



CHAPTER 11

INTERNAL SECURITY, DEMOCRATIZATION, AND GLOBALIZATION IN SOUTH EAST ASIA

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Introduction

The stability of the Cold War era vanished more than ten years ago. Within Southeast Asia, the threat of war seems to have ended, but domestic stability has been elusive in some countries despite otherwise favorable trends, and globalization has taken much decision-making authority out of the hands of politicians. The question that this chapter will examine is how the political and economic systems within each country in Southeast Asia currently serve to help or to hinder internal security, given the considerable ethnic, religious, and socioeconomic diversity in their societies and the impact of globalization.

The key concepts to be considered are democracy, economic prosperity, globalization, diversity, and internal security. Conventionally, “democracy” exists when elections permit an alternation in office by competing political parties while majority rule coexists with minority rights. Since most of countries in Southeast Asia are not industrial democracies, “economic prosperity” can be viewed as achieved when an economy in the region grows and income equality increases. Problems of “internal security” are present when violent political protests or secessionist movements tax the ability of governments in the region to respond. “Globalization” refers to the gradual transformation of the world economy into a single market with an absence of barriers to trade, wherein the role of politics in economics will ideally be to handle trade disputes and realistically to backstop any dysfunctional social impacts.

Democratization and Internal Security

Which forms of democratic rule best suit aspirations for economic prosperity and internal security within Southeast Asian countries? Various theoretical formulations developed to provide *a priori* templates for assessing conditions during the Cold War may or may not be relevant today, but one in particular can be explored to provide a certain amount of insight—mass society theory.

According to mass society theory, political systems become unstable due to two alternative conditions. One scenario is that when economic progress is too rapid, political stability can be jeopardized as the masses clamor for an equitable share of economic progress, yet lack a responsive democratic framework. The second way in which a mass society exists is when rigid authoritarian rule frustrates the aspirations of the masses, which are not allowed to have independent political channels; in Eastern Europe, the result was low morale and a resulting decline in productivity that bankrupted Communist countries. In both cases, civil society is nonexistent, that is, no independent institutions exist between the people and the government. Accordingly, can greater democratization, that is, an increased vitality on the part of institutions between the masses and the elites, solve internal security problems?

Most Southeast Asian countries eloquently illustrate problems of mass society today. **Brunei**, an absolute monarchy, is too small and too prosperous to have dissident elements seeking a more democratic system or a more open economy. Although there is no vibrant civil society, Brunei is not a typical mass society and it is therefore excluded from this discussion.

In **Indonesia**, rapid economic progress in the early 1990s whetted the appetite of the masses for a larger share of the pie; the authoritarian rulers were seen as corrupt, and the streets filled with protesters until the ruler stepped aside in 1998. Opposition forces prevailed in an election, but the new constitutional regime is unable to contain discontent because a stable civil society has yet to emerge. The continuing rebellion in Aceh and discontent in Irian Jaya and the Moluccas prove that the new and weak political system has not established a political framework for dialog and compromise with dissident elements. The establishment of interest groups and political parties as channels for political dialog will take time; so immediate security problems cannot be handled through a democratic process. Religious strife in the Moluccas has abated, as dialog has taken place, though not all elements are satisfied. The Acehnese and the Irian Jaya Melanesians want political autonomy more than dialog, but the regime is using force, fearing total dismemberment since East Timor was granted independence.

A footnote to the last paragraph is the new country of **East Timor**, which voted for independence from Indonesia in 1999. Under U.N. tutelage, East Timor is on the way to becoming a democracy with a civil society. Since virtually the entire population was in favor of independence, the only internal security problem consisted of the Indonesian army's response to the plebiscite, and an international force has handled that problem.

Laos has so crushed civil society that there are no channels for public discontent over myriad complaints, many of which are associated with the fact that the government does not really know how to run a free market economy. The source of recent bombings is unknown, but one suspicion is that the most likely source of violent protest would come from those frustrated by the lack of economic opportunities.

For **Vietnam**, where the economy is improving despite a government that clings to socialism, internal security problems come from two sources. One is the maltreatment of ethnic minorities, that is, hill tribes without access to a political

pipeline to air grievances. The other source is the sporadic terrorism perpetrated by expatriate Vietnamese based in Southern California. Outside observers often urge more democracy to calm the troubled waters, but those in power know that they would be voted out, so they resist democratization and are reasonably successful thus far in containing internal security problems by maintaining a police state.

Myanmar had an election in 1990, but the ruling military clique decided not to accept the overwhelming mandate to install the victor, Aung Sang Suu Kyi, knowing that a democratic regime would exact revenge against the excesses of the outgoing dictators. Government efforts to negotiate a face-saving power-sharing arrangement with Aung Sang Suu Kyi have been in progress, but honoring the outcome of the 1990 election is the bottom line for the public. Political repression both encourages internal strife and discourages international investment, except in energy sources. Internationally organized economic boycotts and public discontent are translated into a lack of economic vitality, though China has moved into the breach with aid and investment aimed at promoting Chinese more than Burmese interests. Meanwhile, some provinces are in open rebellion, notably the Karen minority, which is ethnically Thai. Military solutions are often tried, but the rebellion continues. So long as there is no civil society, the people are all held hostage by the government.

Singapore's government likewise has no use for civil society. Singapore exempts foreign businesses from various regulations, but local businesses are much less free, and the authoritarian political system keeps a firm lid on any dissent. The establishment of private organizations requires governmental approval, but permission is granted only if they are nonpolitical. Opposition parties are only able to disseminate views contrary to the government during short election campaigns, and their candidates are sued into bankruptcy afterward. Since the local population is well educated, the best and the brightest either work for foreign corporations in subordinate roles or siphon off their discontent by migrating to Australia, England, or the United States. Internal turmoil is thus minimized because some of the population is affluent enough to relocate elsewhere, and many immigrants to Singapore are willing to take their place to enjoy a relatively prosperous life. Were true democracy to arise in Singapore, workers would demand higher wages as a reward for their high productivity, but the country's economic success might end if cheap labor were no longer available to be exploited. The island republic may go down in history as the world's first prosperous totalitarian state, though the prosperity comes from unregulated foreign businesses.

A civil society has been active in **Malaysia** for some time, and the ruling coalition contains progressive parties whose supporters vote along racial lines. Within Malaysia, domestic unrest has not reached the level of an organized internal security problem in recent years. Instead, longtime Prime Minister Mahathir bin Mohamad has sought to cripple prospects for any challengers to his position. The latest adversary, former Deputy Prime Minister Anwar Ibrahim, is now in jail on charges of corruption and sodomy that many in the public believe were trumped up. Accordingly, disparate opposition elements have teamed up but thus far have not gained electoral success. The main beneficiary of the current unease is a radical Islamic party, which might seek to impose Islamic laws onto the entire multi-religious and multi-ethnic population. In

short, democracy provides a platform for an opposition element that might end civil society, but democracy still prevails. The political leaders keep a delicate balance between too much and too little dissent, and protest has thus far been nonviolent. Thus, Malaysia's polity is democratic but fractionated, yet internal security issues are modest.

The **Philippines** has the longest history of a civil society within Southeast Asia, though with an unpleasant intermission during the Marcos years. The New People's Army (NPA) and Muslim separatists on Mindanao provide the two main sources of internal insecurity. The activities of the NPA provided an excuse for the coup in 1972, but the increase in NPA activity because of the coup eventually sealed Marcos's fate in 1986, when People's Power emerged in the streets. The NPA is a minor player today, as the political system accommodates more dialogue. Meanwhile, various deals have been brokered with Muslim separatists, but they have later unraveled. Currently, American assistance has been enlisted to wipe out terrorist Muslims linked to Osama bin Laden. Nevertheless, the contentious politics of the country, including removal from office of a popularly elected president last year, discourage foreign investment. The aristocratic families prominent in the provinces continue to have a stranglehold on the economy and polity, with no real consensus on an agenda for prosperity that would provide a win-win outcome for the masses. Democracy, thus, is real, but forward-looking decisions are rare because of a gridlocked civil society.

The current regime in **Cambodia** has been in control for two decades, having managed to remove the Khmer Rouge as a factor. After the United Nations established the framework for free elections, held in 1993, a power-sharing arrangement was reached by the two principal political parties. But there is so much distrust among the various political leaders that the government maintains a firm grip; assassinations of both dissenters and government officials occur from time to time, especially during election campaigns. A civil society has grown, though acerbic comments by newspaper editors have led to assassinations. While the government apprehends troublemakers seeking to undermine the ruling party, the opposition complains that police do not investigate crimes committed against their leaders. One source of the financing and personnel for antigovernment actions is the Cambodian Freedom Fighters, a group headquartered in Southern California that has been investigated but never rounded up by the Federal Bureau of Investigation. Lacking sufficient aid, there is an economy of casinos, drugs, and smugglers of gems and timber, but no viable economic development strategy. Obviously, true democracy will not exist in Cambodia until power truly alternates between competing political parties. If external aid establishes an energy infrastructure for profitable investment, there is a possibility for economic progress to eclipse political bickering, but the uncertain polity precludes serious aid programs and major investment possibilities.

Thailand stands out as the most democratic country in the region, with an economy slowly recovering from the liquidity crisis of the late 1990s, no festering internal security problem, and a vibrant civil society. The current prime minister received an overwhelming mandate from the voters in 2000, though he has been unable to carry out all his campaign promises.

In conclusion, mass society theory provides a powerful template for analyzing developments in Southeast Asian economics, politics, and security concerns. True democracy in the region is impossible without the prior development of a civil society, but of course a civil society has to be developed through a consensus among democratic leaders. Undemocratic leaders prevail in Laos, Myanmar, Singapore and Vietnam, where internal security problems are under control. Rival leaders lack a consensus in the more democratic regimes of Cambodia, Indonesia, Malaysia, and the Philippines, where internal security problems sometimes loom large. Only in Thailand can we find a wide consensus among democratic leaders, a strong civil society, a vibrant economy that is emerging from the liquidity crisis of 1997, and a lack of internal security problems, consistent with mass society theory.

Globalization and Internal Security

Mass society theory can analytically identify sources of problems, but there is always an economic basis for politics. Accordingly, the next part of the chapter seeks to identify whether globalization has complicated problems of internal security in Southeast Asia.

In the transition from the current international economy to a more globalized economy, each country will export goods and services that can be produced efficiently and will import the rest of its needs from other countries. Clearly, the process of globalization entails an end to government protection of inefficient domestic producers and thus much immediate unrest among those who will be thrown out of work. Globalization also means that hiccups in one part of the world economy can adversely affect other parts. In 2000 the Nasdaq bubble burst, so investment in new technologies was cut back. For example, demand for semiconductor chips dropped 31 percent,¹ thereby adversely affecting the economies of Indonesia, Malaysia, the Philippines, and Thailand.

The special case of **Brunei** well illustrates the impact of globalization. Since Brunei's prosperity depends upon the world price of petroleum, economic upturns and downturns in the world economy, mediated by supply-and-demand coordination on the part of the Organization of Petroleum Exporting Countries (OPEC), determine the sultanate's economic status. An economic difficulty in a major importing country will mean a reduction in world demand for petroleum that will tax OPEC's ability to assure stable earnings for such producers of petroleum as Brunei. The world oil demand growth of 4.5 percent in 2000 slumped to 2.4 percent in 2001.² Nevertheless, Brunei is so prosperous that there is little impact on domestic security.

Singapore, which also has a relatively small economy, is dependent on the world economy in a more complex manner, as the principal source of prosperity comes from trade conducted by multinational corporations located in the island republic that are headquartered abroad. When the world economy booms, Singapore does well, and the impact of a downturn can be very severe. Singapore's economy, indeed, was designed to be part of a global economy even before the globalization trend began.

¹ Tom Holland, "Region Readies for the Recovery," *Far Eastern Economic Review*, January 10, 2002, p. 46.

² *Ibid.*

The recent free trade agreement with Japan and similar proposals for Australia, New Zealand, and even the United States are indicative of the government's view that the Singapore economy needs trade to survive. However, Singapore's internal security is unaffected, since its surveillance technology is Orwellian.

The command economies of **Laos** and **Myanmar** have thus far seen little impact from globalization. One of the reasons for the maintenance of state control of the economy is to prevent alternative centers of power to form in the private sector. Laos and Myanmar have not undertaken liberalizing reforms, so just about the only significant role that they play in the world economy is to supply narcotic drugs, which provide income to elements of the societies that might otherwise cause internal security problems.

Doi moi, **Vietnam's** liberalization policy that dates from the mid-1980s, encourages individual farmers and urban producers to sell goods and services in a free market, that is, with prices determined by the market rather than the state. However, the state still maintains control over the economic inputs, such as cotton and fertilizers, so the economy is free only at the stage of marketing, not production and processing, resulting in discontent that is suppressed. The U.S.-Vietnam trade agreement, which recently came into force, envisages a further opening up of opportunities for economic activity without governmental interference, albeit slowly.

Cambodia alone within Indochina has a free market. Lack of disciplined workers and serious investment means that the economy is dominated by illegal activities, from casinos to clandestine logging. To make a contribution to the global economy, Cambodia must first have an economic infrastructure, including roads, a power grid, and the like. The ruling party's tight control over internal political unrest is effective, but not so with the various illegal economic businesses, which are linked to the world economy. There is a world market for logs and narcotic drugs, but international aid has kept the government minimally afloat rather than proceeding to provide sources of inexpensive electric power so that there are legitimate opportunities.

East Timor, minus the illegal businesses, is in the same boat as Cambodia regarding the global economy. Lacking an economic infrastructure, East Timor will have to await handouts before globalization will have an impact. The internal security problem ended when Indonesian troops pulled out and U.N. troops moved in.

The Asian economic crisis of 1997 began in East Asia and quickly engulfed the original five members of the Association of Southeast Asian Nations, namely, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. One underlying factor was the so-called flying geese pattern, in which countries gradually move up in technological development by following in the pattern of countries ahead of them in the development process. Japan, for example, once produced textiles, then outsourced textiles to Korea and Taiwan, which in turn passed the baton to Indonesia, Malaysia, and Thailand. In the field of electronics, production ended up in the laps of Malaysia and Thailand.

But the immediate reason for the collapse of 1997 was a liquidity crisis, a situation in which risky loans offered by domestic banks in Japan and Korea – as well as in Indonesia, Malaysia, and Thailand – came home to roost. When Hanbo Steel of Korea declared bankruptcy in January 1997 and Somprasong of Thailand missed a

debt repayment in February, investors smelled trouble and tried to convert their cache of Southeast Asian currencies into hard currency so quickly that by July Thailand devalued the baht by nearly 25 percent and called in the International Monetary Fund. Indeed, payments stopped on half of all loans in Thailand.

When **Thailand's** government took action consistent with IMF recommendations, the pain was too much, and voters threw out the incumbents in January 2001 for a populist who promised relief. Foreign investment has slumped 40 percent since Thaksin Shinawatra took office, and public debt is still 60 percent of gross domestic product,³ but in December 2001 he backtracked, offering tax holidays for companies establishing Thailand as a regional headquarters and opened share offerings for state enterprises to foreign participation.

Indonesia, similarly, called in the IMF when gross debt was more than 150 percent of gross domestic product.⁴ Popular unrest and governmental indecision led last year to a vote in parliament to install a new president. President Megawati Sukarnoputri, however, has been unable to secure agreement among her cabinet heads on a coherent policy to follow, thus slowing prospects for economic recovery. Most debt is owed to foreign banks and countries, and the conglomerates have not yet returned to invest. Gross domestic product growth in 2000 was 4.8 percent rather than the 7 percent of the 1990s,⁵ so at least the economy is still growing. Due to the possibility that civil disorder will increase in the world's largest Muslim country, Indonesian debts are to be rescheduled, so potential unrest actually gives the country a better bargaining position within the world economy.

Malaysia, however, did not call upon the IMF. When a run on the ringgit began, the government imposed a cap on currency exports that stopped the meltdown. When restrictions were lifted last year, restructuring of unprofitable businesses had already occurred, thus suggesting that the conditions imposed by the IMF on Indonesia and Thailand might have been avoided. Although exports slowed during the worldwide recession of 2001, so did imports, so Malaysia maintains a favorable trade balance. Nevertheless, the export slowdown has caused rising unemployment, a bad sign for a government that is trying to appease Muslims in order keep opposition Islamic fundamentalists at bay.

The currency meltdown of 1997 affected the **Philippines** as well, but the impeachment and removal of an elected president last year underscores a much larger problem—political risk. Moslem separatists in Mindanao and kidnap-for-ransom gangs in Manila frighten investors despite a well-trained workforce. Electronics exports have suffered due to the American economic recession, and Filipino guest workers abroad are not sending home as much foreign exchange. While there are better places to invest in the global economy, consumption of domestically produced food and clothing remains brisk in a country that ranks among the world's highest in birthrates, thus sufficiently insulating the Philippines from economic collapse.

³ Shawn W. Crispin, "Thaksin at a Crossroads," *Far Eastern Economic Review*, February 7, 2002, p. 18; Crispin, "Listless Days," *Far Eastern Economic Review*, January 10, 2002, p. 55.

⁴ Sadanand Dhume, "Asia's Argentina," *Far Eastern Economic Review*, February 7, 2002, p. 51.

⁵ Sadanand Dhume, "Diversity Pays," *Far Eastern Economic Review*, January 10, 2002, p. 54.

Conclusion

From a qualitative standpoint, internal security problems in Southeast Asia are not particularly serious at this moment but loom below the surface as limiting conditions on the various governments in the region. The cauldron begins to boil when regimes are too heavy handed in suppressing political aspirations for a greater say in governance.

But we can also be quantitative. Using a three-point democratization scale,⁶ the data reveal no correlation between economic prosperity and political democratization. Wise dictators and gridlocked democracies cancel out the expected correlation; instead, the distribution is U-shaped (Figure 11.1).

A more linear correlation exists between two other variables. Internal security problems⁷ are greatest among most countries that are not very closely plugged into the global economy,⁸ and the countries with the most globalized economies have the least internal security problems (Figure 11.2). Although correlation is not always causation, the connection is obvious. Countries that cope with internal security problems must divert domestic capital into military spending while potential investment abroad awaits resolution of domestic conflict; lacking investment from both internal and external sources, a country cannot experience economic progress and thus will fall behind in the frenzied pace of globalization. Where a country can spend less for the military, domestic enterprise can flourish, and foreign investment can safely bring global capital into a country.

⁶ The democracy scale is as follows: (3) countries that have free elections and a vibrant civil society, (2) countries with moderately free elections and an incipient civil society, (1) countries with neither free elections nor a civil society.

⁷ The “internal security” scale is as follows: (3) countries that have active armed rebellions, (2) countries that have small-scale, continuing anti-government violence, (1) countries with only sporadic anti-government violence.

⁸ The index of “globalization” is calculated as the percentage of each country’s national income accounted for by imports and exports, using data in the *Asia Yearbook 2002*, Hong Kong: Far Eastern Economic Review, 2002, pp. 10-11.

Figure 11.1

Relationship Between Democracy and National Income Per Capita

Democracy	National Income Per Capita		
	Under \$1,000	\$1,000 - \$4,000	Above \$4,000
3 (high)		Malaysia Philippines Thailand	
2 (medium)	Cambodia East Timor	Indonesia	
1 (low)	Laos Myanmar Vietnam		Brunei Singapore

Figure 11.2

Relationship Between Globalization and Internal Security

Internal Security	Globalization Index		
	Below 100%	100%–200%	Above 200%
3 (most problems)	Indonesia Myanmar	Philippines	
2 (medium)	Cambodia Laos	Vietnam	
1 (least problems)	East Timor	Thailand	Brunei Malaysia Singapore

Table 11.1

Comparison of Southeast Asian Countries

Country	Democracy Scale	Internal Security Scale	National Income Per Capita	Globalization Index
Brunei	1	1	c.24000	c.400
Cambodia	2	2	260	42
East Timor	2	1	c.100	c.10
Indonesia	2	3	1050	62
Laos	1	2	290	73
Malaysia	3	1	3390	222
Myanmar	1	3	c.100	c.10
Philippines	3	3	1050	106
Singapore	1	1	24000	308
Thailand	3	1	2010	110
Vietnam	1	2	370	101

Sources: Author estimates; Far Eastern Economic Review (2002).