

**SOUTHEAST  
ASIAN  
AFFAIRS 1992**

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*SOUTHEAST ASIAN AFFAIRS 1992*  
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# **SOUTHEAST ASIAN AFFAIRS 1992**



INSTITUTE OF SOUTHEAST ASIAN STUDIES

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## Cataloguing in Publication Data

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Southeast Asian affairs.

1974-

Annual.

1. Asia, Southeastern.

I. Institute of Southeast Asian Studies.

DS501 S72A

ISSN 0377-5437

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Published by

Institute of Southeast Asian Studies

Heng Mui Keng Terrace

Pasir Panjang

Singapore 0511

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*Typeset by The Fototype Business, Singapore*

*Printed in Singapore by Prime Packaging Industries*

## FOREWORD

*Southeast Asian Affairs 1992*, like its eighteen 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 1992* fall into two broad categories. One category of articles attempts to review, explain and comment upon significant developments during 1991 in the individual countries of Southeast Asia and in the region generally. The other category consists of articles of more specialized current interest. These are not necessarily focused on events in 1991 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 review articles.

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 1992* 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 1992

Institute of Southeast Asian Studies



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## INTRODUCTION

The end of the Cold War has had obvious beneficial effects on the Asia-Pacific region: the threat of war between the major powers and their proxies has receded; there has been a relaxation of tensions, especially in areas like Indochina and Northeast Asia; and there could be new areas of economic co-operation and sustained growth. However, at the same time, concerns have arisen about possible changes in the balance of power in the Western Pacific region in the coming years.

These concerns focus principally on the future roles of the United States and Japan, because changes in their security policies or military deployments are more likely than anything else to trigger major strategic changes. While China and possibly India could be among the other principal actors in the region during the next decade, they would be preoccupied with domestic problems for some time and hence unlikely to be initiators of, as against respondents to, major changes in the balance of power. In the case of the United States and Japan, the underlying anxiety has its roots firstly in the fact that the absence of a major external military threat to U.S. security combined with the many domestic problems may eventually compel it to disengage from forward deployments and commitments in East Asia; and secondly, that the U.S.-Japan security partnership is likely to be subjected to increasing stress in the coming years, and that without exceptional statesmanship on both sides, it may not last over the longer term.

At the same time, there is also more confidence in most of the countries of the Association of South East Asian Nations (ASEAN), brought about largely by the rapid economic growth of recent years and the disappearance of the traditional security threats centred on communist insurgencies and Vietnam. However, the territorial disputes in the South China Sea continue to be a source of anxiety, even though the danger of conflict seems to have been reduced by China's suggestion that the area be jointly developed (and the sovereignty issue shelved) and by the better relations between Vietnam and China.

The world-wide strategic changes have also resulted in the settlement of the Cambodian conflict with the signing of the Paris Peace agreement on 23 October 1991. This, together with the rapprochement between Vietnam and the ASEAN countries, highlights the issue of integration of Indochina countries into the Southeast Asian mainstream for the sake of future security, stability and prosperity of the entire region. With different levels of development and ideological differences, this is likely to happen only slowly, step by step, starting with Vietnam and Laos acceding to the Treaty of Amity and Cooperation. Meanwhile Vietnam and Laos seem determined to preserve the monopoly of political power enjoyed by their respective communist parties, while at the same time trying to carry out reforms to attract foreign economic aid and private capital.

Most of the ASEAN countries have continued to enjoy high economic growth rates. The lessons drawn from their economic success have been dramatically reinforced

over the past few years by the collapse of command or socialist economies. The economic success of ASEAN countries is likely to be further strengthened once their plans to establish an ASEAN free trade area materialize. Indeed, economics, underpinned by security, is the name of the game in East and Southeast Asia. Regional economic zones cutting across political borders are being set up or planned to take advantage of factor complementarity to attract investments.

However, there are also anxieties over whether the Uruguay Round of General Agreement on Tariffs and Trade (GATT) negotiations will succeed, and how groupings like the European Community (EC) and the North American Free Trade Agreement (NAFTA) will affect trade and investment flows.

Economic success in most ASEAN countries is bringing in its wake the challenge of how to allow greater political participation and liberalization without affecting stability, so essential to economic growth. These countries face this problem in varying degrees and forms. There is also the issue of political leadership succession. In Singapore the transition from Lee Kuan Yew to Goh Chok Tong has taken place smoothly and the new Prime Minister received a strong mandate from the electorate in a general election. In Indonesia President Soeharto, who has already provided a remarkable 25 years of leadership with political stability, is expected to seek and obtain a sixth and final term of office in 1993. Nevertheless, there is some underlying anxiety about whether the transition from him to a new leadership, which would be only the second succession in top leadership in independent Indonesia's history, would be smooth and unproblematic. The Philippines too would be preparing for a new President and legislature.

Daljit Singh  
Editor

*Southeast Asian Affairs 1992*

# THE REGION

