to convey to the rest of the world?' (ibid.:17). Along with Ball, Tanter is greatly concerned about the new security development in the region and the aversion of both governments to 'coming to terms with the genuine security problems facing the two societies and the Asia-Pacific region', which points to the decision of both governments to prepare for a military solution to political and social problems seen as impossible to resolve by peaceful means (Tanter 2007).

At the start of the twenty-first century, the United States faced new challenges to its hegemony because of the unintended effects of its imperial policy during the cold war and its failure to negotiate and settle a number of important regional conflicts. Blowbacks like 9/11 has moved the United States into another series of military interventions and confrontations which have serious implications for the progress of democratization and peace in Asia. According to former US military analyst Chalmers Johnson, blowback is a term first used by the CIA to refer to 'the unintended consequences of policies that were kept secret from the American people' (Johnson 2000:8). The destruction of New York's World Trade Center and attack against the Pentagon in 2001 was a blowback for US operations in Afghanistan against the Soviet Union in the 1970s and 1980s, and part of the harvest and legacy of the cold war. This was the cost that had to be carried beyond the cold war into the age of globalization only to start another round of killing and counter killing.

The hijacking of US civilian airliners and their use as flying bombs against New York and Washington DC by the al-Qa'ida organization in 2001 was an act of terrorism and a crime against humanity. What happened had its roots in major conflicts in the Middle East, the Israeli–Palestinian war over Palestinian land rights and independence and political discontent against the West's policy to protect the region's autocratic regimes and the destruction of the Left as an alternative political force in the democratization of the region. This was all part of cold war strategy to fight communism by any means, which included covert operations to overthrow liberal regimes and eliminate political forces essential for the democratization of the region. The outcome was the creation of organizations such as al-Qa'ida which one day would turn against the West. The United States and its bankers, particularly in Saudi Arabia, Kuwait and Brunei, funded the recruitment, training and arming of tens of thousands of mujahideen to fight the Russians in Afghanistan during the 1980s. The operation was largely organized by Pakistan's intelligence services which received billion of dollars from the United States. These subsidies with the help of Saudi money also financed Pakistan's development and acquisition of nuclear weapons.

Recruitment of freedom fighters among Muslim communities was also carried out throughout Southeast Asia, by the CIA in the case of the Philippines. The Suharto government is likely to have played a role in recruiting fighters for Afghanistan because Suharto's backers had developed close relations with the country's Muslim organizations. In the past, these were used against Sukarno to put Suharto into power and

eliminate members of the communist party throughout the country. It was an opportunity for Suharto to get rid of potentially troublesome political opponents. With the defeat of the Soviet Union in Afghanistan in 1989, some fighters were used by the United States to fight Serbia and other Christian nationalists during the disintegration of Yugoslavia, to prevent more extensive massacres of Muslim population in Bosnia and as a pawn in the power game played between the West and Yugoslavia's Slobodan Milosevic. At the end of the cold war, many mujahideen veterans took their struggle home to Indonesia and elsewhere in Southeast Asia, while others took over Afghanistan in the name of the Taliban and provided a home for al-Qa'ida's transnational operations.

In the wake of 9/11 the United States declared war on any country and organization that threatened its national security, global mission and hegemony (Bush 2002). Former president George Bush junior made terrorism and terrorist organizations a specific target of US military action and, in his speeches, identified Islam as a threat to Western democracies and announced another 'crusade' to deal with the problem. As part of the 'war on terror' the United States invaded Afghanistan in 2001 and Iraq in 2003, put Islamic and other countries on notice – 'you are either with us or against us' (Bush 2001b) – and introduced legislation to limit human rights and enable agencies to arrest and detain individuals without charge. These policies have been duplicated in other countries, such as the UK and Australia, and target mainly Muslims and people of Middle Eastern descent. A form of warfare against Islam has been instituted in the West as part of its hegemonic struggle. This allows the United States and its allies to declare any organization it wishes as a terrorist organization and ban its activities and arrest its members.

US military alliances in Southeast Asia are part of its strategic objective to keep the region from being dominated by another power or group of powers (CRS 2006:4; Sokolsky et al. 2001). Among ASEAN members, Singapore is probably the strongest and most reliable client state along with Gloria Arroyo's government in the Philippines. The city state provided service facilities for US naval and air force units. Changi Naval Base is the US 7th fleet's new home and Sembawang shipyard has replaced the former US Subic Bay naval base for repair and supply of large ships, including aircraft carriers. Sembawang and other facilities used by the United States were once the core and symbol of British power in the region. Singapore is integrated into the US global network of rendition which kidnaps, detains and tortures 'terrorist' suspects.

The United States plays a key role in the protection of regional seas and settling maritime disputes. One important area of operations is in

the South China Sea where China claims sovereignty over the Spratly (Nansha) Archipelago. Vietnam, Taiwan, Malaysia, Brunei and the Philippines have claims to various islands, islets or reefs (CRS 2006:22). In 1988, China seized a number of islets in the Spratly Archipelago from the Vietnamese and set up a garrison on Mischief Reef, claimed by the Philippines. In 1974 it took control of the Paracel Islands claimed by Vietnam and in 1988 there were naval clashes between both countries over other maritime claims (Chanda 1995). China appears willing to negotiate the issues with ASEAN and has proposed the joint exploitation of the region's energy and other resources. Nevertheless sovereign disputes over the area continue to challenge ASEAN relations with China, particularly in regard to Vietnam. The United States has made some commitment to the Philippines that it will intervene if it comes under attack in the Spratlys. Asia's NATO forces are also patrolling Southeast Asia's sea-lanes and straits. US naval units work with ASEAN navies to protect the crucial Malacca straits, one of the world's most important shipping routes and the shortest route between the Indian Ocean and the South China Seas. There are other important straits through the Indonesian archipelago: Makassar, Sunda and Lombok straits are important shipping routes as well as strategic avenues for US nuclear submarines.

The Pentagon operates small bases termed Cooperative Security Locations (CSLs) which are called 'lily pads' in Department of Defence jargon. These are located throughout the world including Thailand, the Philippines and Indonesia, and 'contain prepositioned weapons and munitions ... These are places to which our troops could jump like so many well-armed frogs from the homeland or our major bases elsewhere' (Johnson 2007c:147). Some of ASEAN's military establishment have a close rapport with the United States in terms of training and the supply of weapons, and participate in joint war-games such as the jointly-run US–Australia Tandem Thrust in Australia's north, the US-run Balikatan with the Philippines and US Cobra Gold with Thailand. As US Sheriff, Australia has established it own military network, with a new security pact with Indonesia and the Philippines in 2006, the Five Power Defence Agreement (FPDA) run jointly with the UK and which incorporates Singapore and Malaysia in a defence pact. Australia has a special military relationship with Singapore's military to train and store equipment in northern Australia. Military ties involve transfer of arms, befriending military commanders and young potential leaders for training in the United States or Australia, equipment dependency on US sources and direct subsidies to various military establishments.

The 'war on terrorism' is a new platform to allow US and Australian military intervention in the region. More than 1000 US special forces operate in the southern Philippines to destroy organizations classified as terrorist organizations by the Filipino government, such as the Communist Party of the Philippines and secessionist movements in Mindanao (FGS 2006). US cash rewards are key incentives to capture 'wanted' leaders. In 2007, a US$10 million reward was given in black plastic suitcases by embassy officials 'to four Filipinos on the island of Jolo whose information led to the killing of two high-profile terrorism suspects' (BBC 2007b). There are allegations that claims that organizations are involved in terrorist activities are often fabricated by Indonesia's and Thailand's military to subsidize their business concerns, with cash incentive payments from the West. John Gershman suggest that the United States 'has been transforming [the Philippines] into a staging area for power projection in the region (primarily against China/Taiwan) but also to boost projection into Central Asia and the Middle East' (Gershman 2008:3). Australia has also sent special units to Indonesia and the Philippines in recent years.

United States' and Australia's military are becoming increasingly involved in aid missions in response to environmental or human disasters in the region. In recent years there have been a number of major operations where the military played a key role, such as the 2005 Aceh's tsunami relief mission; the United National Transitional Authority in Cambodia (UNTAC) in 1992–3 and the UN International Force in East Timor (INTERFET) in 1999–2000, and later with the UN Transitional Administration in East Timor (UNTAET). Military interest in relief operations is now part of a new military strategy linking environmental change to political instability and insurgency which threatens the imperial project and will require major military intervention. In military parlance, environmental disaster is equated with terrorism and weapons of mass destruction (Butts & Turner 2004). The military establishment in Australia and the United States are keen to establish their domestic credentials as an essentially humanitarian institution to protect the homeland by fighting terrorism and provide relief to the region's population, and hence the need for bigger budgets.

The 'war on terrorism' is a continuation of the cold war on communism. The United States and its allies identify people and non-government organizations as terrorists if they threaten the imperial project. Southeast Asian governments use similar assignation to outlaw those who threaten their legitimacy and power. As such terrorist

organizations cover a range of political activities, ranging from seces-sionist demands to resistance to state oppression. The communist party, for example, is unlawful in the Philippines, Singapore, Malaysia, Brunei and Thailand. The major problem in Southeast Asia is the lack of political space for political movements to challenge existing political regimes. There is widespread discontent about governance in the region and the failure of governments to address problems of unemployment, poverty, inequality and, more generally, the growing need to protect the dignity and well-being of citizens.

These issues reflect the failure of government to manage and modern-ize and democratize their societies because of entrenched corruption by an elite. Discontent is eventually expressed by class or ethnic demands for power to redress the situation. In Southeast Asia, religion provides a powerful nexus to concretize and mobilize people for action. Islam in that context plays an important role in mobilizing populations for political action. Like Christianity, Islam is a powerful ideological mecha-nism and provides a number of channels for political action, including millenarian movements. Cohn has written about the power of millenar-ian movement in Europe and why they attracted the unprivileged, the oppressed and groups for whom 'existed no regular institutionalized methods of voicing their grievances or pressing their claims' (Cohn 1970:282).

Much of the current campaign in the 'war on terror' in Southeast Asia has targeted Muslims and Muslim organizations, and there is great concern that the 'war on terrorism' conducted in the region is part of a wider vindictive movement against Muslims in the Middle East and elsewhere in the world, another 'crusade' as Bush called the invasion of Afghanistan and Iraq, by the West to further control and humiliate a people and a religion. Islamic political movements are a product of their socio-political environments. Many progressive and militant regional Muslim organizations are motivated by a sense of injustice about the treatment of their communities. Former Malaysian deputy prime min-ister Anwar Ibrahim said that 'the lack of democracy and civil society is the root cause of Islamic fundamentalism in the country. Without a free press and a truly democratic system where people can blow off steam, radical Islamists provide one of the only viable alternatives to the ruling coalition' (Abuza 2003:16).

Militancy and resistance to the state is also the outcome of poverty and inequality and the state's corruption and failure to promote for the well-being of the population. Academic Lily Rahim makes the point that the 'most violent and prolonged separatist struggles by Muslims in

Southeast Asia such as Aceh and Mindanao are essentially about the control of economic resources, localized injustices, and political self-determination rather than about Islam' (Rahim 2003:226). The argument applies equally well to the situations in southern Thailand, West Papua and indigenous minorities of Burma. One should also be concerned about US geopolitical interests in creating 'terrorists'. Radical Muslims such as the Abu Sayyaf's group, now hunted by US special forces, had their origin in 'the 1980s when Filipino Muslims were recruited by the CIA to fight the Soviets in Afghanistan … and were allegedly armed and trained by the Armed Forces of the Philippines (AFP) in Mindanao and funded by the CIA' (ibid.:225). Rahim warns that 'if localized socio-political and economic grievances are not seriously addressed and the political and military elite and opposition parties continue to politicize and exploit Islam to advance their sectional interests, support for radical and militant Islamists could grow' (ibid.:212).

US geopolitical strategy is to maintain ASEAN as a politically stable and profitable business environment. Maintaining friendly governments is obviously of some importance and the United States and its allies are likely to have extensive ongoing surveillance of such regimes and have special relations with some parties and politicians which involve substantial monetary rewards. Keeping ASEAN involved in the 'war on terror' is an important aspect of US policy. All ASEAN governments have collaborated and have been rewarded in that effort. The 'war on terror' promotes ASEAN's cohesion because it legitimizes widespread political corruption and repression of domestic dissent. Moreover, keeping the peace among ASEAN members is institutionalized in their agreement, incorporated in the Treaty of Amity and Cooperation, not to interfere in each other's domestic affairs and to close their eyes on each other's abuse of human rights. The non-interference doctrine is reinforced in a never-ending series of meetings and discussions among themselves and in the ASEAN Regional Forum which brings together countries outside ASEAN which have an interest in the security of the region. ASEAN is an association for the protection and legitimization of the elite in the eyes of the global state but which excludes the engagement or consent of Southeast Asia's citizens.

From the point of view of the Pentagon, ASEAN must continue in its role to advance the interests of US hegemony against China. While the 1967 ASEAN treaty was a military alliance against communism, the enlarged version common front in the 'war on terrorism' could easily be construed as a facade to obscure its strategic value as a major organization to contain China's geopolitical ambitions. What unites ASEAN is

its fear of China and need for security to engage with the United States. This was demonstrated with the 1997 inclusion of Myanmar, along with Laos, in ASEAN. Myanmar membership was seen as both a necessity and a problem because of its military regime and record of human rights abuse, and close relationship with China. Overcoming Myanmar's reluctance to join took Suharto on a journey to Yangon to convert the military to the benefits of predatory capitalism. Suharto sold his own model of development and power to the military junta, that of elite cronyism and self-financing military rule.

China in Southeast Asia

China's liberation struggle and revolution was a major force in the anti-colonial movement and liberation struggle of Southeast Asia. The Communist party in Southeast Asia was a major political force in the formation of the new nation states, but colonial resistance and the new paradigm of the cold war led to civil wars and China's support for local Communist parties to contest state power. A new phase began with the United States invasion of Vietnam, Laos and Cambodia. Schism between Moscow and Beijing muddled the political situation and divided Southeast Asia's Left. One outcome was north Vietnam's reliance on the Soviet Union to pursue the war against the United States, and China's support for Cambodia's Pol Pot regime. Southeast Asia's relations with China during the cold war were tense and many countries such as Indonesia severed diplomatic relations from 1967 until 1985. In 1979, China attacked Vietnam's border region 'to teach it a lesson' for invading Cambodia that year to end the Khmer Rouge reign of terror.

The end of the cold war was accompanied with the rise of a new China which had taken the market road to development, inspired by the Deng Xiaoping-led reforms of 1979. The new China has been very successful in creating wealth and a sizeable middle class. The economy is expected to surpass the United States' within the next decade and become the world's largest exporter. In 2007, China had become the world's largest consumer of base metals and the second biggest consumer of oil (Hale 2006). The country was investing in large infrastructure and energy investment around the world and becoming increasingly dependent on the global economy for its development, prosperity and security. As an economic powerhouse it is expected to save the global economy from economic recession from the West's stagnating growth and financial scandals. Australia, for example, depends solely on China to sustain its economy and its society's welfare. Economic power has led to the

modernization and expansion of China's military machine in response to global threat and its decision to change the nature of the global state. China's challenge to US hegemony is the result of perceived threat from the United States and the dynamics of its own modernity and power structure.

China's geopolitics are based on the policies of the Communist Party leadership towards the construction of 'a socialist market economy and socialist democracy . . . and building a moderately well-off society' (Zeng 2004). China's policy follows Deng's views on China's important role in world affairs to work for a new world order, and that 'China will continue to uphold justice, oppose hegemony and power politics, and safeguard world peace and stability to promote the common development of the human race' (Deng 1994:16; Zhu 2000). Moreover, China 'pledges to dedicate itself to the establishment of a just and reasonable new international political and economic order' (Zhu 2000). The main message is that China will challenge US hegemony and demand its rightful place as an equal partner in a reformed world order.

The Chinese leadership views the United States as the world's hegemonic power and a threat to world peace. Song Yimin, an analyst from China's Institute of International Studies writes that 'the US strategic aim is to seek hegemony in the whole world and it cannot tolerate the appearance of any big power on the European and Asian continents that will constitute a threat to its leading position' (Song 1996:10). China is critical of the US unilateral foreign policy and marginalization of the United Nations, and of many actions which threaten world stability, such as the illegal invasion of Iraq, and the US policy to confront both Russia and China as evidence of its intent to pursue the cold war. According to academics John Steinbrunner and Jeffrey Lewis of the University of Maryland's Centre for International and Security Studies, 'Many Chinese officials view US military planning projections with growing alarm and have concluded that China is now the principal target for the advanced capabilities the United States is developing (Steinbrunner & Lewis 2002:7). More specifically, Chinese leaders view the US military bases around Mainland China and the US missile defence system with Japan and Australia as first-strike weapons directed at their country.

China accuses the United States of cold war mentality and says that the Pentagon is engaged in a war strategy against China. It cites a policy to exaggerate China's military expenditures and military prowess, such as the US Congress 1999 report on China by the House Select committee on United States National Security, known as the Cox report, which

reported that China had 'achieved nuclear weapons capacity "on par" with that of the United States' (Johnson 2004:87). There are complaints about many other unfriendly acts, such as spying activities, the intentional bombing of China's Belgrade embassy in May 1999 and a global media war accusing China of being a 'threat to peace' and an irresponsible member of the global community, and constant warnings about a 'negative' China (Elliot, G. 2006; Elliot, J. 2006). Moreover, China accuses the United States of supporting ethnic and dissident groups in China in an effort to destabilize the country. US support for a free Tibet and the militarization of Taiwan and support for the island's independence is viewed as evidence of its policy to weaken China's unity and sovereignty.

The modernization of China's military is a response to the Pentagon's US Space Command strategy of global engagement, 'a combination of global surveillance, missile defence, and space-based strike capabilities that would enable the US to undertake effective pre-emption anywhere in the world and deny similar capability to any other country' (USSPACECOM 1998:7). US policy is forcing China to respond to threats to its sovereignty and devote greater resources to the development of weapons such as its missile programme to deter attacks against its territory. An example is China's 'asymmetric' military response to US control and militarization of space with strikes against US assets in space. 'Space assets are exceedingly valuable – and exceedingly vulnerable. And they can be successfully attacked at a small fraction of the cost and effort required to develop, protect, or replace them' (Steinbrunner & Lewis 2002:8). China successfully conducted such a test in 2007 when one of its missile's destroyed one of its satellites some 800 km above the earth (Watson 2007).

Chinese leaders believe in the inevitable decline of US power and that the Japan–US alliance will not last. They may well have borrowed most of their clues from a growing literature in the West on the rise and fall of great powers because of imperial overstretch. Anatol Lieven, for example, says that the US imperial project is unsustainable and that it 'can no longer raise enough taxes or soldiers, it is increasingly indebted, and key vassal states are no longer reliable ... the result is that the empire can no longer pay for enough professional troops it needs to fulfil its self-assumed imperial tasks' (Lieven 2005). Chalmers Johnson writes of the likelihood of the United States maintaining 'a facade of constitutional government and drift[ing] along until financial bankruptcy overtakes it' (Johnson 2006:269). Bankruptcy is a major sign of United States' soft power decline compounded by widespread exposure of lies and deceit in US foreign policy in recent time. Much of this began with former

secretary of defence Robert McNamara's admission that the Vietnam War was a 'big mistake'; then came the lies about Iraq's weapons of mass destruction, and the horrors of US global kidnapping operations and use of torture. In recent years the world has been exposed to the insatiable greed of market capitalism in the United States' major financial scandals with the massive Enron and subprime financial frauds among others which have seriously undermined the integrity of the US financial system and administration. All these have laid to waste the claim that the US global leadership mission is to bring peace and democracy to the world.

China is forging military alliances to challenge US hegemony. One is the Shanghai Five which brings together China and Russia with Kazakhstan, Kyrgyzstan and Tajikistan. This has expanded to include Uzbekistan to form the Shanghai Cooperation Organization (SCO) in 2001. India, Pakistan and Mongolia have observer status and may become full members at some future time. SCO's stated aim is 'to improve the regional response to disparate dilemmas connected with radical Islam' and also to counter 'US initiative to deploy a missile defence shield' which is opposed by both China and Russia. Russia supplies advanced weaponry to China and engages in joint military exercises (Khalilzad et al. 2001:50). Its manifesto is 'to fight against the three evil forces: terrorism, separatism and extremism' (SCO 2004). SCO's security focus involves China's transfer of nuclear and missile technology to countries unfriendly to the United States, such as North Korea and Pakistan. There are reports of Chinese weapons going to Taliban forces in Afghanistan and Pakistan, and North Korean weapons to Lebanon's Hezbollah. It is likely that both Russia's and China's policies are to support Iran and help it deter an attack against its nuclear facilities.

China is an important player in Southeast Asia's politics and security as it emerges as East Asia's dominant economy and power. As such it is shaping Southeast Asia's economies and progressing towards a regional trading bloc together with ASEAN, South Korea and Japan (ASEAN +3 or APT). Moreover, China's security policy is influencing regional players, their political regimes and politics and military strategy to resist Western policies and move within China's orbit. China's security interests focus on two areas including Myanmar where the two countries have formed a close economic and military relationship. Myanmar's military is dependent on China for modern weapons and the modernization of its military, and the legitimacy and viability of the country's military regime is dependent on China's support. Myanmar is China's opening to the south, to the Bay of Bengal, the Andaman Sea and the Indian

Ocean, and China has built a number of naval and intelligence bases on the country's coast and offshore islands. China has growing interests in Myanmar's oil and gas fields and the construction of energy pipelines from the coast to Yunnan province. Naval bases on the Andaman Sea coast give China some leverage over the strategically important Strait of Malacca which carries Japan's oil supply from the Middle East. In the event of a confrontation over Taiwan, China could use its leverage in Myanmar to control shipping through the straits.

The South China Sea is the other strategic region in China's relation with Southeast Asia. The South China Sea fronts China's coastal industrial and urban coastal infrastructure with strategic oceanic links to Japan, Taiwan and ASEAN. The main asset is China's sovereign claim to the Spratly archipelago, an area of about 180,000 km^2 in the sea's southern region. The archipelago consists of hundreds of reefs, islets, atolls and sandbanks, and is potentially rich in energy, minerals and fishing resources. Vietnam, Brunei, Malaysia, Indonesia, the Philippines and Taiwan have claimed certain areas, and tensions have on occasion led to military action. The most intense dispute is with Vietnam and both countries clashed over the possession of a number of reefs in the 1980s. In 1995, China seized a reef claimed by the Philippines.

Southeast Asia is where China meets and competes with the United States and Japan for access to the region's resources, market and investment opportunities. It is also an important region in China's challenge to ASEAN's major role in the US-led Asian NATO. ASEAN's original 5 plus Brunei have retained their key role as the United States' closest allies in the 'war on terror' and containment of China. Nevertheless, China has had some success in playing wedge politics with ASEAN's security position because of its growing economic weight in the region and its collaboration in the 'war on terrorism'. China needs regional and global stability to pursue its economic growth and is therefore a willing partner in efforts at counter terrorism and partnership in 'humanitarian relief and peace operations and collaborative efforts in addressing transnational problems such as migration and pollution' (CCUSC 2003; Song 2002).

China's collaborative effort and demand for resources and US blunder in the Middle East have helped both China and Russia to build their security arrangements in Southeast Asia.

Indonesia appears ready to sign a defence pact with China and to renew its military links with Russia. Vladimir Putin's journey to Indonesia to meet Susilo Bambang Yudhoyono in 2007 was the first visit of a Russian leader since Nikita Khrushchev's meeting with

Achmad Sukarno in 1960. Both leaders denounced the US invasion of Iraq and signed a defence deal and purchase for a number of submarines, tanks and helicopters from Russia. Russia has also agreed to modernize Indonesia's military and reduce its dependence on the United States. Another Russian proposal is to set up a satellite launching station in West Papua. Moreover, China is seeking security and trade arrangements with Cambodia, Timor-Leste and PNG to complement its existing generous aid development program.

ASEAN's future will be shaped by China's political development in the coming decade. There is a great deal of speculation in the West about the possibility of regime change in China and a scenario for a growing middle-class moving the country towards a Western-style liberal democracy and a society comfortably embedded in market relations (Mann 2007). Chinese leaders often speak of plans for a more democratic and socialist country, and of a socialist democracy for China. The Communist Party of China (CCP) is expanding popular participation in the decision-making process. Elections have been introduced at the village level and there are also neighbourhood election in some cities. How far will the process go? President Hu Jintao said at the party's 17th Congress in 2007 that China would pursue 'socialism with Chinese characteristics and would expand socialist democracy … but would never adopt Western-style democracy' (Bristow 2007). A new generation could conceivably decide to liberalize the system further by allowing some form of national elections. The expansion of the middle class could lead to demands for liberalization and open political space for a Western-style adversarial politics, but there are questions in the West as to whether such developments might destabilize the country and lead to increased tensions and heightened nationalism (Hale 2006).

Deng Xiaoping warned that US-style democracy would lead to confrontational and power politics and civil war 'with each faction dominating a region' and be catastrophic for China's population. He said that to maintain stability and unity the CCP must 'oppose bourgeois liberalization and not abandon people's democracy under the leadership of the Communist Party' (Deng 1994:321, 347, 237–238). The new generation of leaders have had the opportunity to watch and learn about confrontational politics and the danger of reactionary politics in Russia and former members of a defunct Soviet Union. There is always the possibility for the fragmentation of the country. The disintegration of China could occur with the increasing loss of legitimacy of the Communist Party and the pull of centrifugal forces because of widespread corruption, growing regional inequality and secessionist demands by ethnic

groups. Regions most likely to pull away from the core are Xinjiang, Tibet and the Hong Kong-Guangdong coastal region; China could follow the fate of the Russian and British Empire (Eronen 1998).

It seems unlikely that China will move towards an Anglo-Saxon-style market economy or allow confrontational politics to split the country apart. Capitalism in China is more likely to take on Chinese characteristics and retain the strong hand of the state to control the use and distribution of wealth. China is also more likely to retain a strong hand in guiding and controlling social change. Lee Kuan Yew thinks that the Communist Party will resist further liberalization because it sees in Western societies' growing social problems and the 'break-down of civil society and the expansion of the right of the individual to behave or misbehave as he pleases', and that for China 'there is no alternative to strong central power' (Zakaria 1994: 111, 143). China recently passed the Anti-Secession Law and President Hu Jintao has reminded the world on many occasions that China's policy for 'the complete reunification with the motherland' is non-negotiable, and that China 'will never allow anyone to separate Taiwan from the motherland in any name or by any means (Bristow 2007; Hu 2004). What could emerge is a modern form of a one-party fascist state modelled on Singapore. A postmodern Chinese state would be legitimized on a nationalistic platform, promoted by a heavy dose of hatred for Western imperialism and foreigners who once destroyed the greatness of China and who once again threaten China's place in heaven. Marxist-Leninism would be melted into a Confucian cultural mould to legitimize power hierarchy and a repressive but orderly society.

5
Ecological Scarcity

The idea that societies are subject to environmental limits has been around for a long time. But it is only in recent years that the issue has become politicized and ecological scarcity has become a major item on the national and international political agenda. This was due to a rising consciousness about the impact of human activities on the earth's ecology due to advances in technology to measure and diffuse the information more widely. Undoubtedly there has also been a rise in the level of fear among rich countries following the destruction of the New York World Trade Center in 2001. However the arrival of scarcity on the political agenda can be timed with the more recent report of the United Nations Intergovernmental Panel on Climate Change (IPCC 2007), and Al Gore's showing to mass audiences of his film *An Inconvenient Truth* in 2006, along with the release of the UK-Treasury Stern's *Review on the Economics of Climate Change* (Stern 2006).

The review commissioned by the British Treasury and written by former World Bank chief economist Nicholas Stern reported that temperatures would rise by two to three degrees and perhaps more within 50 years, and that the impact of climate change would cost US$9.08 trillion and result in more than 200 million people having to flee their homes. David King, Britain's chief scientist, said the world faced a global catastrophe unless it took global action, and this is the biggest challenge our global political system has ever been faced with, 'we've never been faced with a decision where collective decision-making is required by all major countries ... around risks to their populations that are well outside the time period of any electoral process' (Button 2006). The British government at the time added that this was no longer just an environmental problem but a defence problem. Soon after, the *Bulletin of the*

Atomic Scientists moved the minute hand on the famous 'Doomsday Clock' two minutes closer to midnight.

Environmental change has a direct bearing on Southeast Asia's economic and political development because it affects economic growth and consumption level and requires adaptation and accommodation in the policies and politics of the region. Thus, Southeast Asian states will need to address, more urgently, conditions of ecological scarcity. William Ophuls defined ecological scarcity as the 'ensemble of separate but interacting limits and constraints on human action' (Ophuls 1977:9). This perspective on ecological limits to growth encompasses a wide range of environmental issues such as sea-level rise, tectonic and volcanic activities, soil erosion and degradation, deforestation and fires, depletion of fishing stocks and fresh water shortages. All processes of degradation are at work in Southeast Asia and have serious implications for the economies, future growth and the well-being of their nations.

Environmental degradation has been inflicted by direct human activity, such as the impact of war on ecosystems and agricultural production. The mass bombing of Indochina and chemical warfare waged by the United States against Cambodia, Laos and Vietnam, destroyed the ecology of large areas and continues to endanger the health of the population (Westing & Pfeiffer 1972). Destruction continues in the region with the dumping of toxic waste and other hazardous material by countries outside Southeast Asia. Another aspect is the largely unplanned and unhealthy intensification of aviculture, aquaculture and pig farming, incubating new strains of viruses ready for potential pandemics. Mike Davis suggests that bird flu will come from Java and that the virus (H1N5) 'is killing people within Jakarta itself, where high population densities favour accelerated disease evolution' (Davis 2007). The dangers of expanding food production is also exemplified with substantial increases in the fishing effort and the depletion of major regional fisheries in the Gulf of Thailand and the region's coastal areas.

Widespread destruction of Southeast Asia's tropical forests and the fires that follow land-clearing operations eventually dries and depletes soils of their nutrients. Indonesia has about 91 million hectares of primary tropical forest left, almost half (c. 42 million) in West Papua's province, but is losing about two million hectares a year of primary tropical rainforest. Another widespread practice is the drainage and clearing of peat wetlands for plantations, causing huge releases of carbon dioxide into the atmosphere. Deforestation also has an impact on atmospheric water over the region affected and reduces rainfall. Forest fires in Southeast Asia, particularly in Indonesia and Malaysia have in turn caused major health

problems. At the time of the Asian financial crisis in 1997–8, some 10 million hectares went up in smoke in Indonesia, affecting the health of millions. Smoke of recurrent forest fires combine with other pollutants to form Asia's brown haze, 'a blanket of pollution three kilometers thick that stretches across southern Asia' (Hannon 2002).

Other damaging aspects to human well-being are the results of natural phenomenon such as tectonic activity and its after-effects. The tsunami that struck Southeast Asia on 26 December 2004 reached 30 metres and devastated Indonesia's province of Aceh killing more than 120,000 people. Volcanic activity is particularly dangerous along a zone of colliding tectonic plates running through the Philippines, Indonesia and Papua New Guinea (PNG). A recent case is the eruption of Central Luzon Mount Pinatubo in the early 1990s which had devastating impact on the local people and economies. A similar phenomenon is destroying an area surrounding the town of Sidoarjo on Indonesia's island of Java. Since May 2006, drilling and possible tectonic activity have caused mudflow and also toxic fumes from depths of between 1–2 kms, engulfing a number of villages and forcing the evacuation of thousands of residents. Climate change and the melting of the ice sheets would release huge amounts of water into the region's ocean basin and enough of a load to trigger volcanic activity along the Pacific fault line in maritime Southeast Asia (McGuire 2007).

The biggest threat appears to be from global warming and sea-level rise and its impact on the economy. The IPCC 2007 report projects increases in temperature for the region, and sea-level rise 'with major changes in coastlines, and inundation of low-lying areas with great effects in river deltas' (IPCC 2007). Temperatures are expected to rise throughout Southeast Asia by an average of about 3°C by 2070 (Cline 2007). Most at risk are population and settlements in the Low Elevation Coastal Zone (LECZ) defined as 'the contiguous area along the coast that is less than 10 meters above sea level' (McGranaham, Balk & Anderson 2007:17). Vietnam, Indonesia, Thailand and the Philippines are among a group of countries with the most population at risk from sea-level change. Vietnam has the world's highest percentage of people at risk from sea-level rise with 55 per cent of its population located in LECZ. Most endangered are the densely populated and high intensity agricultural regions in low-lying plains and delta regions. Some of the more productive land and major cities in Vietnam, Thailand and Indonesia are within one metre of sea level and are prone to flooding and salinization.

Rise in sea level and temperature would affect Southeast Asia's grain production. Of particular concern is the impact of rising temperature

on agricultural production. Experts claim that for 'every one degree centigrade rise in areas such as the Tropics (zone between the tropics of Cancer and the Tropics of Capricorn), rice yields could tumble by as much as 10 per cent ... and that temperature could rise by as much as three degrees in the tropics by 2100' (UNEP 2001). Crop ecologist John Sheehy of the Philippines-based International Rice Research Institute (IRRI) found that 'food grown in the tropics are at or near their thermal limits making it difficult for them to withstand further rises in temperature'. Moreover, he writes that 'heat damage has been seen in Cambodia and India and in my own centre in the Philippines [average night time temperatures are] now 2.5 degrees higher than they were 50 years ago' (Peng et al. 2004; UNEP 2001). Suggestions that yields in the tropics could fall by some 30 per cent in the coming decades need to be put in the context of Sheehy's claim that 'currently more than half the people in Southeast Asia have a calorie intake inadequate for an active life and ten million children die annually from diseases related to malnutrition. So any decline in yields as a result of climate change will have an alarming consequences' (UNEP 2001).

A newly released UN report suggests that Indonesia will be among the worst affected countries by climate change and sea-level rise (UNDP 2007). Jakarta, the country's largest city with some 25 million people in 2008, suffered the worst flooding in memory in 2007 when a number of residents were killed while hundreds of thousands were displaced. The economic impact is likely to be in excess of US$1billion and has led to calls to move the city altogether (Thompson 2007). Parts of Jakarta are below sea level and flooding will get worse and will displace many of the poor people who occupy the flood-prone district of the capital (Murdiyaso 2007). Jakarta is sinking because of urban construction, ground water abstraction and the poor condition of the city's colonial-Dutch-built flood channels. Some 25 per cent of Jakarta is below sea level and a sea rise will further exacerbate flooding. Unless a permanent sea wall is constructed offshore to protect the city, some 20 per cent of Jakarta will be lost to the sea and many millions of its inhabitants will be permanently displaced in the coming decades.

Manila, a city of more than 14 million, with many areas below sea level, is already prone to more frequent flooding. Poor planning, political corruption and excessive water extraction have worsened the problem. Artex, a nearby village, has been flooded for the past 4 years, with its residents dependent on water transport for mobility (SBS 2008). The low-lying city state of Singapore is also likely to be affected. The Singapore government has added another 100 km^2 to the island's

landmass since the 1970s by land filling using earth material from levelling some of its high ground and offshore dredging operations. The project of land reclamation has been expensive and conflict-prone with its Indonesian neighbours' homes and livelihood affected by fleets of dredges scooping vast quantities of sand from their localities. Sea-level rise will require Singapore to build sea walls and other forms of coastal protection at great cost if it wants to protect its expensive and scarce land holdings (Ng & Mendelsohn 2005).

According to the Earth Science Institute at Columbia University, Vietnam is among the 'ten countries with the largest share of their population living within ten meters of the average sea level' (Chaudhry & Ruysschaert 2007:3–4). They claim that a 1-metre sea-level rise would affect 'approximately 5 per cent of Vietnam's land area and 11 per cent of the population'. Vietnam's Red and Mekong river deltas are vulnerable to sea-level rise due to climate change, flooding and saline intrusion, because much of the land is one metre above sea level (Trac & Nguyen 1996). The Mekong delta is one of the world's major rice producing areas and home to more than 17 million people. Paddy rice production is likely to be seriously affected by the increased salinization of irrigation water. Thailand's Chao Phraya delta, which accommodates Thailand's largest city and substantial agricultural and industrial production, faces a similar predicament (Somboon & Thiramongkol 1993). Bangkok, the country's primate city of some 10 million people, is sinking because of the depletion of the underground aquifers. Smith Dharmasaroja, chair of the government Committee of National Disaster Warning Administration warns that 'Bangkok will be under water in the next 15 to 20 years, permanently' (Gray 2007).

The impact of ecological degradation and climatic change on China and India will have an important bearing on the political and economic situation in Southeast Asia. China's first national report on the environment warns about declining food production, water scarcity and sea-level rise flooding many coastal urban communities (PRC 2007). China's population is growing and becoming more affluent while grain, meat and water consumption is increasing. Scientists reporting to the US National Intelligence Council (NIC) 'predicted that China will need to import 175 million tons of grain annually by 2025' (Wilson 2002:35). Production of rice, wheat and corn has been declining in recent years. Wheat production fell short of some 19 million in 2003 and the rice deficit is said to be even more serious (Brown 2004). Lester Brown also reports of a falling water table throughout the northern half of China which affects irrigation farming. China's access to the world market for

grain could face a problem if, as predicted, major suppliers like Australia face substantial decline in grain production because of climate change.

For India the IPCC forecasts glaciers melting in the Himalayas, periods of floods followed by disruption to water supplies, and a decline in food production dependent on irrigation water. Close to half of Bangladesh's 150 million people are threatened by flooding and many would be displaced by a 1-metre sea-level rise and be encouraged to migrate to India and Myanmar. Scientists who augured global warming have identified the Indian summer monsoon (ISM) as one of the tipping points in the global meltdown scenario. Timothy Lenton says that the ISM could soon become erratic and possibly switch on and off, causing flood one year and drought the next (Sample 2008). Southeast Asia's monsoon system would be similarly affected by the ISM and cause unpredictable weather and impact on the region's food production.

Ecological scarcity

Ecological scarcity exists in a situation where inflationary pressures move prices sharply upwards for basic commodities like staple foods and energy, and stimulate class differences sufficiently to threaten political stability and regime power. Price increase is generated by growing demand and rising costs of production. Rising demand encourages the market to increase its profit margin and for speculators to make huge gains. Globalization means that food and energy prices are dictated by major global conglomerates which control factors of production, distribution and finance. Thus, rising food and energy costs in Southeast Asia are closely linked to the region's incorporation through ASEAN in the new world order.

There are two basic processes which together are responsible for inflationary pressures which cause rising costs of key commodities in the region's economies. The first has to do with Southeast Asia's adoption of a model of development borrowed largely from the West which is energy intensive, overwhelmingly reliant on oil, urban concentration and car dependency. Development means the integration of society into a market economy and the formation of a social class system based on inequality and repression. The market economy and social system is largely car dependent and incorporates expectations of expensive lifestyles based on mass consumption of goods and services. Such a model is wasteful in its use of non-renewable resources and embarks the population on a never-ending class and race struggle. The other basic process behind rising costs concerns the incorporation of Southeast Asia into an

international order largely controlled by and favouring rich countries and dominated by the group of seven countries (G7). The strategy of this order is to secure the world so as to protect the high living standards, class differences and pension funds of those concerned from any disruption or threat from poorer countries. The extravagant lifestyle of rich countries and their continued accumulation of wealth, while so many children in the world are dying of malnutrition and other preventable conditions, are major sources of global violence and key aspects of the G7 geopolitics to maintain a global apartheid system.

Major increases in energy prices in recent years is largely the outcome of the car-dependent model of development and the military build-up and expenditures which accompany the struggle for global hegemony. Military expenditures during the cold war caused a massive diversion of capital and resources away from meeting humanity's needs. Energy used during this period as highlighted by the Vietnam War, was a major factor in the rapid depletion of cheap oil. The first oil shock in the 1970s was the result of the US policy of encouraging the Shah of Iran to double the price of oil to pay for the US militarization and management of his country. The Shah's purchase of extravagant quantities of US military hardware was a one-person delusional and costly quest for regional power, which played into the hands of the bigger players. In the post-cold war era, the intention of the United States to maintain world hegemony in the name of freedom continues to waste non-renewable energy resources in waging costly wars in many parts of the world. And so does China and India's quest to mobilize their citizens for a US-style consumer society and compete for world military power status.

In 2007 the price of oil more than doubled and in May 2008 it reached US$135 a barrel. ASEAN countries rely on thermal energy, oil, gas and coal, for more than two-thirds of their power needs and import about 60 per cent of oil needs from outside the region (EIA 2005; Karki et al. 2005). Only four ASEAN countries have attained self-sufficiency in oil: Brunei, Indonesia, Malaysia and Vietnam. However their level of oil self-sufficiency has been declining close to parity in recent years with the exception of Brunei (ESCAP 2008). Government petroleum subsidies as a share of government expenditures is increasing in Malaysia, Indonesia, Thailand and Vietnam. Indonesia, for example, has been spending more than 30 per cent of its budget on fuel subsidies (ESACP 2008:4). ASEAN countries are addicted to oil because of their car-dependent model of economic and urban development. As a result, urban public transport infrastructure is poor and society pays a high social and health cost due to urban traffic congestion and pollution.

Southeast Asia's incorporation into a neoliberal global economy through ASEAN and accession to the World Trade Organization (WTO) has meant a dismantling of tariff barriers, the deregulation of the domestic financial sector and the dominant role of foreign investors in the economy. Globalization has led to a high level of external debt, major food imports – particularly from the rich and subsidized food exporting economies of the United States, EU and Australia – and the displacement of small agricultural producers by large and often foreign-funded agribusiness. Rising costs of food staples pose a particularly difficult political challenge to Southeast Asia's nation states. In recent years, the price of wheat, rice, maize and oil seeds crops have more than doubled. In the first half of 2008 the price of the regional benchmark Thai grade B rice went from US$380 a ton in April to more than US$1000 in May. Thailand, Myanmar, Cambodia and Vietnam are net exporters while Indonesia, Philippines, Malaysia and Laos are increasingly dependent on the global market for their rice needs (IRRI 2005).

Indonesia and the Philippines, with large and growing populations, were once net exporters of rice, and the situation in the Philippines is informative about the failure of the state to implement a food security policy for the country. Rice is a staple commodity for the 90 million or more Filipinos, but in recent years the state's policy of market economy and trade liberalization has led to a decline in state intervention to fund rice production, relying instead on both private investment in export oriented tax-free zones and imports from the United States and other subsidized providers. The price for rice tripled in the first six months of 2008, reaching US$1050 per tonne. Food and energy costs have pushed inflation to 11.4 per cent in June 2008, 'the highest level in 14 years' (Landingin 2008). According to the Manila-based Asian Development Bank, ' a 10 per cent rise in food prices will push an additional 2.3 million people into poverty' (Watts 2008). The Philippines government's subservience to the International Monetary Fund's structural reform programme and WTO-imposed trade rulings has 'transformed a largely self-sufficient agricultural economy into an import-dependent one as it steadily marginalized farmers' (Bello 2008a). The Philippines is now the world's biggest importer of rice.

Political implications

Southeast Asia's model of development is flawed because of growth limits imposed by local, regional and global ecosystems. Ecological scarcity affects social relations in Southeast Asian societies and nation states

because it has a direct bearing on inequality, class and race relations and struggles. These in turn alter the nature of political power. How these mechanisms operate in the region vary from country to country and can only be hinted at in this broad level of analysis. What is unclear is the nature of the critical areas that will intensify socio-political struggles and how nation states will adapt to new pressing challenges. Nevertheless it is possible to consider a number of key issues which derive from the incorporation of Southeast Asian societies in the global neoliberal economy and hegemonic struggle.

The impact of environmental degradation and climate change in particular is eventually translated into the dynamics of each country's trading and financial system. In essence these changes in market conditions are transmitted through inflation and interest rates, currency value and capital availability. These in turn affect debt level and servicing, current account position and trading terms. One critical area which directly affects society is the rise in the cost of energy and food. Increase in the cost of energy has a direct impact on the price of food because of the transfer of food production into biofuels. Cost of energy has been increasing steadily in recent years and the price of oil reached a record level of US$100 a barrel in 2007. Costs for other commodities such as grain, water and fertilizer are also increasing. The UN Food and Agriculture Organization's index of food prices shows that food prices are at their highest level in 20 years (Head 2008). Indonesia's rice imports have gone up in recent years while Vietnam has blocked rice exports because of rising domestic demand. While this situation has been a bonus for Thai farmers and the country's export earnings, the situation could be short-lived because of the impact of rising sea levels and salinization on the world's rice bowl, the Chao Phraya delta.

Access to capital on the global market is more expensive today because of the excesses, and predatory exuberance, of global capitalism and the deregulated expansion of global credit. In addition the risk factor has gone up because of increased public fear about war and terrorism. One outcome is an upward trend in capital export from the region's rich to the safety of Singapore and the Caribbean tax haven, or the bank systems of the G7 countries. The financial situation is likely to deteriorate further, because Southeast Asian countries have been spending more of their revenue on military expenditure and will need to spend more of their revenue to mitigate damage from sea level rise. Southeast Asia has already experienced the costs of a financial crisis. The financial crisis of 1997 was very costly and, in the case of Indonesia, led to a substantial increase in poverty, economic stagnation and ethnic violence, and to regime change.

How will Southeast Asian states respond to the inevitable distributional impact of ecological scarcity? The political impact of ecological scarcity on society and nation states has been discussed in a number of general works (Finsterbusch 1998; Gurr 1993; Homer-Dixon 2001; Klare 2002). There seems to be a general consensus that ecological scarcity increases levels of conflict and promotes authoritarian rule. Hugh Stretton's *Capitalism, Socialism and the Environment* contributes more useful clues to considering Southeast Asia's situation in a number of hypothetical futures (Stretton 1976). One is a situation where the elite gains more power to maintain order within the masses amid growing inequality. Under this model, ecological scarcity is managed by repression and the institutionalization of inequality. Another scenario is business as usual, with inflation distributed through higher prices, taxes and some welfare programmes to soften growing inequality. Lastly there is a more utopian future in a democratic-socialist community, based on greater social and economic equality and a more sustainable environment for all. This scenario could conceivably be expanded to include policies developed in the work of Herman Daly which include setting limits to lower and upper income levels; discouraging excessive consumption; transferable birth licenses; and the sustainable use of resources (Daly 1996).

Southeast Asian nation –states' response to ecological scarcity will vary from country to country because some are more vulnerable than others. Indonesia is a case in point because of population pressure and the high level of poverty, and the geography and politics of ethnic diversity. Indonesia's response to the Asian financial crisis of 1997 was widespread ethnic violence, as well as another pogrom against the urban Chinese minority. While the crisis brought down Suharto, it remains to be seen how a more democratic regime will respond to the country's growing poverty and inequality. The United Nations Development Programme's report on Indonesia suggests that 'climate change threatens to undermine Indonesia's efforts to combat poverty. Its impact is intensifying the risks and vulnerabilities facing poor people, placing further stress on already overstretched copy mechanisms. In effect, climate change is holding back the efforts of poor people to build a better life for themselves and their families' (UNDP 2007:1). How will the existing regime respond to distributional impacts of climate change? The management of ecological scarcity through price and tax increases would affect middle-class living standards and increase poverty. The state would need to bring back substantial food and fuel subsidies to help the poor and manage social

tensions. Such a policy would likely push the state to maximize economic growth. Singapore is also particularly vulnerable to sea-level rise but, because of its wealth and high level of education and authoritarian rule, could more easily maintain its affluence and manage ecological scarcity. One likely response would be to reinstitute its old policy of birth control and encourage its non-citizen residents to leave the country.

The response of Southeast Asian states to climate change has been more like business as usual. The model of development based on the expansion of market forces, the embedding of society into the economy and the integration of the nation state into a wider global neoliberal economy have not changed but the processes have accelerated. One outcome is the accentuation of inequality among ASEAN states, as some states fare better in responding to an increasingly competitive business environment because they have more basic resources such as food and energy, or simply because of better economic management. Change is more likely to be as a result of external development, particularly in China, the United States and the EU. A worst-case scenario is the break-up of China (Gowdy 1998:76). More likely however is a withering away of the neoliberal global economy, because of the resurgence of nationalistic and protectionist forces and the strengthening of regional economic blocs.

Ecological scarcity presents a serious challenge to the region and to ASEAN in particular because it will undermine the capacity of Southeast Asia's nation states to construct and maintain a large middle class as a necessary condition for progress towards more open and democratic societies. A middle-class household lifestyle is very expensive to achieve and maintain. It requires substantial capital investment and the use and consumption of increasingly expensive non-renewable resources. Middle-class lifestyle is the main source of waste, heat and greenhouse gases. Ecological scarcity means that the consuming society that underpins the prevailing model of development is no longer achievable for most people. Therefore a necessary condition underpinning a modern liberal market democracy is unlikely to be met in Southeast Asia. The viability of Southeast Asian states may lead to a policy change which is away from the Western model of liberal democracy and towards more authoritarian regimes necessary for the management of scarcity and social tensions, rationing and distributional control. State elites will be tempted to use the power of nationalism to maintain social cohesion and legitimize their repressive rule. Such a development is likely to increase regional tensions and conflicts.

Surrendering of sovereignty to a global state threatens political stability and compromises efforts to promote social justice and democracy. Increase in energy prices affects the poorer classes of society and generates inequality and political pressures on governments to increase subsidies. Governments on the other hand are pressurized by institutions of global governance to cut their subsidies and reduce public expenditure to meet their debt obligations to the international community, and use their hard currency reserve to pay for expensive imports including cars, oil, military hardware and intellectual property. Levels of inequality are increasing and so is discontent on the part of those who stand most to lose in their living standards or expectations for a better life. A rising sense of deprivation in turn translates into political agitation which often leads to more state repression to maintain order and power. Inflation and the rise in energy and food prices pose a challenge for ASEAN to promote regional food and energy security strategies.

6
Global Hegemony

Old imperialism

By the end of the nineteenth century the West, with the help of Japan, had conquered the world and with new transport, communication and weapon technologies had established a broad framework for the workings of a global economy and international order supported by Social Darwinism and white Christian ideology's mission to civilize the rest of the world. Industrialization, economic and population growth and capitalism more generally, created the need for overseas investments, markets and resources, and intensified economic competition among Western powers. Growing political rivalries led to many efforts to institute a regime among them to negotiate their economic and political enmities using a number of mechanisms such as the gold standard, self-adjusting markets and the balance of power.

The failure of self-regulating markets, laissez-faire trade and the gold standard to regulate the global economy to every country's advantage in turn encouraged national protectionism and the expansion of empires to secure domestic needs fuelled by growing nationalism. All that only served to intensify economic rivalry, particularly between England and Germany, and further moved Europe towards an all-out war. Eric Hobsbawm suggests that the origin of WWI is best understood by 'tracing the emergence of this Anglo-German antagonism' (Hobsbawm 1995:314). Dependence for economic growth on imperialist expansion threatened England's global hegemony and control of the seas and set off a series of political alliances and competing power blocks which culminated in WWI and the killing of millions of people.

In the years following the end of the war the West failed to establish a stable international regime to negotiate its affairs and integrate

Germany in the global economy. The crash of Wall Street in 1929, largely due to the enormous expansion of credit and market speculation, and the European debt problem inherited from WWI brought about a major global economic crisis. The United States entered the Great Depression of the 1930s, the global economy collapsed, the gold standard ceased to function and 'foreign debts were repudiated; capital markets and world trade dwindled away. The political *and* the economic system of the planet disintegrated conjointly' (Polanyi 2001:252).

A response to the collapse of market liberalism in Europe was fascism and the rise of the Nazi party and its death cult. Fascism, Karl Polanyi wrote, 'was rooted in a market society that refused to function'. It was the solution to 'the impasses reached by liberal capitalism' (ibid.:245). Furthermore, the failure of the international trade system led to a second Russian revolution which moved the country away from a liberal alternative. Polanyi pointed out that 'what appeared as Russian autarchy was merely the passing of capitalist internationalism' (ibid.:156). A rearmed Germany went to war in 1939, claiming its right to a European empire and challenging Anglo-American global hegemony. The West also faced major crises in China and India, and in many other parts of their colonial empires. Moreover another challenge to Western imperialism was the rise of Japan's territorial ambitions and demand for the liberation of Asia from 'White imperialism' with the call of 'Asia for the Asians'. The US embargo on oil exports to Japan was the last ingredient needed for another world war.

WWII led to the emergence of two antagonistic Western superpowers. At the end of the war they confronted each other and began a long and costly contest for global hegemony. Russia, the United States and their respective allies divided the world into two economies and used extensive human and natural resources to control and expand their markets. Each built a huge military-industrial complex at great cost to humanity's basic needs and engaged in an armament race and the development of weapons of mass destruction, marked by the testing of hundred of nuclear weapons which have polluted the earth's ecosphere. Both sides fought another world war in the name of communism and capitalism through proxies, manipulating the process of decolonization, and triggered countless destructive civil wars in Asia, South America and Africa. The geography of the old colonial empires, writes Hobsbawm, became 'the zone in which the two superpowers continued, throughout the cold war, to compete for support and influence, and hence the major zone of friction between them, and indeed the one where armed conflict was most likely, and actually broke out' (Hobsbawn 1995:227). The

Soviet Union and the United States both made direct military interventions in a large number of countries, including Vietnam (1962) and Afghanistan (1980), which turned out to be major disasters to themselves and to the people of the invaded countries.

The cold war was also a period of decolonization and the formation of a large number of independent nation states. The postcolonial states remained dependent on some form of imperial protection and control. Many have failed to develop the potential and well-being of their people because of the corruption of their political elite and power politics on the part of the superpowers. By the late 1980s, Russia was bankrupt and the Soviet Empire in turmoil. With the fall of the Berlin Wall in 1989 the Soviet Union disintegrated and the great socialist experiment to transform the global economy failed. In an almost suicidal move, Russia turned to capitalist shock therapy under the guidance of Harvard University and Goldman Sachs's advisers to join the new neoliberal global economy.

A new world order

With the end of Russia's global hegemonic ambitions, the United States emerged as the world's military superpower and biggest economy with an ambitious plan for the 'final assault' and the West's effective control of the entire planet. Andrew Bacevich and others explain this phase of globalization as a coherent strategy to expand the American imperium (Bacevich 2002, 2004; Gowan 1999; Johnson 1999, 2004, 2006). In a broader geopolitical context, Richard Falk writes that 'the project of the North is to sustain geopolitical stability, which in turn calls for the continuous expansion of world trade, economic growth and the suppression of nationalist and regionalist challenges emanating from the South – by force if necessary' (Falk 1999:12). At the core of the 'North' is the United States with its key allies in the European Union (EU), particularly the UK and Japan. In the aftermath of 9/11, the new enemies of the United States were named as countries 'not with us', 'rogue states', countries with a 'democratic deficit', members of the 'axis of evil' and powers posing a serious challenge to US hegemony (Bush 2002).

The US-led new world order is based on a three-prong strategy. The first is the expansion of capitalism and the strengthening of the global economy with the incorporation of the former Soviet Union, China and many other parts of the world into an increasingly complex global circuit of production, capital accumulation and consumption. Sociologist Zygmunt Bauman describes the global embedding of capitalism in

terms of the 'deterritorialization' and the transformation of the nation state (Bauman 1998). The expansion of capitalism has been accompanied with the 'supersession of the nation-state as the organizing principle of capitalism', writes William Robinson who defines globalization as a process 'creating a single, and increasingly undifferentiated field for world capitalism [which] integrates the various polities, cultures, and institutions of national societies into an emergent transnational or global society' (Robinson 2003:12).

Major advances in communication and information technology and the spread of easy credit have expanded profit-making operations in trading and gambling on various forms of securities and currencies. US financial interests, which dominate globalization's agenda and project US economic and military superpower status, form an alliance with the corporate interests of EU members and Japan, and they together constitutes the triad which controls the world system (Wallerstein 2003). Globalization is the midwife of the US banking and financial industry, which economist Jagdish Bhagwati calls the 'Wall Street-Treasury complex', and US finance capitalism is a key instrument to internationalize nation states and weave them into the global economy (Bhagwati 2005). Money is used to gain control and bribe governments. Debt, the addiction to money and the promise of more loans are used to cajole and further bribe governments to reform their economy (Perkins 2004; Pettifor 2003; US 2003). The deregulation of national economies allows foreign capital to gain access to human and natural resources which can be profitably tapped. Institutions of global governance such as the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) play a critical role in the expansion of finance capitalism based in the United States and other advanced capitalist economies. Moreover, the US government entices foreign governments to deregulate their economies with attractive trade deal offers and generous aid and military packages.

Another agenda's policy and strategy is to democratize part of the world considered undemocratic by the West. A legacy of Kantian philosophy is the common view that democracies do not fight each other and hence a world of democracies is a world at peace (Russett 1993; Singer 2003). Moreover Bhagwati and others argue that democracy is likely to outperform any other form of political system in economic development as well as in the quality of that development, and that 'the combination of democracy and markets is likely to be a powerful engine of development' (Bhagwati 1995:54). Robinson, however, puts the view that the West is in fact promoting polyarchy 'as a system in which a small group

actually rules, and mass participation in decision-making is confined to leadership choice in elections ... democracy is limited to the political sphere, and revolves around the process, method and procedure in the selection of "leaders"' (Robinson 1996:49). US intervention in South America, according to Robinson, 'is aimed at undermining authentic democracy, gaining control over popular movements for democratization, keeping a lid on popular democracy movements ... so that the outcomes of democracy struggles do not threaten the elite order and integration into global capitalism' (Robinson 2005). In that context, regime change is simply Western efforts to put into power a ruling elite committed to neoliberal domestic policies and willing to collaborate with the West's directives on global trade and security issues.

Globalization's third element is the use of military and other policing agencies by the Group of Seven (G7) to secure the expansion of the global economy, safeguard their assets, punish offenders and pre-empt any attempt to challenge the security of the core countries. Military operations in the post-cold war era began with the 1991 Gulf War, followed by the invasion of Somalia (1993) and Haiti (1994). By then the West's plan to dismember Yugoslavia was well under way and finalized with air attacks against Serbia in 1995. A second phase became operational shortly after the destruction of New York's World Trade Center with the invasion of Afghanistan in 2001 and Iraq in 2003. Since then, more military interventions have been carried out in places such as Columbia, East Timor, the Philippines, the Solomon Islands, Pakistan and in many African countries where the UN runs its biggest operations ever with some 17,000 troops.

US-led military intervention to keep the world safe for capitalism also involves covert operations in many parts of the world, including Iran and North Korea, as part of a possible bombing strike against their nuclear facilities. These are increasingly contracted out to private military corporations. More recently, under the guise of the 'war on terror', contracted mercenaries and CIA-led Western intelligence agencies have been running a global network to kidnap, detain and torture 'persons of interests'. The United States is the main organizer of this vast system of 'rendering' (kidnap and hand over) to third countries such as Egypt, Poland, Syria and Thailand, for torture, but it also imports 'qualified interrogators from abroad'; China's interrogators, for example, were involved in the 'interrogation' of Uighur detainees held at Guantánamo (Judt 2005:17). Some 70,000 detainees are held outside the United States, and could be kept 'incarcerated and incommunicado for as long as the Global War on Terror is fought – which could be decades' (ibid.:17).

Securing globalization's goals extends to the internal politics of many states and to the role of NGOs. Many authoritarian states have used anti-terrorist legislation to neutralize and eliminate their opposition. Thailand's repression of its southern Muslim minority is a case in point, as is Russia's violence against the Chechnyan people and Mauritania's arrest and torture of opposition leaders. State violence extends to minorities and the suppression of citizens' civil and political rights in liberal democracies where new police powers have been introduced to spy, arrest and detain people and ban organizations on suspicion alone. NGOs play a major part in aid and military operations conducted by the West. They operate in zones of conflict, providing help and support for refugees of military operations and victims of Western trade and aid policies. 'When private charities and the UNHC for refugees help transport, settle house and feed forcibly displaced peoples – whether in the south Balkans or the eastern Congo or the Middle East', Historian Tony Judt asks, 'are they furnishing desperately needed aid or facilitating someone else's project of ethnic cleansing? All too often the answer is both' (ibid.:14). NGOs, writes Tariq Ali, 'have swallowed the neoliberal status quo … [and] rarely question the systemic basis of the fact that 5 billion citizens of our globe live in poverty' (Ali 2006).

The new imperialism is marketed to civil society in a vast ideological form of warfare to legitimize its policies and unintended and socially costly consequences. This effort takes many forms and begins with school and universities' curricula to indoctrinate the young about the virtues of Western capitalism and the dangers posed by a world threatened by Islamic fundamentalism and anti-globalization forces. Think tanks have been a major force in the propaganda war on behalf of neo-conservative forces in politics and business. The mass media generally has been part of that effort because of the control of the press and commercial television by powerful corporations. Public opinion has also been effectively shaped by the use of Hollywood entertainment which portrays the enemies of the West with foreign accents and long black beards in the fight to the death with Anglo-American heroes. Beyond films are the more sophisticated codas on the 'clash of civilizations' and a call to arms for a US-led West to prepare itself for more wars against an Islamic-Sinic alliance intent on destroying it (Huntington 1997; Noaber 2007).

Neoconservative forces have publicized a number of models of the new imperialism as part of a propaganda war on behalf of the G7. Robert Cooper, former British diplomat and influential adviser to Tony Blair, takes his cues from Francis Fukuyama's *End of history* scheme to

describe a world made up of post-imperial, postmodern states 'who no longer think of security primarily in terms of conquest'. Problematic are the many pre-modern states where the state has failed as in Somalia, and until recently, Afghanistan, where a 'Hobbesian war of all against all is underway'. Finally there are the modern states which 'behave as states always have, following Machiavellian principles and raison d'être, such as Pakistan and India' (Cooper 2002a, 2002b). Cooper claims two forms of postmodern imperialism. The first comes from 'voluntary imperialism of the global economy' through global institutions such as the IMF, while another is what Cooper calls the 'imperialism of neighbours', which he exemplifies with the EU protectorate in Bosnia and Kosovo. But the conditions for imperialism exist because of the need for an orderly world, and what is needed, Cooper says, is 'a new kind of imperialism, one acceptable to a world of human rights and cosmopolitan values' (Cooper 2002b:17).

Another version of the new imperialism is found in Philip Bobbitt's *The Shield of Achilles* (Bobbitt 2002). Bobbitt, a Texan scholar and member of the US political elite, discusses the rise of the market state as the successor of the nation state, and of the American imperial position in a world dominated by the triad – United States, EU and Japan – which represents the dominant Anglo-Saxon, Rhenish stakeholder and Japan Inc market-state models. The United States has the purest form of market state, he says, the entrepreneurial version. The United States' main adversaries according to Bobbitt are its peer competitors, Germany, France, Japan and Russia, and he raises the question of possible wars between 'the American, European, and Japanese variants of the market-state in the twenty-first century, like those between liberal democracy, Fascism and Communism in the twentieth ?' (Balakrishnan 2003:30).

Global apartheid

Global apartheid is the more accurate model for the new world order. Salih Booker and William Minter define it as 'an international system of minority rule' which, among its many attributes, include 'differential access to basic human rights [and] wealth and power structured by race and place' (Booker & Minter 2001). The system is typified by the systematic exclusion of millions of Africans living with HIV/AIDs from treatment because of their poverty. The old South African apartheid system is now replicated worldwide, with large populations contained in slums and rural squalor because of their ethnicity and locality (UNHSP 2003). The rich members of the international order are protected by

armies to defend their borders and be ready with pre-emptive strikes against any threat to their well-being and pension funds.

Today's global apartheid system, argues Columbia University Professor Manning Marable, has its roots in 'US state power, with increasing restrictions on democratic rights of all kinds, from the dismantling of trade unions to the mass incarceration of racialised minorities and the poor' (Marable 2002). He maintains that the roots of terrorism and the destruction of New York's World Trade Center must be understood and linked to the 'unleashed terrorism against millions of others through-out US history'. Marable argues for the need to focus on the direct link between imperialism and militarism, and writes, 'you cannot pursue a policy of mass coercion, the use of prisons as a means of warehousing the unemployed and the working poor in the United States, without constructing an ideology that justifies your action'. He suggests that 'the national security state apparatus we are constructing today is being designed primarily to suppress domestic dissent, to suppress racially profiled minorities, rather than to halt foreign-born terrorists at our border'. Globalized apartheid requires that you demonize others, and that you 'denigrate the cultures of the others' (ibid.).

Mexico's Chiapas Zapatistas movement leader ties the new imperialism with the beginning of WWIV. He writes that 'as a world system, neoliberalism is a new war for the conquest of territory' (Marcos 1997). Globalization is all about 'the totalitarian extension of the logic of the finance markets to all aspects of life'. All cultures and nations are 'under attack from the American way of life, neoliberalism thus imposes the destruction of nations and of groups of nations in order to fuse them into one single model'. According to Dough Saunders, a WWIV situation is now widely used among US top officials and military operatives when they describe their missions and the many covert and overt military interventions the United States is conducting worldwide (Saunders 2003). WWIV, writes Bacevich, is for the control of energy-rich regions (Judt 2005:16).

Historian John Elliott reminds us that 'every empire fears, but needs, the barbarians at its gates'. Barbarians 'stand for savagery, treachery, and violence; empire, by contrast, for civility, trustworthiness, and peace' (Elliott 2006). The West's contemporary conflict with the Middle East is ideologically driven by the notion of the Arab and the Muslim as a barbarian, not only backward in values and behaviour but, also as a threat to the safety and the well-being of the West. Edward Said once wrote that 'along with other people variously designated as backward, degenerate, uncivilized, and retarded, the Orientals were viewed in

a framework constructed out of biological determinism and political admonishment. The Oriental was linked thus to elements in Western society (delinquents, the insane, women, the poor) having in common an identity best described as lamentably alien' (Said 1978:208). Behind the empire is the rise of the politics of fear in international relations. A recent BBC programme suggests that, in the West and elsewhere, politicians' promises to create a better world collapsed some years ago and people have lost faith in ideologies. So, in order to restore and maintain their power, 'politicians now promise to protect us from nightmares'. Neoconservative forces in the world say that 'they will rescue us from dreadful dangers that we cannot see and do not understand ... they have created today's nightmare vision of a secret organized evil that threatens the world' (SBS 2005). The new imperialism is based on the politics of fear and claims that modern-day Goths and Vandals are already inside and at the gate, threatening to destroy Western civilization.

A new world order based on neoliberal free market economics, global free trade and military power is not sustainable because it creates conditions which promote human suffering and violence. The new imperial order has failed to eliminate world poverty and implement the United Nations human rights constitution, and respond constructively to an environmental crisis which requires fundamental changes in consumption, international relations and use of the earth's resources. The world system is dominated by the core economies of the United States, Japan and the EU. Each needs to maintain relatively high levels of economic growth to meet the expensive lifestyle of their citizens, as well as compete against each other in the global economy to maintain their power in the global system.

Immanuel Wallerstein analyses major issues likely to turn from competition among the triad into a series of confrontations. The first is what he calls 'the serious depletion of the world pool of available cheap labor' which will make their investment expansion more costly (Wallerstein 1995:143). Moreover, the core economies face an ageing population and they increasingly compete in a common pool for the skilled and young professionals. Domestic systems of capital accumulation are running into difficulty because of rising costs of production of material inputs, and externalities such as environmental costs. Furthermore, triad members face higher levels of taxation to pay for social services such as health, education, public transport and welfare, and defence (Wallerstein 2003:228, 250). Competition within the triad has regional repercussions, as each core competes to expand globally to develop new markets and investments. There are already some serious fractures and

political rivalries developing between triad members which, together with the rise of China' and India's mega economies and global warming, question the viability of a world system driven mainly by demands for capital accumulation and profit.

Symptomatic of globalization's systemic crisis since the end of the cold war are the financial upheavals in Russia and many South American countries, the 1997 Asian financial crisis, and the stock market dot.com bubble burst and US subprime scandal at the turn of this century. Joseph Stiglitz and David Harvey have analysed the detrimental impact of globalization on people in Africa, South America and Asia (Harvey 2005; Stiglitz 2002). The people of Mexico, Indonesia and Zambia, among many other countries, are worse off today than they were 20 years ago. Stiglitz blames the IMF for increasing poverty and inequality and causing human suffering in many parts of the world and alleges that 'US Treasury and the IMF acted as handmaidens for Wall Street by pushing developing countries to quickly open up their markets to the hot flood of foreign money' (Gray 2000). Chalmers Johnson says that the IMF is 'an instrument of American power, one that allows the United States to collect money from its allies and to spend the amassed funds on various international economic operations that serve American national interests' (Johnson 1998:659).

The impoverishment of poor countries is facilitated because of a global financial infrastructure that promotes tax evasion and money laundering. Raymond Baker argues in *Capitalism's Achilles Heel* that, by conservative estimates, some 'five trillion dollars has been corruptly removed from the world's poorest countries and lodged permanently in the world's richest countries' (Baker 2005; Campbell 2005). Moreover, trade rules implemented by the WTO advance the interest of corporations and rich countries. Cambridge economist Ha-Joon Chang argues that rules introduced by the WTO and other institutions of global governance are not meant to help poorer countries, but to preserve the interests of the G7. He accuses rich countries of 'kicking away the ladder' from underneath poorer countries (Chang 2003).

Many countries have joined the ranks of ungovernable chaotic entities (UCEs) 'characterized by a collapse of state control over the territory and the population' (Rivero, 2001:147). Failed states in recent years have included Yugoslavia, Iraq, Afghanistan, Tajikistan, Nepal, Cambodia, Papua New Guinea and the Solomon Islands. Other states face continuing crises are Israel, Burma and Laos. The Philippines, with 85 million people, is another example of a country unable to unshackle itself from the feudal structure that governs and corrupts its political

life. The plundering of the country's wealth by a ruling class continues unabated. Poverty has reached new heights, unrest continues and the country's major contribution to globalization is a thriving sex trade and the export of population. State failure often brings in its wake violence and criminal activities against the population and the intervention of armies of NGOs whose activities may help maintain a state of anarchy.

Amy Chua, a professor at Yale Law School, argues that 'the version of capitalism being promoted outside the West today is essentially laissez-faire and rarely includes any significant redistributive mechanisms. In other words, the US is aggressively exporting a model of capitalism that the Western nations themselves abandoned a century ago' (Chua 2004:191). Chua suggests that globalization's model leads to violence in poor countries, particularly in situations when an impoverished major-ity and an ethnic minority are in control of the economy. Globalization exacerbates ethnic divisions, leading to violent confrontations. Recent years have been marked by many such cases, including the 1994 Rwanda genocide, the anti-Chinese riots in Jakarta in 1998 and other major ethnic-based instances of violence in Indonesia, and the present-day civil war in the Ivory Coast which has devastated the once prosper-ous West African country. Another case is South Africa's human crisis, evidenced by high levels of morbidity. Achille Mbembe compares the situation in contemporary South Africa to the 1850s at the time of mass suicide of the Xhosa people. 'An obscure desire for suicide' he writes, 'is at the heart of the new marriage of millenarianism, nativism and politics' (Mbembe 2006).

Perpetual war for perpetual peace

Confrontation between rich and poor countries takes many forms, from resistance to globalization policies to outright rebellion and attacks against the G7's interests. The rise of radical Islam is a case in point. Rebellions in the Middle East underline the fundamental role of Islam as a powerful ideology and cohesive element in the mobilization and action of groups to reform domestic politics and relations with the West. Stein Tønnesson argues that the 'war on terrorism' is a global civil war and asks whether the war between al-Qa'ida and the United States 'is the first of a series of wars in a process of establishing a US dominated glo-bal order?' (Tønnesson 2002). The civil war engages Arabs and Muslims against the United States to liberate their countries from foreign inter-ference and exploitation and is fought on many fronts by many organi-zations. Former prime minister of Malaysia Mohamad Mahathir and

other Muslim leaders believe Muslims to be victims of Western interests and colonialism, and that they need to free themselves of their oppression and humiliation from which they suffer today. Western support of oppressive regimes in Saudi Arabia, Algeria and Egypt, and continued funding for Israel's dispossession of Palestinians' land reinforces the view in the Middle East and elsewhere that the West is not interested in democracy but only in maintaining power and control of the region's energy resources. Arabs view US policy to wage war on Muslims and on regime change not as cures for political backwardness but as a 'new term for an old enemy: colonization' (Hirst 2002).

Tariq Ali links the rise of fundamentalism in Asia with economic and political inequities and the disempowerment of young activists by corrupt political elites protected by Western military and economic interests (Ali 2002). Discontent and powerlessness breed violence and demand for major political and economic reform. Osama bin Laden, the leader of al-Qa'ida, should be considered as a modernist and anti-imperialist whose agenda is to overthrow Saudi Arabia's feudal regime and transform the country into a modern and democratic state. Al-Qa'ida is a movement of the young disfranchised in their own society, resentful of the West's involvement in their countries' politics of corruption. John Gray describes al-Qa'ida as a modern movement, and 'like Marxists and neo-liberals, radical Islamists see history as a prelude to a new world' (Gray 2003:3). Robert Pape's *Dying to Win* argues that the suicide bombers in the Middle East and elsewhere want to force democracies to stop the military occupation of their countries and attacks against their culture (Pape 2006). The legacy of Western imperialism continues to pose serious risks to globalization. Iran's present situation is an example of Western interference: US and UK governments overthrew Muhammed Mossadeq's elected government and put into place as Shah of Iran Reza Pahlavi, whose corruption and policies led to a theocracy and Iran's current confrontation with the United States. Tariq Ali writes that the West 'backed a despotic second-generation shah whose modernity came complete with torture instruments ordered from British firms. The secular opposition which first got rid of the shah was outfoxed by British Intelligence and the CIA. The vacuum was later occupied by the clerics who rule the country today' (Ali 2002:275).

Neoliberalism has unleashed the forces of nationalism. Globalization transforms the role of the state as an agent for global capital, free trade and domestic repression. Zygmunt Bauman speaks of the military, economy and culture as the tripod of sovereignty and how globalization has 'affected the role of the state and where the economy has

been taken out of the field of politics'. He argues that global financial markets 'impose their laws and precepts on the planet … and the state is left with the bare necessities only: its powers of repression' (Bauman 1998:66). This situation leads to a contradiction between the dynamics of globalization and the function of the nation state. Robert Heilbroner has written about the increased 'tensions between transnational activities of accumulation and the nation-state islands on which they rest and over which they extend' (Heilbroner 1988:69). Deterioration of social and economic conditions in many countries leads to the reassertion of the nation state and demands on the part of society for protection against the inroads of a neoliberal world order. In these circumstances the nation state demands changes in the rules that govern world trade and threaten to sever its links from the major institutions of global governance unless the rules are changed. Sociologist John Saul makes the point that 'Latin America no longer believes in globalism. Neither does Africa. Nor does a good part of Asia … nationalism of the best and the worst sort has made a remarkable, unexpected recovery' (Saul 2004).

Nationalism is a powerful force in the economic development and modernization of countries like China and India. As the economic and military power of Brazil, Russia, India and China grow they will demand a commanding voice in the institutions of global governance and challenge Western hegemony. Russia's nationalism is on the rise triggered by the US-inflicted shock therapy which has caused a decline in living standards for most Russians. Infant mortality has increased and longevity has declined markedly in recent years. Many pensioners have become beggars under the new economic regime. The nationalist drive is part of President Putin's efforts to resume control of the country's oil and gas resources. In South America, rebellion against neoliberalism is led by Venezuela's President Hugo Chávez who recently restricted the operations of multinationals and of US energy companies. Venezuela's government policy to empower and benefit the country's poorer people is inspired by Cuba's health and educational achievements. Chávez's model has been a powerful force in the empowerment of indigenous political movements in neighbouring Bolivia and Ecuador.

Karl Polanyi's *Great Transformation* highlights the links between the expansion of transnational capitalism and the rise of nationalism in the nineteenth and twentieth centuries as countries compensated for the destructive impact of market forces on their society which led to a world economic crisis and another catastrophic world war (Polanyi 1944). The past repeats itself, suggests novelist and peace prize winner Arundhati Roy, and she warns about the direct link between corporate

globalization, the 'war on terror' and the rise of nationalism and religious fascism (Roy 2003). In the same vein, John Gray argues that the US global free trade agenda is 'setting sovereign states against each other in geopolitical struggles for dwindling natural resource. States become rivals to control resources that no institution has a responsibility in conserving' (Gray 1999:20). In the absence of reform, 'the world economy will fragment as its imbalances become insupportable. Trade wars will make international cooperation more difficult. The world economy will fracture into blocs, each riven by struggles for regional hegemony' (ibid.: 218).

Globalization as a broad process of economic development creates global, regional and national imbalances, dependencies and inequalities in economic development which affect a large percentage of the population. This process is accentuated by political instability, violence and warfare which further uproot and dislocate populations. These circumstances lead to the migration of large numbers seeking a better life and refuge in the wealthy Western world. This process is encouraged by rich countries which encourage professional and young skilled workers to join their workforce. Increasingly however, the G7 and others are putting more restrictions on the entry and residence of migrants and in some instances, as in the Netherlands, have begun to deport migrants found without adequate papers. The number of people on the move is likely to increase because of the deterioration of the environment in many parts of the world. The large number of political and economic refugees will be joined by environmental refugees escaping rising sea levels and other major catastrophes affecting their homes and livelihood.

The new imperialism is likely to be challenged by China. The country's growing economy and military power, and its history and large population, outline a global superpower in the making. The history of the rise and fall of great powers suggests that US power will itself decline because of the increasing costs of empire (Kennedy 1989). Emmanuel Todd and others point to a US economic crisis linked to unsustainable financial and military commitments in the pursuit of a free world for democracy and market capitalism (Johnson 2006; Stiglitz & Bilmes 2008; Todd 2004). If present trends continue, argues Chalmers Johnson, the republic will come to an end and the United States 'will cease to bear any resemblance to the country once outlined in our Constitution' (Johnson 2004:285). China's rise to global power status raises a number of important issues. How will the United States and the Western alliance adapt to China's new status, and is it likely to lead to a new cold

war? Former president Bush had China in mind when he told the world that the United States would not allow another power to challenge US military and economic hegemony (Bush 2002). David Calleo argues that the international system breaks down 'not only because unbalanced and aggressive new powers seek to dominate their neighbours, but also because declining powers, rather than adjusting and accommodating, try to cement their slipping pre-eminence into an exploitative hegemony (Calleo 1987:142).

Shadowing these critical issues is the future of economic growth and of capitalism generally. Herman Daly and others have argued that the present growth agenda and economic liberalization is not sustainable because we live at a time when economic growth has caused irreparable environmental damage (Arrow et al. 1995; Daly 1996; Watson 2005). During an earlier debate on limits to growth, Heilbroner suggested that 'the limit on industrial growth depends in the end on the tolerance of the ecosphere for the absorption of heat' (Heilbroner 1980:50, 72). This issue is now at the forefront of the climatic change debate with claims that global warming is a bigger threat than terrorism. David King, the UK government chief adviser, suggests that there is a clear possibility that the ongoing melting of the ice caps would submerge cities such as New York and London (Brown 2005). The Institute for Environment and Human Security at the United Nations University in Bonn claims that rising sea levels, desertification and shrinking freshwater supplies will create up to 50 million environmental refugees by the end of the decade.

Blowback

Wars do not necessarily resolve major conflicts. Old issues are carried over while war creates new problems which together fuel the dynamics for the next confrontation. WWI did not put an end to colonialism, nor did it resolve the 'German or Jewish' problem. One of its unintended consequences was Russia's revolution which put power in the hands of revolutionaries with major global repercussions in the following decades. The cold war, it could be argued, did not start in 1945 but more probably in 1919 or 1939. It was a major setback to the economic and political development of the world. The cold war installed major dictators such as Mobutu in the Congo and was largely responsible for the African continent's decline into poverty and chaos. The cold war left unresolved the question of decolonization and liberation from imperial control and hence left open the demands for political and civil rights

in many countries. It left a legacy of corrupt and suppressive political regimes and created brutal dictators such as Saddam Hussein. The legacy of the cold war was the emergence of nationalist and anti-imperialist movements. One of the most successful has been the rise of radical Islam in many countries.

Blowback is 'shorthand for saying that a nation reaps what it sows, even if it does not fully know or understand what it has sown' (Johnson 2000:223). The destruction of New York's World Trade Center in 2001 was a revenge killing for US policy in the Middle East over the years. The US central intelligence agency began to fund Islamist extremists in the early 1970s as part of its anti-Soviet strategy in Afghanistan during the cold war. This was done using the intelligence services of Pakistan, Saudi Arabia and Iran. Funding was increased under president Carter who 'On July 3, 1979, signed a finding authorizing secret aid to the opponents of the pro-Soviet regime then ruling Kabul. His purpose – and that of his security adviser Zbigniew Brzezinski – was to provoke a full-scale Soviet military invasion' (Johnson 2007a:110). Later, presidents Reagan and Bush further funded Islamic fundamentalist schools in the region and armed and trained fighters to kill Russians in Afghanistan. Jurgen Elsässer argues that the 2001 attack on New York and Washington DC took place because of the US government's strategy which trained and armed thousands of Mujahedin fighters against the Soviet Union in Afghanistan and later in the Balkans (Elsässer 2006). Johnson in his review of the film *Charlie Wilson's War* wrote that 'Wilson's activities in Afghanistan led directly to a chain of blowback that culminated in the attacks of September 11, 2001 and led to the United States' current status as the most hated nation on Earth' (Johnson 2008).

The US political project for global laissez-faire and free markets driven by US-style consumption is in crisis. And so is America's national strategy to create what former president Bush described as 'a balance of power that favours human freedom: conditions in which all nations and all societies can choose for themselves the rewards and challenges of political and economic liberty' (Bush 2002:1). The capitalist world economy is in trouble with the US economy facing a prolonged downturn and an escalating competition and struggle among the world's triad economies. The world system is further fractured by a north–south conflict and the rise of Asia's economic and political power challenge to US hegemony.

Wallerstein argues that the world is in a period of transition which is a window of opportunity for the Left and green forces and the spirit of Porto Alegre to further mobilize for change. The danger during the

period of transition is that 'those in power will no longer be trying to preserve the existing system (doomed as it is to self-destruction); rather, they will try to ensure that the transition leads to the construction of a new system that will replicate the worst features of the existing one – its hierarchy, privilege, and inequalities' (Wallerstein 2003:269). The latest effort to revive a transatlantic power structure is a proposal by former Western military leaders for a grand alliance between North America and Western Europe. *Towards a Grand Strategy for an Uncertain World* is a master plan for a North American–European Union democratic alliance built around NATO to preserve the values and civilization of the West and to confront and contain 'a world of asymmetric threats and global challenges' (Noaber 2007). This document is a policy paper expressing the current thinking of Western leaders and builds on Halford MacKinder's Western geopolitical catechism on the need for Anglo-America to control Eurasia because it threatens the existence of Western market democracy and civilization (MacKinder 1962).

7
ASEAN's Future

Regional integration is a process that increases the level of interaction among nation states in close proximity to each other. In the past it has led to war but also to closer cooperation and political unification. the Association of Southeast Asian Nations' (ASEAN) development as a political and social community is dependent on progress towards democratizing the state. In recent years, ASEAN has become more ambitious in its vision of moving beyond the integration of market economies and towards a democratic community. Such a plan seems to be guided by the success of European integration and the emergence of a European Union (EU) as part of a yet-to-be-achieved goal of a United States of Europe (USE).

The successful construction of ASEAN along EU lines requires the active participation of its citizens in the decision-making process about their future. For ASEAN's project to move forward, however, requires the like of the 1957 Treaty of Rome to commit its members to a mandated and timed programme of economic, social and political integration. However such a move is unlikely to happen soon because it requires the existence of a shared political culture among citizens which guarantees the protection of their political and civil rights and their participation in the control of the state. This is the essence of a democratic culture which establishes a social contract between every citizen and the state. Such a social contract does not exist in contemporary Southeast Asia, and the ASEAN project is, therefore, blocked by the existence of authoritarian regimes controlled by small elites who deny the development of a participatory civil society and democratic culture.

Without the collective support of freely organized interest groups and their political formations, ASEAN is unlikely to progress beyond a regional organization representing the interests of a small elite and the

global superpowers. There are many obstacles to democratization in the region. The level of freedom is limited in all Southeast Asian countries, and most, if not all nation states, can be construed as authoritarian where power is held by a small self-reproducing elite. Obstacles to democratization are substantial and vary from state to state because of different historical circumstances. Authoritarian power disenfranchises the majority of people and leads to widespread political and economic corruption and repression.

ASEAN lacks a core of states with a democratic culture which could move the regional organization forward towards a democratic community, and the obstacles to democratization in the region are not likely to be overcome soon. Nation states that could provide a model for the organization show signs of failure. Thailand, which had been viewed in the past as showing the greatest potential for expanding the realm of participation and freedom, has failed to break the shackles of military power, which in alliance with the monarchy, continues to prevent the expansion of a genuine democratic culture in the country. The Philippines, which had made some progress in rebelling against despots, is again confronted by the power of a conservative alliance of feudal land barons and their military allies. The inability of ASEAN to confront Myanmar's state of permanent aggression against its people is indicative of ASEAN's weakness as a mechanism to advance human rights in Southeast Asia. Without a shared political culture, ASEAN will continue to be divided by the politics of elite hegemony and oppression, and the geopolitics of global hegemony.

ASEAN integration in the neoliberal global order weakens countries' capacity to collaborate to meet their citizens' needs, and risks destabilizing ASEAN. Global market pressures tend to divide the region as exemplified in the recent push by Thailand to form a rice cartel, along with Laos, Cambodia, Myanmar and Vietnam, to control the region's tradeable rice surplus and maintain high prices for the commodity. Edgardo Angara, chair of the Philippines Senate committee on agriculture, said that 'it was a bad idea. It will create an oligopoly and it's against humanity' (BBC 2008b). A rice cartel would penalize ASEAN rice importers and further weaken ASEAN cohesion in favour of an East Asian economic community. Environmental degradation and climate change carry the universal message that adaptation requires global cooperation and response, and that the nation state cannot survive the crisis unless it changes to adapt to the challenge. The response of Southeast Asian states is an opportunity for ASEAN to intervene more proactively by limiting national sovereignty and formulating the necessary instruments

to build a common market and progress towards a federation of states: the federation of Southeast Asia.

The hegemonic ambitions of the United States and China's rise to superpower are major contributors to Asia's armaments race. Countries are developing sophisticated and expensive missile systems and the proliferation of nuclear weapons is a fact and is unlikely to slow down in coming years. India and Pakistan are rushing to acquire more nuclear weapons and a more efficient missile delivery system. According to Desmond Ball of the Australian National University, only about 40 out of between 500 and 1000 nuclear bombs in India's arsenal are required to destroy Pakistan, and the bulk of India's nuclear weapons is to deter China (McDonald 2006). Japan's militarization continues unabated, while Australia is becoming a major military platform for global surveillance and rapid military response anywhere in Asia.

There is an arms race in Southeast Asia. Southeast Asian states are modernizing their military, at great expense, with foreign modern weapons. The United States, Russia, China and the EU are selling large quantities of weapons to the region. Malaysia, Singapore and Indonesia are buying more submarines and eyeing each other as potential enemies. Indonesia has purchased two Kilo-class submarines from Russia and plans to buy another eight. Singapore has purchased a number of submarines from Sweden, while Malaysia has purchased five from France; and tensions between Singapore and Malaysia and Indonesia indicate continued suspicion and enmity. Russia and other countries are providing ASEAN members with sophisticated and expensive warplanes and missile technology.

An arms race has an adverse impact on Southeast Asia's democratization progress. Resources diverted away from social needs and human security can only contribute to the region's growing poverty and inequality. Militarization can only mean the diversion of revenues to the military at the expense of social expenditures in critical areas such as education and primary health care. Moreover, spending on preparing for war gives the military more political power and endangers the construction of a civil authority and society. The militarization process in Southeast Asia is closely linked to the 'war on terror' which has undermined the region's democratization process by legitimizing government corruption and action to silence dissent and neutralize the opposition. Scholar Lily Rahim says that 'the US is once again relying primarily on military means in its battle against terrorism by increasing aid to repressive militaries instead of seriously addressing the root cause and conditions that nurture it … [its] willingness to overlook human

rights violations to secure the cooperation of regional governments risks undermining fragile democratic institutions, legitimizes crackdowns on political dissidents, and fuels the perception that the US is waging war on Islam' (Rahim 2003:226). The 'war on terror' and the hegemonic struggle empowers anti-democratic forces in Southeast Asia and increases tensions among ASEAN members. Nationalism is becoming stronger and is exacerbated by growing inequality and poverty in the region. Internally, nationalism mutates into racism and policies of discrimination and exclusion against foreigners and minorities.

Southeast Asia is largely the product of European people's struggle for global hegemony since the early part of the sixteenth century. People from Portugal, Spain, Holland, England, France and later the United States invaded and colonized various parts of Southeast Asia over the centuries, which led to the emergence of independent nation states in the latter part of the twentieth century. In the intervening period, Europeans and Americans fought each other for territory, wealth and power throughout the world and in two world wars. At the end of WWII there were great expectations among Southeast Asia's newly freed people for a better life as citizens of independent nation states. Among the elites of the newly independent states, there was a sense of exuberance about a better future as part of a pan-Asiatic community. Burmese nationalists envisaged a grouping that excluded India and China, and leading nationalist Aung San 'began aspiring for something like the United States of Indo-China comprising French Indo-China, Thailand, Malaya, Indonesia, and our country' (Reid 1999:17; Woodside 1978:242). Leaders of the communist movement in Cambodia, Vietnam and Laos 'called for a Southeast Asian federation to comprise all the independence movements of the future "ASEAN 10" except the Philippines' (Reid 1999:18). But the dream was soon shattered by the reality of the hegemonic struggle which embroiled Southeast Asia in yet another round of violence and destruction.

The formation of Southeast Asia intensified during the Cold War for global supremacy between Russia and the United States. Countries were pitted against each other in one of the major battlefields in a global war between the world's two superpowers which brought extensive human suffering and destruction to the region. The war created the ASEAN in 1967 as a Western security alliance of five anti-communist states. In return for surrendering their sovereignty, the West guaranteed Thailand, Singapore, Indonesia and Malaysia territorial integrity and the maintenance of their authoritarian political regimes against domestic insurgencies and attempts at regime change. In exchange, ASEAN members

agreed to provide military bases and support the US war against communism and against Vietnam, Laos and Cambodia.

With the end of the Cold War, ASEAN became a vehicle for an enlarged regional association's incorporation into the new world economic and security order, constructed by the United States. This was done in stages with the inclusion of other Southeast Asian states into ASEAN: Vietnam in 1995, Myanmar and Laos in 1997 and Cambodia in 1999. The expansion of ASEAN gave entry into the global economy, and to the markets, investment, international aid and finances of the rich countries' Group of 7 (G7). The surrender of sovereignty by new ASEAN members was largely driven by the imperatives of economic survival, but there was also on the part of Vietnam and others the security incentive of protection from China's growing power and influence in the region.

ASEAN's progress to 'strengthen the foundation for a prosperous and peaceful community of Southeast Asian Nations' (ASEAN 1967) has been limited by the lack of political will to surmount some major obstacles to the formation of a community. From 1967 to the inclusion of Vietnam in 1995, ASEAN's anti-communist league benefited from access to the markets and investment flows of the G7. Singapore, and to a lesser extent Thailand and Indonesia, became a model to the global business community and international institution of global governance such as the World Bank (WB), as new industrializing countries, better known as the tiger economies of Asia, along with Taiwan, South Korea and the British colony of Hong Kong. The inclusion of the ASEAN5 in the G7 economies accelerated pressure on them to open up their economies to market forces and to export-oriented investment, and to quickly deregulate their financial systems, thus preparing the stage for the destructive impact of the 1997 Asian financial crisis.

Economic integration over the years has been limited. Increases in the value of intraregional trade since the signing of the 1992 ASEAN Free Trade Agreement (AFTA) has been small, largely because of domestic barriers to intra-Southeast Asian Trade, and major expansion of trading links with a number of powerful economies outside the region. Retired general Jose Almonte claims that AFTA is still just a collection of disparate markets: 'from 1994 until 2001, intraregional trade as a proportion of total trade actually fell by 19 per cent – a reflection of Southeast Asia's continuing market fragmentation'. Companies in ASEAN, he says, 'are still unable to make and sell goods for the whole of the Southeast Asian consumer market' (Almonte 2006). The region's transport network continues to be poorly developed. For example, there are no direct air links between a number of ASEAN capital cities, between Hanoi and Jakarta, or Manila,

and one cannot fly directly from Jakarta to Yangon. Most Southeast Asians require a visa to travel in the region. The proliferation of preferential trading arrangements between ASEAN and the rest of the world are increasingly costly to implement and are pulling ASEAN apart. Since the end of the Asian financial crisis there has been a resurgence of protective measures against foreign investment. Indonesia recently passed legislation to ban or limit foreign investment in 25 sectors, including telecommunications, health, alcoholic drinks and environmentally damaging chemicals; restrictions exist in 43 other sectors. The 2007 legislation also introduces a '49 per cent foreign ownership cap in a slew of key sectors, including multimedia, ports, and airports, transport, and education' (Aglionby 2007).

Regional cooperation on ASEAN-wide investment and industries has been slow and the Indonesia–Malaysia–Indonesia Growth Triangle policy to develop a number of poor subregions has been largely abandoned. Competing nationalism has been a major obstacle to regional cooperation in industrial developments. An early dream of an inexpensive ASEAN car built regionally disappeared as national politics took over the development agenda.

The lack of cooperation was apparent during the Asian financial crisis of 1997 which had such a dramatic impact on regional economies, particularly that of Indonesia and Thailand. The Indonesian economy was 'contracted by more than 13 per cent in 1998' (Rüland 2000:426). Poverty increased dramatically in Indonesia, the Philippines and Thailand. Yet ASEAN was unable to cooperate and join forces to confront the crisis and negotiate friendly terms with representatives of the global financial institutions. Instead, each country was summoned and remonstrated by the International Monetary Fund (IMF) and the WB, and forced to accept terms favourable to international lenders which considerably worsened the social crisis. Malaysia's stand against the IMF and decision to impose restrictions on capital movement led to US vice-president Al Gore travelling to Kuala Lumpur in 1998 where he encouraged Malaysians to overthrow the government of Mahathir bin Mohamad.

ASEAN has had little impact on regional relations and domestic politics because of the consensus reached with the Treaty of Amity and Cooperation in Southeast Asia (TACSEA 1976) to 'promote perpetual peace and cooperation among their people' while relations are guided by the 'fundamental principles of non-interference in the internal affairs of one another ... and the settlement of differences or disputes by peaceful means and the renunciation of the threat or use of force'

(ASEAN 1976). Some argue that ASEAN has been instrumental in keeping peace among countries that have fought each other in the past or carry historical grudges and old enmities (Vatikiotis 1999). There has been peace since the end of the Cold War and the 1992 UN intervention in Cambodia, and ASEAN has made some inroads into negotiating a code of conduct with China regarding territorial disputes over conflicting claims to the Spratly Islands in the South China Sea. Nevertheless, ASEAN did little to address the East Timor crisis. Although Malaysia sent some troops as part of the UN intervention force, ASEAN failed to address the killings in East Timor over the years and to jointly intervene with the United Nations in 1999. ASEAN has not responded to extrajudicial killings in Thailand, West Papua, the Philippines and Myanmar. A similar situation of doing little emerged at the time of widespread, destructive and deliberately lit forest fires in Borneo in the 1990s, which caused a pollution crisis and affected the health of millions of people. The 'ASEAN way' has not stopped the occasional insulting and threatening speech by some of their leaders. Singapore's relations with Malaysia and Indonesia are cold at the best of times. Indonesia has attacked Singapore for its anti-Malay and anti-Islam attitude, and for its role as a tax haven for rich and corrupt Indonesians. Tempers can be unleashed quickly, as when Cambodians burnt down Phnom Penh's Thai embassy and businesses in 2003 because a Thai TV star said that Angkor Wat belonged to Thailand.

What has been called the ASEAN way is predicated on being mute to each other's policy of depriving citizens of their civil and political rights. ASEAN had tolerated mass killing in East Timor, in West Papua, Aceh, southern Thailand and Myanmar over the years. ASEAN has been a cover for the continuation of authoritarian and repressive regimes and the use of torture on dissidents. This policy has increased in recent years, with ASEAN's collaboration with the US's 'war on terror' which has allowed governments' continued repression in the name of fighting terrorism. Islam's resurgence as a confrontational force in many parts of Southeast Asia is due to the failures in the economic and political development of the region. Many countries face increasing levels of inequality and poverty. The lack of democratization has excluded many political forces from engaging constructively in the political process. Furthermore, during the Cold War progressive Left democratic political groups were neutralized or destroyed. One outcome has been the capture of opposition movements by what has been called 'political Islam'.

ASEAN has not responded to Myanmar's recent human rights crisis for fear of damaging ASEAN relations. It was also silent to Myanmar's

human rights crisis following the monks' uprising in 2007, and slow to respond to the human disaster in the wake of the 2008 Cyclone Nargis which destroyed the country's agricultural heartland. Rodolpho Severino, ASEAN's former secretary-general, said that the regional organization was not in the aid relief business and that the policy of non-interference precluded the organization's putting pressure on Myanmar's military leaders regarding their course of action (LoPresti 2008). There have been voices of dissent in the past about the ASEAN way, such as president Arroyo's demand that Myanmar liberalize its political regime and release Aung San Suu Kyi. While praiseworthy, Arroyo's public performance needs to be seen in the context of her repressive domestic policy and corruption of public office. Corruption remains a major issue in Southeast Asia and ASEAN has been unable to deal with the problem. At the opening of the 2008 United Nations Conference Against Corruption in Bali, delegates were forced to stand up and kowtow to the memory of Suharto, reputed to have been one of the most corrupt world leaders.

Southeast Asians have not developed a secondary alliance to ASEAN. To a large extent this reflects on the nature of ASEAN as a regional association constructed and driven by the elite.

There has been little or no participation of citizens in the construction of ASEAN and the development of the association's policy and future. This top-down approach reflects the elite's continued concern about nation-building and issues of national cohesion. ASEAN's managers admit that ASEAN community building is a major challenge for the regional organization. MC Abad, ASEAN Secretariat's director, pointed out ASEAN's dilemma when he wrote that 'the people of Southeast Asia will not be interested in ASEAN if it is not relevant to them or, worse, if it works against social change and transformation' (Abad 2007). While primary alliance of citizens is to the nation state, many ASEAN countries face major anti-state movement by citizens and ethnic groups disillusioned with the policy and constitution of the state. Conflict over the nature of power, the nature of national sovereignty and demands for self-determination continue to plague Southeast Asia's nation states. Nation-building is an unfinished business and the process of decolonization has not ended. Moreover, the incorporation of Cambodia, Laos, Vietnam and, finally, Myanmar in recent years has led to new problems of regional inequality and uneven development, and created a regional apartheid system promoted by a neoliberal global economic order which has further complicated the dialogue within ASEAN and reinforced the ASEAN way of non-interference in one another's affairs.

This has proven to be a difficult issue with regard to Myanmar's full membership in the deliberation and management of ASEAN.

There have been a number of agreements in recent years to further the integration of ASEAN. At their 2003 Bali meeting, ASEAN leaders reaffirmed their intention to complete a free trade area by 2020 and move towards a closer union. They used the word 'democracy' for the first time ever in their proposal for an ASEAN community based on political, security, economic and sociocultural cooperation, and formalized the ASEAN Economic Community (AEC), the ASEAN Security Community (ASC) and the ASEAN Socio-cultural Community (ASCC). According to the group secretariat spokesperson 'through the Bali Concord II, ASEAN has subscribed to the notion of democratic peace, which means all member countries believe democratic processes will promote regional peace and stability' (Luard 2003). ASEAN's latest move to demonstrate solidarity and vision to the world is the unveiling and signing of the ASEAN Charter in November 2007. It pledges ASEAN to adhere to the principles of democracy, the rule of law and good governance, respect for and protection of human rights and fundamental freedoms', and to 'create a single market and production base, to alleviate poverty and strengthen democracy and promote human rights and sustainable development ... to place the well-being, livelihood and welfare of the people at the centre of the ASEAN community building process … in a drug-free environment' (Prachatai 2008).

There are major obstacles to an ASEAN community, particularly with regard to the formation of an AEC which would require the elimination of all barriers to the movements of capital, goods and services and the movement of people. There are many questions about the capacity of ASEAN to meet such goals in the next decade; not least are the many issues regarding the integration of the market, given the vast complications introduced by the large number of bilateral trade agreements with countries outside the region. Some have argued that the obstacles have more to do with a lack of a common culture. Anthony Reid, for example, argues that Southeast Asia lacks a core, a dominant centre which is sufficiently strong and integrated to hold the periphery together. He writes that 'there are few successful examples of regional organization of the ASEAN type in which there is no dominant centre or common civilizational heritage' (Reid 1999: 19). Singapore and Malaysia which are at the centre of the regional organization and communication hub, are too weak economically and adversarial in their cultural and political relations to constitute a core to hold and expand the regionalization process.

But the issue is more fundamental and has to do with the absence of a supranational identity based on the regional concept of ASEAN,

or Southeast Asia. This can only be found in a shared political culture based on identification and adherence to a common set of civil and political rights. Southeast Asian democratic culture is weak and most political regimes are authoritarian and incompatible with each other. Authoritarian rule is based on a political culture which is undemocratic because it excludes most citizens from power. On the contrary it asserts the rights of the few to rule the many in the name of religion, race or fear of the 'other'. The construction of ASEAN requires the participation of its citizens, which has not been the case so far. ASEAN is a product of an elite which has excluded citizens from participating in the decision-making process about their future. Moreover, elite rule has promoted nationalistic chauvinism and the projection of negative images about other cultures and people in their efforts at nation building. Nationalism has become increasingly a form of hatred and aggression against minorities. The corruption of power in Southeast Asia is widespread and inimical to the creation of an ASEAN community based on common human values. Such a community will not be possible unless Southeast Asian political regimes advance political equality and become more open, participatory and democratic.

ASEAN's future and the democratization of Southeast Asia faces many difficulties in view of the deterioration of the US-led new world order, and this in turn has implications for the economic growth of the region and the political and social well-being of its citizens. The world trade system and its architecture face serious disruptions and fracturing because it is not improving the human rights of the majority of world citizens and is perceived as unfair and unjust by many poor countries. A more troubling issue is the weakness and near bankruptcy of the US economy and major scandals and corruption of the international financial market. The global trading system is also affected by the destructive wars and pursuit of hegemony by the United States. Another issue threatening the world order is the challenge of environmental degradation and climate change, which is likely to affect Southeast Asia's economic and political development because it will increase the level of inflation and end an era of cheap food and energy. Rich countries are likely to introduce a carbon regime in the coming years that will affect the dynamics of global trade. The imposition of sanctions on countries not complying with the carbon regime, like China and India, could lead to import restrictions and forms of trade wars.

ASEAN is being hijacked by more powerful geopolitical interests. China and India are expanding their power regionally and attracting more investment and diverting investment flows away from ASEAN. They offer lower wages and can price out many ASEAN exports. China

is making significant progress to integrate northern Myanmar, Laos and Thailand in the economy of its southern province of Yunnan. External powers have succeeded in dismembering AFTA by negotiating an armada of FTAs to enmesh the region into their own trade and security networks. ASEAN is being subverted by more powerful regional interests in the formation of an East Asian economic bloc around China. Meredith Woo suggests that the rise of an East Asian regional order is inevitable, as are problems ahead for Southeast Asia's economic growth. She writes that 'Southeast Asian growth was based on borrowed time, before China roared back into the world market' and that after the 1997–8 destruction 'would never regain its momentum' (Woo 2007:63).

Moreover, the US hegemonic struggle is manipulating ASEAN to advantage, pulling the region apart in its 'war on terror'. According to leading UN human rights official, Louise Arbour, the United States has 'set back the cause of human rights by decades and has exacerbated a profound divide between the US and the developing world' (Lynch 2008). The US 'war on terror' has added power to the repressive measures of Southeast Asia's regimes against dissenters, and 'enemies of the state'. US security policy is shaping ASEAN's security agenda by forming a military alliance to contain China. Southeast Asia's role in the US hegemonic struggle is accelerating the region's military expenditures and creating divisions within ASEAN. Vatikiotis writes that ASEAN 'is less a victim of its own weakness than a hostage to the new global order – one in which multilateral bodies have been damaged or weakened by the clumsy unilateralism of big power, principally the United States and China' (Vatikiotis 2007).

ASEAN's dilemma is the dilemma of all Southeast Asian countries. The state needs a solid political and economic foundation and will trade-off some of its sovereignty to survive. Surrendering an element of sovereignty to ASEAN secured the territorial integrity of Singapore, Malaysia, Thailand, Indonesia and the Philippines by Western powers. More recently, inclusion in ASEAN gave new members access to the markets and investment funds, financial markets and development aid of rich countries. ASEAN's viability however is now challenged by major disruptions and volatility of the global order, whose architecture may not be sustainable. Rising costs of living and imports will increase regional inequality and poverty and put pressure on Southeast Asian states to further compete against each other to export more and attract more foreign investments by reducing costs of production. This is normally achieved, writes Daly, by lowering standards 'for pollution control, worker safety, wages, health care and so on – all choices that externalize

some of its costs' (Daly 1993:26) Ecological scarcity will confront states with renewed domestic distributional pressures and power challenges. Domestic tensions and aggression may in turn be externalized by manipulating nationalistic sentiments and eventually end ASEAN's vitality and leading role in advancing Southeast Asia's interests.

Despite discouraging signs, the possibility exists for ASEAN to play an important and positive role in the democratization process of its member states. ASEAN is potentially a major instrument to mobilize Southeast Asia's progressive social and political movements and also to promote the economic development of its member states. In that sense 'surrendering' some sovereignty to ASEAN can enhance the capacity of the nation state's social and economic development. Moreover, the 2008 global financial crisis and the ongoing environmental issue are likely to bear on changes in the process of globalization by promoting regionalization. In other words, the process of globalization may not be politically and economically sustainable. Thus, there is a window of opportunity for ASEAN to evolve and further its process of integration, but it can only do so by moving ahead politically, that is, beyond the role of the market, towards some form of political union. And this can only be achieved by democratizing the process. This is the major challenge faced by ASEAN and the big question is whether or not it will move in that direction.

The key question is whether the state in Southeast Asia can find economic and social security by surrendering some of its sovereignty to ASEAN. In other words, can ASEAN provide security for its member states? ASEAN is at a turning point and can respond to the challenge by transforming itself into a federation of Southeast Asian states. This would require a further surrendering of national sovereignty, which is only possible if the rewards are enticing enough. The incentive for the state is the potential for economic sustainability and social well-being in a common market which allows the free movement of people, capital and trade. Many voices among ASEAN's Eminent Persons Group (EPG) and outside the group support ASEAN making bold inroads towards a common market and community. But the survival of the state, of the nation state, requires the engagement of citizens and their involvement in an open and participatory society. The nation must therefore regain control of the state and transform ASEAN into a regional community, and thus revive the dream of Aung San Suu Kyi's father, for a United States of Southeast Asia.

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