

SOUTHEAST ASIAN AFFAIRS 1991

Reproduced from Southeast Asian Affairs 1991 (Singapore: Institute of Southeast Asian Studies, 1991). This version was obtained electronically direct from the publisher on condition that copyright is not infringed. No part of this publication may be reproduced without the prior permission of the Institute of Southeast Asian Studies. Individual articles are available at < <http://bookshop.iseas.edu.sg> >.

The **Institute of Southeast Asian Studies** was established as an autonomous organization in 1968. It is a regional research centre for scholars and other specialists concerned with modern Southeast Asia, particularly the multi-faceted problems of stability and security, economic development, and political and social change

The Institute is governed by a twenty-two-member Board of Trustees comprising nominees from the Singapore Government, the National University of Singapore, the various Chambers of Commerce, and professional and civic organizations. A ten-man Executive Committee oversees day-to-day operations; it is chaired by the Director, the Institute's chief academic and administrative officer.

SOUTHEAST ASIAN AFFAIRS 1991
EDITORIAL COMMITTEE

Chairman	<i>K S Sandhu</i>
Editors	<i>Sharon Siddique</i> <i>Ng Chee Yuen</i>
Associate Editor	<i>Triena Ong</i>
Committee Members	<i>Chandran Jeshurun</i> <i>Ananda Rajah</i> <i>Joseph L H. Tan</i>

SOUTHEAST ASIAN AFFAIRS 1991

Cataloguing in Publication Data

Southeast Asian affairs

1974-

Annual.

1. Asia, Southeastern.

I Institute of Southeast Asian Studies.

DS501 S72A

ISSN 0377-5437

Published by
Institute of Southeast Asian Studies
Heng Mui Keng Terrace
Pasir Panjang
Singapore 0511

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior consent of the Institute of Southeast Asian Studies

© 1991 Institute of Southeast Asian Studies, Singapore

The responsibility for facts and opinions expressed in this publication rests exclusively with the contributors and their interpretations do not necessarily reflect the views or the policy of the Institute or its supporters

Typeset by The Fototype Business, Singapore

Printed in Singapore by Chong Moh Offset Printing Pte Ltd

FOREWORD

Southeast Asian Affairs 1991, like its seventeen predecessors, is a review of significant developments and trends in Southeast Asia, with special emphasis on the ASEAN countries. Readable and easily understood, the publication aims at giving the enquiring reader a broad grasp of major political, economic, social, and strategic developments within the region.

The contents of *Southeast Asian Affairs 1991* fall into two broad categories. There are those of a background nature, which attempt to review and where necessary comment upon and explain significant developments during 1990 in the individual countries of Southeast Asia and in the region generally. Then there are the articles of more specialized current interest. These are not necessarily focused on events in 1990 alone. They deal with topical problems of concern to those who desire to know more about the region and its affairs than is possible from background articles. The emphasis has been on background papers, including regional surveys. These, however, have been supplemented by topical articles of the type described above.

To the best of our knowledge, *Southeast Asian Affairs* is the only publication of its kind wholly devoted to Southeast Asia. It is perhaps also unique in that, unlike many other annuals, its discussion of issues is from the vantage point of the area, most of the contributors being in and of the region. Moreover, though scholarly in their approach and analyses, the authors have been encouraged to aim at accuracy and readability and to handle their subjects in a direct manner. Footnotes and tables have been kept to a minimum and a conscious effort has been made to avoid too ponderous a style. If *Southeast Asian Affairs 1991* helps to generate and enliven interest in, and a better understanding of, the affairs of the region, then its purpose would have been well served.

I would also like to take this opportunity to thank the authors and the members of the Editorial Committee, as well as others who have, in one way or another, helped to make this publication possible. While the Institute encourages all points of view, needless to say, the individual authors are exclusively responsible for the facts and opinions expressed in their respective contributions, and their interpretations do not necessarily reflect the views and policies of the Institute itself or its supporters.

K S. Sandhu
Director

January 1991

Institute of Southeast Asian Studies

CONTENTS

FOREWORD	v
INTRODUCTION	ix
THE REGION	
Southeast Asia in 1990: A Year of Challenges <i>Lee Poh Ping</i>	3
Into the Nineties: Global Economic Challenges and the Southeast Asian Response <i>Hans Christoph Rieger</i>	18
Asia Pacific Economic Co-operation (APEC) <i>Andrew Elek</i>	33
Changing Dynamics of Japan's Interaction with Southeast Asia <i>Richard P Cronin</i>	49
BRUNEI	
Brunei: The Steady State <i>Tilak Doshi</i>	71
CAMBODIA	
Cambodia 1990: Towards a Peaceful Solution? <i>Sina Than</i>	83
INDONESIA	
Indonesia 1990: Democratization and Social Forces <i>Ian Chalmers</i>	107
Liberalism under Pressure in Indonesia <i>Armin Taubert</i>	122
LAOS	
Laos 1990: Socialism Postponed but Leadership Intact <i>Joseph J Zasloff and MacAlister Brown</i>	141
MALAYSIA	
Malaysia 1990: The Election Show-down <i>Khong Kim Hoong</i>	161

Foreign Direct Investment in Malaysia <i>Michio Kimura</i>	180
MYANMAR	
Myanmar 1990: New Era or Old? <i>R.H. Taylor</i>	199
PHILIPPINES	
The Philippines 1990: Political Stalemate and Persisting Instability <i>Max Lane</i>	223
The Philippine Economy: 1992 and Beyond <i>Bernardo M. Villegas</i>	240
SINGAPORE	
Singapore 1990: Celebrating the End of an Era <i>Chua Beng Huat</i>	253
Singapore's Internationalization Strategy for the 1990s <i>Wong Poh Kam and Ng Chee Yuen</i>	267
THAILAND	
Personality Politics in Thailand <i>Tan Lian Choo</i>	279
The Environment and Popular Culture in Thailand <i>Ubonrat Siriywasak</i>	298
VIETNAM	
Vietnam at the Crossroads in 1990 <i>Tan Kee Wee</i>	311

INTRODUCTION

The year 1990 in Southeast Asia might be considered pivotal from two perspectives. First, 1990 allows us to “cap” the decade of the 1980s, and assess its fundamental direction. Second, 1990 begins the countdown towards the year 2000 — a new decade, a new century, and a new millennium. The essays in this volume are thus, as usual, a presentation of the year’s major events, but viewed through two prisms — one reflective, and the other anticipatory.

ASEAN in the decade of the 1980s proved to be the most dynamic region world-wide, in 1990 it supplanted the East Asian NIEs in terms of rates of real economic growth: Thailand registered 10.0 per cent; Malaysia, 10.0 per cent; Singapore, 8.3 per cent, Indonesia, 7.1 per cent; the Philippines, 3.1 per cent; and Brunei, 2.9 per cent. Thailand and Indonesia also had the distinction of never registering a negative growth rate in any year throughout the 1980s.

Southeast Asia also enjoyed a decade of political stability. The fact that such stability should not be taken for granted, and that the consequences of instability can be devastating, were vividly brought home during the Gulf crisis and its aftermath. Likewise, the repercussions of the changes sweeping the Soviet Union and Eastern Europe have had a world-wide impact. This was particularly so with regard to the socialist regimes of Vietnam, Laos, and Cambodia, which had hitherto depended ideologically and materially on the USSR and its allies. Although the political regimes replacement process which swept Eastern Europe was not duplicated in Indochina, movement towards economic liberalization, initiated in the last years of the 1980s, continued. Myanmar, having followed its own brand of socialism also began yielding to market forces, albeit on a limited scale.

The end of the Cold War also highlighted the likely new roles in the region for the United States, Japan, and China. Japan, for instance, because of its growing economic strength in the region — it was Southeast Asia’s largest foreign investor — was coming under increasing pressure to play a more prominent political and diplomatic role in the region, that is, a role commensurate with its economic status. The United States in turn seemed to be rethinking its regional commitments. The question of the U.S. bases in the Philippines is illustrative of this. It now appears no longer a question of whether the bases will remain, but rather how long they will remain. China, on its part, appears to be anxious to strengthen its regional ties. Indeed, it has gone so far as to announce its willingness to jointly develop the Spratly Islands with those Southeast Asian countries which have claims to these Islands. It also welcomed the establishment of formal diplomatic relations with Indonesia and Singapore.

The conflict in Cambodia appears to have reached a turning point. The United States has decided to drop its support for the Coalition Government of Democratic Kampuchea (CGDK), and indicated its willingness to open a dialogue with Vietnam over a settlement of the Cambodian imbroglio. The United Nations too was

beginning to play a direct and more assertive role in the matter. Indeed, as in the case of the resolution of the Gulf crisis, the Cambodian conflict seems now destined to be settled within the context of a significant and widening role for the United Nations in world affairs. Although the conflict remained unsolved at year's end, the Permanent Five members of the U.N. Security Council were working towards the reconvening of the Paris International Conference on Cambodia (PICC) in 1991.

Paralleling the global political realignments were the initiatives to forge new regional economic alliances, in the wake of a rapidly changing international economic environment. Here the most significant development was the failure of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations. This had an immediate impact on the region, in that it not only witnessed calls for the formation and strengthening of supra-regional alliances, but the emergence of a new resolve to seek more and better ways and means of promoting greater intra-regional economic co-operation.

Various formulae were debated as to what could be attempted at the supra-regional level, with the proposal for an East Asian Economic Grouping (EAEG) by the Malaysian Prime Minister, Dr Mahathir bin Mohamad, attracting considerable attention, in terms of its bearing on APEC (Asia Pacific Economic Co-operation) and ASEAN. Although the Malaysians have gone to great lengths to explain that the EAEG proposal is GATT consistent and that it would not detract from the significance or progress of APEC or ASEAN, doubts remain and the matter may not be resolved until ASEAN as a whole takes a collective position on it.

Such and other supra-regional initiatives have also added a new lease of life to efforts to promote greater economic co-operation within ASEAN itself. The liberalization of the Indonesian and Malaysian economies in the 1980s, which placed emphasis on private enterprise as the main engine and initiator of economic growth, have only added to this conviction, long felt by Singapore, that is, that it is better for governments to lend support to budding and existing economic impulses and development processes, rather than as acting as initiators of new activities themselves. Acting on this conviction, Singapore's Prime Minister, Goh Chok Tong, mooted the idea of creating a "growth triangle" involving Singapore, Johor State of Malaysia, and Batam and the other islands of the Riau Province of Indonesia. This co-operative venture has grown steadily. Moreover, there is a possibility of the concept becoming a "wave of the future" in that other "growth triangles" and "growth circles" are already being proposed for other parts of the region.

Whether political stability is a prerequisite for sustained economic growth, or whether sustained economic growth promotes political stability is a classic "chicken or egg" question. At least for Southeast Asia, it seems safe to say that political stability and economic growth are intertwined. In the case of Myanmar, for example, the lack of resolution of the problems of political transition is hampering economic reform. The political stalemate in the Philippines, resulting in a lack of political strength and will to make the necessary structural adjustments, certainly has a bearing on the economic ills besetting the country. Conversely, Mahathir's victory in the 1990 Malaysian election might be attributed, in part, to his proven ability to "deliver the goods"

The question of leadership change and generational succession also took a further step forward, in that Mr Lee Kuan Yew stepped aside as Prime Minister of Singapore, after serving in the post for more than thirty years. There was heightened speculation in Indonesia too on President Soeharto's plans. And all this at a time when decades of political stability and economic progress have significantly broadened the arena of political activity, in which "strategic groups" like the professional and business middle class are now significant players, as opposed to the small circle of advisers who had been the traditional source of power and influence. It will be interesting to see how these new and emerging actors in the political arena affect political changes, what the changes will be, and how they will be accomplished.

Sharon Siddique

Ng Chee Yuen

Editors

Southeast Asian Affairs 1991

