L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA
Fondazione Giovanni Agnelli (Torino)
Institute for Southeast Asian Studies (Singapore)
Torino, 5-6/V/1988

1. "Programma"
2. "The political life and geopolitical framework of Southeast Asia: an overview"/ J.Soedjati Djiwandono
3. "Ethnic groups and ethnic conflict in Southeast Asia"/ James P. Ongkili
4. "Social change in the ASEAN"/ Bernardo M. Villegas
5. "Religion and society in Southeast Asia"/ Sharon Siddique
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(1.)

Fondazione Giovanni Agnelli

SUDESTASIA
ECONOMIA
POLITICA
ASEAN
MINORANZE

PROGRAMMA DEL CONVEGNO

"L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA"

Torino, Via Giacosa 38

5 - 6 maggio 1988

Fondazione Giovanni Agnelli, Torino

In collaborazione con

Institute for Southeast Asian Studies, Singapore

Giovedì, 5 maggio 1988

Ore 9.30	Introduzione: Marcello Pacini, Direttore Fondazione Giovanni Agnelli; K.S. Sandhu, Direttore ISEAS
Ore 10.00	PRIMA SESSIONE POLITICA INTERNA E QUADRO GEOPOLITICO INTERNAZIONALE NEL SUD-EST ASIATICO Relatore: Soedjati Djiwandono, Vice Presidente Center for Strategic and International Studies, Jakarta, Indonesia
Ore 11.30	Coffee break
Ore 11.45	SECONDA SESSIONE ETNIE E CONFLITTI ETNICI NEL SUD-EST ASIATICO Relatore: James Ongkili, University of Malaya, già Ministro della Giustizia della Malaysia
Ore 13.15	Colazione presso la Fondazione
Ore 15.00	TERZA SESSIONE FATTORI DI MUTAMENTO SOCIALE NEL SUD-EST ASIATICO: GIOVANI, SCOLARIZZAZIONE, URBANIZZAZIONE Relatore: Bernardo Villegas, Primo Vice-Presidente, Center for Research and Communication, Manila, Filippine
Ore 16.30	Coffee break
Ore 16.45	QUARTA SESSIONE RELIGIONE E SOCIETA' NEL SUD-EST ASIATICO Relatore: Sharon Siddique, Associato dell'ISEAS, Singapore
Ore 18.15	Chiusura dei lavori della prima giornata
Ore 20.30	Cena in onore degli ospiti presso il Ristorante "Toulà" di Villa Sassi, Strada Traforo del Pino 47, Torino

Venerdì, 6 maggio 1988

Ore 10.00 Inizio dei lavori della seconda giornata

QUINTA SESSIONE

LE TENDENZE RECENTI NELL'ECONOMIA DEL SUD-EST ASIATICO

Relatore: Medhi Krongkaew, Thammasat University, Bangkok, Thailandia

Ore 11.30 Coffee break

Ore 11.45 Discussione generale

Conclusioni a cura di K. Sandhu e M.Pacini

Ore 13.00 Chiusura dei lavori e colazione presso la Fondazione Agnelli

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Hanno già dato l'adesione come discussant alle diverse sessioni:

Giacomo Corna Pellegrini, Università di Milano
Paolo Beonio Brocchieri, Università di Pavia
Enrica Collotti Pischel, Università di Milano
Luigi Santa Maria, Ist. Universitario Orientale di Napoli
Mario Piantelli, Università di Torino
Giorgio Stefani, Università di Ferrara
Igor Man, La Stampa
Gianni Fodella, Università di Milano
Livio Caputo, Corriere della Sera
Giancarlo Blangiardo, Università di Milano
Andrea Beltratti, Fondazione Giovanni Agnelli

(2)

"THE POLITICAL LIFE AND GEOPOLITICAL FRAMEWORK OF SOUTHEAST ASIA : AN OVERVIEW"

J. Soedjati DJIWANDONO

Convegno

"L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA"

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Φ
Fondazione
Giovanni Agnelli

THE POLITICAL LIFE AND GEOPOLITICAL FRAMEWORK OF SOUTHEAST ASIA: AN OVERVIEW

J. Soedjati DJIWANDONO

The title of this paper may be misleading. Strictly speaking, one can hardly talk about the "political life" of Southeast Asia when this region now comprises ten sovereign and independent states with great differences in the size of population, territory and natural resources, in political and ideological orientation, in history and cultural tradition, not to mention differences in racial, ethnic, linguistic and religious backgounds and in the distribution of such groupings in these different states. All these factors would in different degrees help to shape the nature and character of the political life of each Southeast Asian state. It seems to make more sense, therefore, to speak of the political lives of Southeast Asia.

Just as any other nations of the world, a number of factors, both internal and external, combine to determine the political lives of the nations of Southeast Asia. Among the most decisive internal determinant factor are their colonial experience, with the exception of Thailand,

which has never been colonized by any foreign nation, and thus, again with the exception of Thailand, their modes of transition to national independence and statehood at the end of World War II. And among the most decisive external determinant factors are the influence of revolutionary ideas, particularly the communist or Marxist ideology at least with regard to certain regional states, and their position vis-a-vis external great powers throughout their history up to the present time, and thus their common regional experience and regional identity.

It is clear that naturally at least some of these internal and external factors are interlinked. Their colonial experience and different modes of transition to independent statehood, for instance, would not have existed without the kind of relationship that had developed between what were then colonial territories on the one hand and their respective metropolitant countries on the other. Thus the distinction between internal and external factors is made here primarily for the sake of convenience.

Indeed, it is against such backgrounds, among others, that the political lives of the nations of Southeast Asia are to be understood. To be sure, their various cultural traditions would also play a part in shaping their political lives. But because heterogeneity rather homogeneity marks

the cultures of the Southeast Asian nations, it would seem well nigh impossible to appreciate the politics of the Southeast Asian nations against the background of their cultural traditions in a regional context, particularly if one should be interested in using such cultural traditions as related to ethnic, linguistic, and religious backgrounds as some kind of a common denominator or common terms of reference.

At the same time, colonial experience and different modes of transition to national independence and statehood are not peculiar to the nations of Southeast Asia. Such experiences are common among the newly independent nations of what is now known as the Third World that has emerged since the end of World War II. What makes the political lives of the Southeast Asian nations differ from those of the nations in the other parts of the world, particularly the Third World, seems to be their common identity, orientation and aspirations that have evolved from the growing common awareness on the part of these nations of their increasingly distinct geographic position vis-a-vis the world at large and thus of their common sense of belonging as against the rest of the world.

Thus in addition to the internal and external determinant factors referred to earlier, the political lives of the nations of Southeast Asia are to be understood

above all in their regional context. Regional awareness or identity seems to have developed as a constant and increasingly important determinant factor to the extent that it serves as a geopolitical framework for the orientation, formulation and pursuit of foreign and security policies on the part of the regional powers of Southeast Asia and tends to strengthen the trend towards regionalism or regional cooperation, particularly as reflected in the growth of the Association of Southeast Asian Nations (ASEAN).

II

It now seems to have become an established convention to refer to that part or region of the world as Southeast Asia, which comprises the six member countries of ASEAN, namely, Brunei, Indonesia, Malaysia, Singapore, the Philippines, and Thailand, the Indochinese countries of Kampuchea, Laos and Vietnam, and Burma. If geographic position and proximity may be valid reasons for the use of the term Southeast Asia to refer to that particular region, its boundaries and coverage of states seem to have been nothing or less than arbitrary. Frequency and historical usage seem to be the main foundation for the establishment of the conventional reference, which dates

back as recently as to World War II. But in the course of the war, the so-called Southeast Asian Command of the Allied Forces covered most of what is now South Asia and a part of what is now Southeast Asia, then expanded to most of this region near the end of the war, during which under the Japanese occupation the whole of Southeast Asia was only to form part of the Japanese grand design of the so-called East Asia Co-Prosperity Sphere. All regional organizations established in the post-war years, in spite of their names, their claim and pretension, particularly the now defunct SEATO (Southeast Asia Treaty Organization) and ASA (Association of Southeast Asia), never comprised all the states of the region. In fact, both of them included only a minority of Southeast Asian nations. The former even included external powers as distance away as Great Britain and the USA. Indeed, even the growing, longest in existence, increasingly stronger and largest indigenous regional organization so far, ASEAN, does not comprise all the nations of the region. Neither Burma nor any of the Indochinese countries has ever indicated its desire or intention to join the membership of ASEAN.

Nevertheless, despite the absence of a clear delineation, one seems to find it easier and to be more ready to exclude any country from membership of the Southeast Asian region its desire and willingness notwithstanding. Papua New Guinea and Sri Lanka are

cases in point. Both have once indicated their desire to join ASEAN but both have received no positive response from ASEAN member countries. In the case of PNG, geographic proximity -- sharing a land border with Indonesia -- may be a good consideration, whereas historical consideration may have been a valid reason for Sri Lanka, to be regarded as part of Southeast Asia. In point of fact, the so-called Southeast Asian Command of the Allied forces referred to earlier had even its headquarters in Sri Lanka.

One may rightly raise the issue, therefore, if only as no more now than an academic exercise, if Southeast Asia does constitute a region. It is clear from the discussion so far that geographic proximity alone, while important, is not enough, for it still raises the problem of delineation of boundaries that may probably never be solved. It is also clear that cultural homogeneity can never be a criterion for a cluster of nations to form a region, especially as far as Southeast Asia is concerned because of its heterogeneity referred to earlier in terms not only of cultural tradition, but also of historical, racial, ethnic, linguistic and religious backgrounds.

At least as far as Southeast Asia is concerned, however, a number of criteria may be suggested, in addition to geographic proximity, for a cluster or group of nations to develop their identity as a region and to be recognized as such. The first is the growth of continuous and intensive interaction and intercommunication among and within the group of such nations toward its institutionalization. This may help generate the second criterion, which is a sense of belonging, which, however, may be quite independent of such an institutionalization of interaction and intercommunication, if only it arises simply out of geographic proximity and a sense of commonality of interests, aspirations, as well as other forms of affinity on the part of a nation or a number of nations with the rest of the cluster of nations concerned. Burma may be a case in point, which is certainly regarded as a nation of Southeast Asia by the world at large. And for reasons of geographic proximity, cultural affinity, commonality of aspirations and so on Burma may very well feel itself as belonging more to Southeast Asia than South Asia. Yet for similar and historical reasons it may also feel itself as belonging to South Asia rather than Southeast Asia. Either way, it does not seem to share the trend towards the institutionalization of continuous and intensive interaction and intercommunication developed by, among and within the member states of ASEAN or the Indochinese countries in Southeast Asia or the member states of SAARC in South Asia.

The Indochinese group of nations consisting of Vietnam, Laos and Kampuchea may be another. With the same trend towards the institutionalization of continous and intensive interaction and intercommunication among them, particularly in the context of their "special" relationship, if not shared with any of the ASEAN member states, as well as for historical and other similar reasons, they certainly have an equal claim to that of the ASEAN member states to membership of the Southeast Asian region.

If these criteria should be applied respectively to the Indochinese group of nations and to the ASEAN member states, however, one might argue that the former group of nations may very well form a region of its own while the latter another. Indeed, while the term the Indochinese "region" has not been heard, references have often been made to the "ASEAN region". And the argument for such a case may be strengthened by the fact that within each grouping there happens to exist a similarity in social, political and economic system. It may also be reinforced by the increasing tendency within each group of nations to act as a group, at least in a number of respects in the face of external powers and with regard to a number of international issues and, for their part, external powers often tend to treat each group of nations as such in response.

Be that as it may, both groups of nations nonetheless clearly claim to be regional powers of Southeast Asia, the more so on the part of the ASEAN member states, which have the label "Southeast Asia" for their regional cooperation. In other words, each of the two groupings of nations would at best constitute respectively a "subregion" within the wider region of Southeast Asia. It is here, it seems, that one may refer to the third criterion, which is the geopolitical significance of the region of Southeast Asia. This is the significance of the Southeast Asian region derived from the way external powers, particularly the great powers, look at the region as a "rimland" in their strategic calculations for world influence if not, in a sense, hegemony or domination in the military, political, economic, or socio-cultural sense. It is the importance of the region to the strategic interests of the great powers.

Indeed, if all the determinant factors for the constitution of a region heretofore mentioned would only succeed in establishing "subregions" in Southeast Asia because certain characteristics or criteria fail to apply to all the nations of the region at once, with Burma being some kind of an "anomaly", it may be argued that this geopolitical framework would concern all the nations of Southeast Asia. If to varying degrees of intensity because of their varying forms of colonial experience and different modes of their transaction to national independence and

statehood, that very same commonality or similarity of past experience seems to determine the fundamental way in which the nations of Southeast Asia, their differences and disparities in other fields notwithstanding, perceive their common position in the face of the great powers.

It is in that light that the varying forms of nationalism of the Southeast Asian nations are to be understood which, if somewhat paradoxically, have helped promote their sense of belonging, unity and solidarity and strengthen the trend towards closer regional cooperation, if still in a limited way as reflected in the scope of ASEAN membership. The essential idea underlying such a trend is the desire of the Southeast Asian nations to put their own houses in order by creating internal stability, welfare, and social justice for their peoples so as not to fall prey to the designs of the great powers. If short of great power condominium, which seems to be out of the question in view of the constantly competitive and adversarial relationship among the great powers, the Southeast Asian nations, through the development of their national and regional resilience in all fields, especially as far as the ideals of the ASEAN states are concerned, would like to be subjects in their own right in international relations and no longer objects of the great powers as in the past. Relations and cooperation with the great powers, indeed, with all external powers, are to be promoted and fostered

for mutual benefits. This is the long-term strategy embodied in the proposal for ZOPFAN (Zone of Peace, Freedom and Neutrality) which, though sponsored by the ASEAN states, is designed for the whole region of Southeast Asia. If not against the threat of a direct attempt at outright domination, it is at least designed to foil attempts at interference in their national and regional affairs by external great powers.

III

Thus in view of the common geopolitical framework, the nations of Southeast Asia, despite differences that characterize their political lives, are faced with problems of a basically similar nature, which in essence are the promotion of internal stability, welfare, and social justice for their peoples. In other words, they are all engaged in the promotion of national resilience, and thus together regional resilience, in all fields. It is to this end that they are engaged in attempts at the pursuit of national development.

This is not to suggest that their differences are of no importance. To be sure, the same colonial experience, with the exception of Thailand, has shaped a basically similar attitude toward the outside world, particularly

the external great powers. This is the concern less they should again become objects of the great powers designs. Yet the degree of this concern varies because of the different forms of colonial experience. With some countries such colonial experience may have been benign, other less so, and still others worse. These differences may defy precise description. But one must take into account the differences in the colonial experience of the Indochinese under the French, The Philippines under the Spaniards and then the Americans, the Malaysians and Singaporeans under the British, the Bruneians under the protectorate status also under the British, and the Indonesians under the Dutch.

Different forms of colonial experience would somehow affect the modes of transition to independence and statehood. Vietnam and Indonesia had to obtain their independence partly through armed struggle, the rest by more peaceful means. These different modes of transition to independence would in turn affect the attitude of the nations concerned. Those obtaining their independence by more peaceful means have been more open and responsive to influence by their former metropolitant states in the way of the establishment of social and political systems under the banner of western liberal democracy, for instance, than those obtaining independence by more violent means, which in part associate western liberal democracy with western colonial domination. Such nations also tend

more strongly to perceive the outside world basically as full of hostile forces, if at the same as a source of aid and assistance. Their ambivalence toward the great powers is thus more pronounced than that of the other nations.

At the same time, the modes of transition to independence and statehood, especially with those nations -- such as Vietnam and Indonesia -- that gained their independence in part by a violent revolution, were influenced by external factors in the form of revolutionary ideas, particularly with the advent of Marxism, Marxism-Leninism, and the success of the Russian revolution. But because in Vietnam as well as the other Indochinese countries only the communists espoused revolutionary ideas while the other noncommunist nationalists were more inclined to peaceful means of achieving independence, the former succeeded in identifying themselves with nationalism and eventually won the day. It basically accounts for the communist system of the present-day Vietnam, Laos and Kampuchea. By contrast, in Indonesia not only the communists but also the noncommunist nationalists espoused revolutionary ideas and adopted a revolutionary means of achieving national independence. The communists were even alienated from the mainstream of Indonesian nationalism because of their identification with a foreign power (USSR). In the end their forceful attempts at seizing power from the leadership of the nationalist movement for Indonesian independence only led to their own destruction.

It is thus clear that differences in the impact of internal and external factors have accounted for differences in the social and political systems adopted by the nations of Southeast Asia. These differences cannot be overlooked. Indeed, the seeming polarization of Southeast Asia into the noncommunist ASEAN states on the one hand and the communist Indochinese states on the other, with Burma on its own, has been the most prominent consequences thereof. And not unrelated to this, one should not ignore other differences that have their roots in history and which have often taken the forms of apparent conflicts of national interest. The ASEAN-Vietnam antagonism over the Kampuchean problem is a reflection of such differences.

Yet as discussed above, all the nations in the region of Southeast Asia share a basic commonality in the context of their regional identity and regional vital interests. They share a common geopolitical framework in the face of the outside world, particularly the external great powers. The challenge they commonly face now is whether in spite of their differences in their political lives, their social and political systems, and thus in the ways in which they attempt to promote stability, welfare and social justice for their peoples, they can cooperate

peacefully for the common goal of achieving those very objectives, which ultimately would mean their common security and integrity as sovereign and independent members of the Southeast Asian region. To let such differences stand in the way of peaceful relationship and cooperation in the spirit of unity and solidarity would only play into the hands of competing external powers. But to meet that challenge successfully, the Southeast Asian nations should be able to see their national interests in a wider regional context than in the narrowly self-centered national sovereignty, over a longer term than in terms of immediate gain. For to serve wider and long-term regional interests, if not immediately to apparent national benefit, may eventually be in the greater service of national interests.

(3)

"ETHNIC GROUPS AND ETHNIC CONFLICT IN SOUTHEAST ASIA"

James P. ONGKILI

Convegno

"L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA"

Fondazione Giovanni Agnelli

Torino, 5 - 6 maggio 1988

Φ
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ETHNIC GROUPS AND ETHNIC CONFLICT IN SOUTHEAST ASIA

James P. Ongkili

Southeast Asia is a wide area south of China and east of India. Today the area includes Burma, Thailand, Kampuchea, Laos, Vietnam, Malaysia, Singapore, Indonesia, Brunei Darussalam and the Philippines. Of these ten countries, six of them from the Association of Southeast Asian Nations or ASEAN. These are, in alphabetical order, Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The whole of Southeast Asia has a population of over 280 million people living in a region of one and a half million square miles. Just over half the area is on the Asian mainland and is often called mainland Southeast Asia, while the remainder is made up of the ten thousand islands which make up the Indonesian and Philippine archipelagos and is often referred to as island Southeast Asia.

Southeast Asia is a region at the crossroads and has been subject to external influences for more than two thousand years, particularly by Indian, Chinese, Islamic and European seafarers, traders and proselytizers. The successive waves of commercial and cultural influences have left the adherents of Hinduism, Buddhism, Islam and Christianity in the region. Thus about half the population of the region is Muslim, concentrated mainly in Indonesia, Malaysia and Brunei Darussalam. The peoples of mainland Southeast Asia are mostly Buddhist, as are the Chinese in the region. About 90% of Filipinos are Christians. Above all,

Southeast Asia is a region of many indigenous races who are said to have originally migrated from the Asian mainland, as well as more recent Chinese, Indian, and other migrants.

Ethnic Relations in Malaysia

Of all the countries of Southeast Asia, Malaysia is the most well-known for ethnic problems. This is not surprising as the country is very multi-racial in origin and composition of its population. Out of a total population of nearly 17 million, there are no less than 50 ethnic and linguistic groups altogether in the three geographical regions of the country, namely Peninsular Malaysia, Sabah and Sarawak. However, what is significant about the ethnicity of Malaysia is not so much the diversity of the population as the proportions of the different ethnic group. The significant point is that of the 50 odd linguistic and dialect groups, the Bumiputra or indigenous groups comprise about 51%, the Chinese about 39% and others 10%. It must also be borne in mind that there is an uneven distribution between the 11 Peninsular states and the states of Sabah and Sarawak in Borneo. Whereas the population of Sabah is only 1.5 million and that of Sarawak under 2 million, the Peninsula preponderance with more than 13 million people.

The ramifications of such diversity and uneven distribution of population are many. An important one is that ethnic conflict tends to occur between the Bumiputras and the Chinese and/or Indians in Peninsular Malaysia. Although there had been earlier clashes such as those immediately after the Japanese Occupation in 1945-1946, the

worst ethnic incident occurred in May 1969 when racial riots in the federal capital, Kuala Lumpur, and its suburbs brought untold deaths and destruction of properties; and threatened to rend the nation apart twelve years after the achievement of independence by Malaya in 1957 and barely six years after the establishment of Malaysia in 1963.

As in the other Southeast Asian countries where ethnic conflicts are to be found, such racial problems are invariably associated with the determination to fulfill the promises of Malaysian nationhood. When Malaya gained independence in 1957 and the Federation was enlarged with the inclusion of Sabah and Sarawak in 1963 the objective uppermost in the minds of the founding fathers of the nation ~~were~~ was not only peace, stability and progress but above all the equitable distribution of the wealth of the country. In this regard, ethnic conflict has been more socio-economic than cultural or racial in Malaysia. The stress was more on the fair sharing of an expanding economic pie rather than the assertion of socio-cultural or ethnic pride and prejudice per se between the Bumiputra and non-Bumiputra ethnic groups. Of course, historical antecedents have dictated the subsequent development of socio-economic bargaining among the ethnic groups in Malaysia.

During the British colonial period from the late 18th century until the Second World War, the Bumiputras in Malaysia had fallen behind the non-Bumiputras in socio-economic status. During the period of slow but progressive growth of towns in the inter-war years, the Malays, Kadazans, Ibans, Melanaus and other Bumiputra groups remained in their rural villages. Progress passed by them; while many of the non-Bumiputras underwent widening opportunities

for socio-economic advancement and progress in the urban areas of the country. There was in fact a widening gap between the sturdy and economically expanding towns where the non-Bumiputras dwelled and worked and the static and often rustic rural areas where the great majority of Bumiputras lived.

When the preparations for Malayan independence took place in the 1950s the founding fathers had to make a proper reckoning of the socio-economic balance sheet. It was found that while the Bumiputras, largely Malays, preponderated in the public service and generally had political ascendency over the non-Bumiputras, they were mostly excluded from the economic livelihood of the nation. On the other hand, the majority of the non-Bumiputras had little political rights on the eve of independence. There was thus an imperative need to rectify and close the gap between the largely rural-living Bumiputras and the mostly urban-dwelling non-Bumiputras, in order to promote ethnic harmony and national unity.

The Bargain for Socio-economic Equity

The crux of the ethnic problem in Malaysia can therefore be restated as follows. At the time of independence in 1957 the Bumiputras, that is, to say the Malays at that time, had the political and administrative power in their hands while the non-Bumiputras had control of the economy together with the British companies and other foreign entrepreneurs that had invested in Malaysia. In order to rectify the disparity between the two major ethnic groups, Bumiputra and non-Bumiputra, a socio-economic bargain

was agreed upon in which while the Bumiputras were accorded a special position of advantage in order to enable them to improve and attain economic and social parity with the non-Bumiputras, the latter were progressively granted significant concessions in the forms of easier access to citizenship, and hence political participation in national life, easier access to the federal public service, in spite of a four-to-one ratio between recruitment of Bumiputras and non-Bumiputras, the freedom to profess and practise religions other than Islam and the opportunity to preserve various cultural values, including the freedom to set and maintain educational institutions other than those in which the medium of instruction was the national language (Malay). Above all, in the course of fulfilling the essence of the bargain, that is, to say the uplifting of the economic and social condition of the Bumiputras, "The Chinese were to continue to play their dominant role in business, free from the hindrances or persecution to which they had been subjected in some other Southeast Asian countries." (R.S. Milne)

Equally pertinent in terms of peace, stability and progress of the young country, the political and economic bargain between the Bumiputras and the non-Bumiputras involved not simply communal demands but equally important, the need to foster inter-communal peace and understanding. The record indeed shows that from the time of gaining independence in the 1950s there have been continual attempts at give-and-take in order to maintain peace and foster harmony. The first Prime Minister, Tunku Abdul Rahman who led the independence campaign and retired in 1971 assured his people that

the Malays are prepared within reason to share their rights with others who owe loyalty to the country". He reminded the Malays, "No country in the world has won independence without sacrifices by the people. I have no doubt that you are prepared to make sacrifices and live up to your reputation of tolerance, hospitality and courtesy". (H. Miller)

Notwithstanding all the efforts towards inter-communal cooperation, 12 years after achieving independence the tragic 13 May 1969 incident, which have been mentioned above, took place. Emergency rule was even imposed following the racial riots in the federal capital, Kuala Lumpur. Following that tragic incident which killed many people, the Federal Government decided to make a profound assessment of the causes of the communal antagonisms which had reached such a carthartic point. On the basis of that assessment, a more decisive approach was adopted towards identifying and reordering the priorities of the country and meeting the challenges of nation-building. It was felt that, basically, the political and economic bargain between the Bumiputras and the non-Bumiputras, had not been fulfilled.

The New Economic Policy (NEP)

For that reason the Government formulated and implemented the New Economic Policy (NEP) in 1971. This was a brave exercise in positive discrimination practised in pursuit of racial harmony through equitable distribution of economic wealth. The NEP incorporates a two-prong strategy for socio-economic development.

"The first prong is to reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. The second prong aims at accelerating the process of restructuring Malaysian society to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function. The process involves the modernization of rural life, a rapid and balanced growth of urban activities and the creation of a Malay commercial and industrial community in all categories and at all levels of operation, so that Malays and other indigenous people will become full partners in all aspects of the economic life of the nation". (Second Malaysia Plan (SMP), 1971-1975).

Under the SMP, the Government decided to take a direct part in restructuring the Malaysian society by establishing various institutions designed to implement the NEP. Earlier, the MARA (Majlis Amanah Rakyat) was established to assist Bumiputras in the social, educational and business spheres, especially through endowment and loan facilities. In order to help modernize agriculture and the rural sector, FELDA (Federal Land Development Authority) was set up especially to resettle rural dwellers into well-managed resettlement schemes planted with oil palm and other viable crops. The FAMA (Federal Agricultural Marketing Authority) was established to improve the efficiency of the agricultural marketing system.

Under the SMP the activities of these institutions were broadened. Bank Pertanian (the Agricultural Bank) made funds available for lending to producers through rural co-operatives and

Farmers Associations. A National Padi and Rice Authority (Lembaga Padi dan Beras Negara or LPN) was set up to coordinate the various aspects of production, processing and marketing of padi and rice.

State Economic Development Corporations (SEDCs) were set up in all the States and were engaged in various commercial and industrial projects while the Urban Development Authority (UDA) was set up to implement a variety of short-term and long-term urban projects for commercial and property development. Pertubuhan Nasional (the National Corporation or PERNAS) was incorporated as a public company which proceeded to form seven wholly-owned subsidiaries covering insurance, construction, trading, properties, engineering and securities, while its joint-venture activities were in mining, containerization, consultancy, hotels and trading. In all these activities the prime objective was to prepare the ground for ownership by Bumiputras as soon as they had the wherewithal.

The overriding aim of the NEP in the private sector was the creation of a Malay commercial and industrial community in which "within a period of 20 years, Malays and other indigenous people --- [would] own and manage at least 30% of the total commercial and industrial activities of the economy in all categories and scales of operations" (SMP Mid-Term Review). The 20-year period will end in 1990; and it is estimated that 25% of the projected Bumiputra ownership has been achieved. Whether the 30% Bumiputra ownership will be achieved by 1990 remains to be seen; but the interesting point as of now is whether the NEP will continue beyond 1990. The Government has indicated that it will do so, in a modified form

without deviating from its two prongs of eradication of poverty and restructuring of society.

To sum up, the ethnic groups and ethnic problem in Malaysia remain interesting to watch and study. The socio-economic rivalries between the Bumiputras and the non-Bumiputras have become important determinants of nationhood, peace, political stability and progress. One of the reasons why the ethnic problem in Malaysia attracts so much attention is that the immigrant-descended minority of Chinese origin is the largest in Southeast Asia. Their relationship with the local Bumiputras often become strident and poignant by virtue of their substantial number, especially in Peninsular Malaysia (about 37%). They not only feel that they are a minority; but also that they have as much stakes in their country, having become Malaysian, as their Bumiputra countrymen. Having gone through the rough and tumble of nationhood, particularly the unpleasant experiences of the 13 May 1969 incident, the people of Malaysia are very conscious and sanguine that they must work together to preserve peace, promote harmony and achieve socio-economic progress and prosperity. For their part the Bumiputras of Malaysia have come to realize that although the avenues to economic and commercial advancement through the NEP have widened, the objectives of the NEP could only be fully achieved if the national economy continues to be expanding and profitable.

Notes on the other ASEAN Countries

(i) Indonesia

(a) Population: 165 million, the fifth most populous country in the world after China, India, the USSR and the USA. Over 93 million on Java alone.

(b) Peoples of many ethnic groups in the sprawling archipelago of more than 3,000 islands from Sabang to Marauke. Many indigenous ethnic groups in the main islands of Java, Sumatra, Kalimantan, Sulawesi, Irian Jaya, Maluku, Bali, Flores, Timor and Sumba.

(c) Significant minority: the Chinese, comprising 5% of the total population. Well integrated and vote largely for the status quo which Golongan Karya or GOLKAR represent.

(d) Pancasila: the national ideology which bans politicking on communal grounds. This liberal ideology seeks to make Indonesia a secular state; and President Suharto has succeeded in legislating it for that purpose. He believes in de-politicising the country by weakening the Islamic factor. Only with such liberal approach can a land of diversity in race, religion and culture like Indonesia survive. The Rukunegara of Malaysia was in many ways fashioned after the Indonesian Pancasila.

(ii) The Philippines

(a) Population: 56 million, 85% of whom are Roman Catholics. There are 5,425 priests and 8,625 nuns in the country. High

rate of population increase (2.8% per annum). There are 480 Protestant religious groups, two of which are distinctive and indigenous churches. These are the Aglipayan or Philippine Independent Church and the Iglesia ni Kristo which claim 1.5 million and 3 million members and worshippers respectively.

(b) Significant minority: the 3 million Muslims in the Mindanao and Sulu archipelagos in the Southern Philippines. These Moros have been fighting the Manila government since Spanish and American colonial rule; and have continued waging a jihad or holy war against the central government. Their fighting arm, the Moro National Liberation Front (MNLF), is not only tenaciously active but often gets moral and arms support from West Asian Arab Countries, especially Libya. This minority problem is an acute one and could lead to all-scale conflict and secession if a workable solution could not be worked out in the long run. Already the spill-over of refugees and illegal immigrants from this area of conflict has innundated the neighbouring Malaysian State of Sabah.

(c) The Chinese-descended minority in the Philippines have managed to integrate well and even assimilate with the indigenous Filipinos. They still control much of the retail trade in the country; and many of the rich families of the cities and haciendas are Chinese-descended.

(iii) Thailand

(a) Population: 53 million. A Buddhist country overwhelmingly. Perhaps one of the most homogeneous countries of Southeast

Asia, peopled mainly by the "Dai" or "Tai" indigenous groups who number about 30 million in the country; and totalling 70 million people if their number in mainland Southeast Asia is taken into account.

(b) Significant minority: the Sino-Thai minority who number about 3 million people, or 6% of the country's population. Some estimate that up to 50% of the population of Bangkok is ethnically Chinese. Well integrated in Thai society. Intermarried with local Thais from the early days. Little or no religious barrier to intermarried as both Thais and Chinese are Buddhists. Many leaders, as in the Philippines, are Sino-Thai, such as Chatichai Choonhaven, Kukrit Pramoj and Bhichai Rattakul. Many climbed the economic ladder; and have emerged as the dominant economic group, controlling a lion's share of practically all key business sector. Influential in the provinces, acting as moneylenders, middlemen and credit officers.

Sino-Thais predominate in the best Bangkok universities, such as Chulalongkorn and Thammasat. However, Sino-Thais remain conspicuous in many ways and are often described as having a "double identity", that is to say being an exploiting rather than a constructive force. From assimilation it has become exploitation it is said of the activities of the Sino-Thais. Most of the large Thai banks are still controlled by a handful of wealthy Sino-Thai families. In the July 1986 general elections, Sino-Thai big business groups decided to get into mainstream politics. Eighty-six wealthy businessmen, many

of them Sino-Thai, were elected and formed the largest professional group in the 347-member House of Representatives. Thailand has thus proven that in Southeast Asia the offspring of an immigrant cannot only become a successful businessmen but also climb the political ladder to become one of the national leaders.

(iv) Singapore

(a) Population: 2.6 million, of which 75% is Chinese and the remainder Indians (7%), Malays (13%) and others. After strict control of population growth in the early years of independency, Singaporeans have been encouraged to have more than two children recently. It is clear that Singapore is different from the other Southeast Asian countries. For one thing, it is very urbanized, unlike the forest-clad and rural setting in the other neighbouring countries. For another, the majority Chinese run the affairs of government, assisted by the Malay and Indian Singaporeans.

(b) There is no minority problem of note in Singapore. The government policy is multi-racial just as in Malaysia. Socio-economically there is enough shelter, food, and clothes for everyone. Singapore is one of the NICs (Newly Industrialized Countries) and the only intermittant problem is securing labour for its industrial base, and that too is more a problem of getting the right type of labour force.

(v) Brunei Darussalam

(a) Population: 247,000. Mostly Muslim of Kedayan and Malay origins. A rich country (Sultanate) with few financial worries. No income tax; free medical service; moderate rate of socio-economic development; and there is enough for everybody to work and get on with living comfortably. Only the absolutely lazy will starve in this bountiful oil-rich "Kuwait of the East".

(b) The only ethnic problem one can speak of is the fairly large number of stateless persons in the country, and even they do not complain much except the few who would like to own an international passport and go overseas to spend their cooped up earnings or see their ancestors and relations in their original homeland (usually China).

(c) The present Sultan, who is also the Prime Minister, Sultan Hassanal Bolkiah, is reported by Fortune magazine to be the richest person in the world with US$25 billion compared with his former metropolitan peer, Queen Elizabeth II with US$7.4 billion. Quoting the Sultan, Fortune narrates: "When you are rich, you do not bring a manicar, you buy a Rolls-Royce". No one in the world is richer than the Sultan, absolute ruler of Brunei Darussalam, a tiny country that shares the island of Borneo with Malaysia and Indonesia. What makes him the richest man in the world--- with a net worth of at least $25 billion, not including oil in the ground -- is that practically everything in the 2,226 square mile ministate (about the size

of Delaware) belongs to him. It also helps that Brunei has a population of only 224,000 to go with its vast petroleum reserves. "Allah", he notes, "has been kind in providing us with resources".

Some Southeast Asians are indeed born with a lucky star.

"SOCIAL CHANGE IN THE ASEAN"

Bernardo M. VILLEGAS

Convegno

"L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA"

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SOCIAL CHANGE IN THE ASEAN

by

Bernardo M. Villegas*

By the year 2000, there will be close to 380 million people in the five countries comprising the Association of Southeast Asian Nations (ASEAN) with per capita incomes ranging from US$800 to $13,000 in 1984 prices. About half of these Southeast Asian will be below 20 years of age. Over 80% of them will be literate. Although an increasing number will be residing in urban centers, the majority of the ASEAN populations -with the exception of Singapore- will still reside in rural environments. All these trends have important repercussions on business decisions in the region. Social change inevitably affects certain important economic variables.

The study of social change in Southeast Asia certainly poses a unique challenge. Despite the geographic propinquity of the countries in the region, each differs radically from the others in terms of language, culture, government, colonial experience, and institutions.

Social change may be of several kinds: structural-institutional, social-behavioral and/or technological-related. It is spurred by changes in the economic sphere but is both guided and limited by the values and norms of each society. The main agent as well as the subject of change, however, is man himself.

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In this short paper, I shall attempt to draw, in broad strokes, some changes taking place in the ASEAN countries which may be of interest to prospective investors in the region. The said changes or trends have to do with: education, urbanization and the youth.

GROWTH AND DEVELOPMENT

Economic growth and development are the precursors of social change. Economic growth refers to the rise in the productive capacity of a nation's economy, reflected by such measures as Gross National Product (GNP) and Gross Domestic Product (GDP). Economic development, on the other hand, refers to how the fruits of that productive capacity (i.e., income) are being distributed to the benefit of the entire population. In the final analysis, economic development addresses the issue of equity.

For economic development to take place, a degree of growth must be present. Economic development, therefore, implies economic growth. Development, however, does not follow growth unless there is a conscious and deliberate effort on the part of a nation's leaders to achieve it.

EDUCATION

Demographers claim that the population in Asia has been doubling every thirty years. It is estimated that in the period 1985-2000, the developing Asia and Pacific region will add, in absolute terms, 691 million to the world's population (Singh, 1986, p.39). A notable character of the population in developing countries of Asia and the Pacific is the high proportion of

people under 20 years of age. In 1985, 56.4% of Asia's population (excluding Arab states) was found to be in this category. Estimates for the year 2000 give a slightly higher percentage, 57.1% (UNESCO, 1987, Table 1.2, pp. I-12 to 14).

Focusing on the ASEAN, the percentage of the population falling below 20 years of age averaged 49.6% in the mid-1980s (See Table 1). This is still significantly higher than those of developed countries like the United States (30.0%), West Germany (23.9%), Italy (29.6%), and Japan (29.4%).

Population growth, in turn, placed considerable demand on national governments for education. The high premium placed on education --a common cultural trait in East and Southeast Asian countries-- added to the pressure. In 25 years, total enrollment in Asia more than quadrupled: from 49.9 million in 1950 to 230.4 million in 1975. (Kapoor, 1985)

The results of educational expansion in the 60s and the 70s are very much evident today. Literacy rates, in particular, in the five member-countries of ASEAN have improved tremendously. In 1960, the percentage of literates to the total population was 50.1% (ASEAN average; see Table 2). Illiteracy figures were especially high in Indonesia, both in terms of numbers and percentage.

Today, the proportion of literate people to illiterate ones has shifted in favor of the former. In 1980, 78.2% of the aggregate population of ASEAN were classified as literate, that is, able to read and write. In addition to being generally higher, the literacy rates of the five ASEAN countries are closer to one another. At present, Thailand has the highest literacy

Table 1
Population of Selected Countries, by age group:latest available year
(in millions)

ASEAN COUNTRIES

	Indonesia (Dec.'84)	Malaysia (June'82)	Philippines (July'84)	Singapore (June'85)	Thailand (July'85)
All ages	161.63	12.04	53.17	2.56	51.30
0- 4	23.40	1.62	7.56	0.21	6.27
5-19	57.38	4.34	19.16	0.65	18.48
20-24	14.96	1.19	5.46	0.29	5.26

SOME DEVELOPED COUNTRIES

	U.S.A. (July'85)	W.Germany (July'84)	Italy (Jan.'82)	Japan (Oct.'84)
All ages	234.74	61.18	56.54	120.24
0- 4	18.04	3.00	3.33	7.63
5-19	52.48	11.65	13.42	27.70
20-24	20.99	5.19	4.17	8.03

Source: United Nations. 1985 Demographic Yearbook. New York, 1987
Table 7 pp. 188, 194-198, 200, 202

Table 2
Illiterate Population (15 years and over)

Country	Age Group	Illiterate Population			Percentage of Illiterates		
		Total	Male	Female	Total	Male	Female
Indonesia							
1961	15+	34,004,677	12,750,008	21,254,669	61.0	47.2	73.9
1971	15+	28,802,722	9,707,044	19,095,678	43.4	30.5	55.4
1980	15+	28,325,026	9,490,915	18,834,111	32.7	22.5	42.3
Malaysia							
1960‡	15+	520,810	231,116	289,694	77.7	67.7	88.1
1970	10+	2,971,540	1,094,296	1,877,244	42.0	30.9	53.2
1980	15+	2,399,790	791,000	1,608,790	30.4	20.4	40.3
Philippines							
1960	15+	4,139,908	1,877,317	2,262,591	28.1	25.8	30.5
1970	15+	3,646,423	1,595,768	2,050,655	17.4	15.7	19.1
1980	15+	4,626,922	2,200,485	2,426,437	16.7	16.1	17.2
Singapore							
1957	15+	413,342	142,390	270,952	50.2	32.3	70.8
1970	15+	394,543	110,544	283,999	31.1	17.0	45.7
1980	15+	300,994	75,422	225,572	17.1	8.4	26.0
Thailand							
1960	15+	4,828,856	1,540,882	3,287,974	32.3	20.7	43.9
1970	15+	4,039,468	1,187,461	2,852,007	21.4	12.8	29.7
1980	15+	3,296,606	1,049,664	2,246,942	12.0	7.7	16.0

‡Sabah and Sarawak only

Source: UNESCO Statistical Yearbook, 1987
Table 1.3, pp. I-19 to I-21
UNESCO Statistical Yearbook, 1976
Table 1.3, pp. 52-54

rate followed by the Philippines.

With the exception of the Philippines, there is a marked difference in the literacy of males and females in ASEAN --a difference of about 18 percentage points (ave.). This has more to do with cultural attitudes toward women rather than economic inability to send female students to school. The Philippines, which has the second lowest per capita income in ASEAN, has virtually equal literacy rates for males and females. Singapore, in contrast, despite her high degree of economic advancement has a gap of 18 percentage points.

All countries in Southeast Asia are committed to the goal of universal primary education. In the last 20 years, this goal has been pursued rather successfully by all ASEAN member-countries. In 1960, only Singapore and the Philippines had gross enrollment ratios exceeding 100 percent (at the primary level). Indonesia's gross enrollment ratio was 72%; Thailand, 78%; and Malaysia, 90%. (World Bank, 1987 World Development Report, Table 31)

By 1985, practically all ASEAN member-countries had gross enrollment ratios of 100 percent. The lowest was Thailand's ratio, 97% (UNESCO, 1987 Statistical Yearbook, Table 3.2, p. III-56). The gross enrollment ratio is the total enrollment (of all ages) in, say, primary school, divided by the number of people of primary school age. Compared to raw enrollment figures, it is a better indicator in that it says what percentage of those who should be in school are actually in school.

Enrollment by males (52%) slightly surpass enrollment by females (48%), in primary school. Pupil-teacher ratios improved from an average of 33:1 in 1965 to 27:1 by 1985.

As to be expected, the number of students proceeding to high school are less. This is evidenced by gross enrollment ratios for secondary school. In the mid-1980s, the said ratio stood at 30% for Thailand, 39% for Indonesia, 53% for Malaysia, 65% for the Philippines, and 71% for Singapore (Ibid.). Two decades ago, the figures were very much lower, particularly in the case of Indonesia (12%) and Thailand (14%).

Among ASEAN countries, those reaching college are highest in the Philippines and in Thailand, where the gross enrollment ratio in 1985 were 38% and 20%, respectively. Again, with the exception of the Philippines --where the percentage of female students to total enrollment is 54% (1985)-- all other ASEAN countries have significantly lower females in college.

Table 3 presents figures on public expenditure on education in the five ASEAN countries.

URBANIZATION

Urbanization is an inevitable consequence of economic growth. Since the 1960s, urbanization in the five ASEAN countries has moved in tandem with industrialization. External economies, infrastructure and economies of agglomaration have made migration to urban areas both possible and attractive.

The growth in the urban populations of Indonesia, Thailand, Malaysia and the Philippines has been at a steady clip of 3-5 percent from 1960 to 1980 (See Tables 4). With the exception of Thailand and Singapore, the urban populations of ASEAN member-countries have, in the last 25 years, increased by roughly 10

Table 3
Public Expenditure on Education

	Share of GNP (%)	Share of total Govn't Expenditure (%)	Capital Expenditures portion (%)
Indonesia			
1965	-	-	-
1975	2.7	13.1	22.4
1981	2.0	9.3	-
Malaysia			
1965	4.7	18.5	16.7
1975	6.0	19.3	15.1
1985	6.6	-	14.6
Philippines			
1965	2.5	-	1.2
1975	1.9	11.4	18.4
1985	1.3	-	6.6
Singapore			
1965	4.0	-	13.4
1975	2.9	8.6	13.1
1982	4.4	9.6	27.6
Thailand			
1965	3.0	17.4	20.6
1975	3.6	21.0	26.7
1983	3.9	21.1	20.3

Source: UNESCO. Statistical Yearbook 1976.
Table 6.1 p. 548
UNESCO. Statistical Yearbook 1978-79.
Table 6.1 pp. 640-641
UNESCO. Statistical Yearbook 1987.
Table 4.1 pp. IV-13 to 15

percentage points in relation to their respective national populations (See Table 5).

The reason for rural-urban migration may not be wholly economic. In the case of the Philippines, migration is spurred by a combination of "push" and "pull" factors. The inequitable distribution of land, economic policies that were systematically biased against food production, and the lure of life in the big city are but a few examples. Provincial folk usually nurture desires of moving to Manila to seek their fortune. At present, Metro Manila is growing at an annual average of 3.6% and is heading towards a population of almost 11 million by the year 2000.

In terms of growth of urban centers, Indonesia boasts of having the most number of cities over 500,000 persons (See Table 6). The problem with Indonesia, and so too with the Philippines, Malaysia and Thailand, is economies of agglomeration. Only in the big cities can one find all the products and services to satisfy all possible needs. In Indonesia, distribution of the benefits of growth is a real problem. Statistical studies show that there has been more economic growth in Jakarta and other major cities than in the rural areas where 70% of the population live.

The archipelagic natures of Indonesia and the Philippines pose an additional obstacle to the distribution of goods and services. Access to far flung areas, by land, is often hampered by the poor condition of roads.

Singapore, on the other hand, is quite the opposite. The city-state at the tip of the Malay peninsula is highly urbanized

Table 4
Urban Populations, Average annual growth rates

	1960-70	1970-80
Indonesia	3.6	4.0
Malaysia	3.5	3.3
Philippines	3.8	3.6
Singapore	2.4	1.5
Thailand	3.5	3.4

Source: World Bank. World Development Report. 1982 to 1985, 1987

Table 5
Urban Populations: Percentage to total population

	1960	1980	1985
Indonesia	15	20	25
Malaysia	25	29	38
Philippines	30	36	39
Singapore	100	100	100
Thailand	13	14	18

Source: World Bank. World Development Report. 1985 and 1987

Table 6
Cities with populations exceeding 500,000

	Number of cities		Percentage of total urban population residing therein	
	1960	1980	1960	1980
Indonesia	3	9	34	50
Malaysia	0	1	-	27
Philippines	1	2	27	34
Singapore	1	1	100	100
Thailand	1	1	65	69

Source: World Bank. World Development Report, 1987

(and industrialized). Singapore's economy has benefited much from sea-route trade. The problem facing Singapore, like the other ASEAN countries, is congestion. But unlike other ASEAN countries where cities can still expand or implement an effective rural-urban migration program, Singapore has nowhere to go but up. As a result, a sizeable portion of its population reside in high-rise condominiums.

With the exception of Singapore, all the other ASEAN countries are classified as LDCs (Least Developed Countries). As of yet, the national governments of the said countries can do much more to improve the rural economies in terms of infrastructure, public facilities and the like.

THE YOUTH

Earlier we spoke of the educational trends in ASEAN. Now let us focus on the recipients of that education, namely: the youth. When the word 'youth' is mentioned in conjunction with 'activity', what immediately comes to mind are words like: activism, delinquency and, to an extent, civil disobedience.

The nationalist wave which swept through Southeast Asia in the 60's continues to exert some influence on student politics. In the Philippines, for instance, youth organizations like the College Editors' Guild and League of Filipino Students (LFS) have an ultra-nationalist character. At present, these are very active in the campaign against the retention of the American military bases in the Philippines. The activist youth in the Philippines, unfortunately, tend to be influenced by Marxism.

In Malaysia, the issues gripping the youth actually relate

to the deeper social problems of racism and cultural tensions between the Malays (i.e., the Bumiputras) and the Chinese. A university ruling on language turned into a full scale tug-o-war between mother tongue and national language. The ruling addressed anew the issue of conformity based on things Malay --a policy insisted upon by Malaysia's Malay population (48%) and opposed by those of Chinese (32%) and Indian (8.5%) ancestries.

One noteworthy development in Malaysia and, to a lesser degree, in Indonesia is the resurgence of Islam. Islamic reawakening began as a Malay search for identity and, in the 70's, became a driving force among students.

On school campuses, rural students unused to tough academic competition from Malay and non-Malay urbanites turn to Islam as the one familitar aspect of a more traditional village lifestyle. Faced with pressure, Islam became a means of coping with the social sophistication of urban life.

The resurgent Islamic movement is characterized as being nonviolent. This comes as no great surprise considering the absense of a protest culture in Malay society. What may have been seen as a form of student protest/reaction 15 years ago is now very much accepted.

In Indonesia, there is again an organized, deliberate attempt to create a student movement. The movement is small and is infused with both an adamant antagonism to the powers that be and a romantic idealised sense of the potency of student activism in Indonesia. Indonesia's new generation, some economically deprived, some politically oppressed and some feeling culturally

uprooted in the larger cities of a country rapidly trying to transform itself into a developed nation form a counter-culture with its own heroes, language, and ideals.

More than a simple problem of student activism or unrest, Singapore is facing a problem of losing a generation in the future. The Singaporeans do not seem to be producing enough babies for the future manpower resource of the nation after having deliberately fostered a contraceptive mentality over the last twenty years. Realizing the gravity of the matter, Prime Minister Lee Kuan Yew has authorized computerized dating to encourage more marriages among its population of male and female singles.

A critic of the Prime Minister was quoted as having said: "In the early years...we entrenched ourselves in popular as champions of multiracial human cause...decisively [defusing explosive gut issues of race, language, culture and religion. Today, instead of enthusing the ground with the change of equal opportunity, it is visited by the blight of congenital inferiority and proceeds to classify and stereotype the ethnic groups."

IMPACT OF INDUSTRIALIZATION ON CULTURE

The resource-rich and predominantly agricultural ASEAN countries are now poised to follow the footsteps of South Korea, Taiwan, Hongkong and Singapore in the path of industrialization. They are aspiring to become the next 'Gang of Four' or the Newly Industrializing Countries (NICs) of the next decade.

But there are questions that are nagging the leaders of

these countries concerning the adverse impact of industrialization on their traditional culture. Some of these doubts are expressed by social scientists in Malaysia, the first among them to have trodden the path of the NICs. As reported by Dr. Zainal Kling of the Department of Sociology and Anthropology of the University of Malaya (1985), the Malaysian industrialization process experienced three major phases of development: the earlier import-substitution phase which began approximately in 1958, which later shifted to a more vigorous export expansion in the early seventies, and finally the recent reappraisal in the 1980s, with new strategies geared toward high-tech industrialization. These phases can be applied also to Indonesia, the Philippines and Thailand.

In Malaysia, the first phase of industrialization had little direct impact on society at large. The policy of import-substitution was largely confined to the construction of industrial firms in the urban centers so that greater employment opportunities were provided mainly for those in the urban areas. The indirect effect, of course, was the magnetic attraction that the cities had for the rural dwellers, as described above.

It was the second phase, the export-oriented, labor-intensive industrialization program that created the greatest impact on traditional values. As Dr. Zainal Kling put it:

> In the drive for higher level industrialization, ...extensive creation of new industrial estates followed by their diversification into areas closer to the rural setting was hoped for. Several areas at the fringe of smaller townships were carved out as industrial zones to cater to rural employment. This aimed to directly place the process of

> industrialization at the doorstep of the traditional agricultural population. As a result, greater impacts were felt by the larger, rural population, by virtue of their closer proximity to the new pattern of productive processes and their more direct involvement in new productive activities. This was especially the case for the economically active younger age group (16 to 25 years). [underlining ours]

The presence of a distinct corporate culture embodied in the organization of a foreign firm or a transnational corporation has often disrupted certain traditional values. In the case of the Malay ethnic group in Malaysia, a perception of uneasy change can be observed in the pattern of interactions between generations, between local and migrant groups, and between male and female workers. Through the process of industrialization, traditional societies have experienced a moral and ethical change in the behavior of workers in the modern factory and urban areas.

The study of the Malaysian anthropologist concludes that:

> ...from the cultural point of view, industrialization, mainly by the MNCs, has had a visible impact on the pattern of cultural perceptions, cognitive classifications and values. Factory schedules impose radically new structures on workers, so that they become estranged from the normal routine of social life, amidst their social surrounding.
>
> ...There is an urgent need to appraise the impact of industrialization systematically in order to meet the ensuing problems with a program of welfare support and encouraging greater moral responsibility and commitment among industrial firms.

What seems to be needed in these ASEAN countries is a corporate strategy by industrial firms that can emulate the enlightened policies implemented by the FIAT group of companies in the Mezzogiorno or the Southern region of Italy. This was the new approach launched towards the end of the sixties that

introduced what was known as "negotiated programming," a set of industrialization projects in designated areas that gave greater opportunities to medium-sized and large private firms that were indigenous to the region.

CONCLUSION

Social change is a phenomenon that cannot be reduced to monitoring change in a fixed set of components. It is actually more complex. Trends in education, urbanization and the youth, however, are of particular significance for very obvious reasons. Given the improvements in education and urbanization (albeit modest), the ASEAN is certainly a worthwhile investment area. Social tensions, be it of a cultural or ideological nature, are present but it is a risk that may well be compensated for by improvements in other areas. These improvements are not only those resulting from actions of the government (e.g., improved infrastructures or investments in education) but from the policies of the more responsible industrial firms that are careful to minimize the adverse effects of industrialization on the traditional values of ASEAN societies.

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"RELIGION AND SOCIETY IN SOUTHEAST ASIA"

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Convegno

"L'ASIA DEL SUD-EST: SOCIETA', POLITICA E CULTURA"

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RELIGION AND SOCIETY IN SOUTHEAST ASIA

Introduction

When one juxtaposes the words 'religion' and 'society' in the Southeast Asian context, the characterizing concept must be 'complexity'. For more than a millenium, four great world religions - Hinduism, Buddhism, Islam and Christianity - have helped to shape societal change in the region. The usual approach to a discussion of religion and society in Southeast Asia is to adopt a chronological exposition of these influences, treating each religion separately.

Such an approach, however, tends to obscure thematic patterns common to all, which cut across chronological and canonical developments. In this paper the following four themes will be discussed: 1) religious conversion; 2) religious tolerance; 3) religious revivalism, and 4) religion and national identity. Each of them will be exemplified within various religions, with reference to specific events. Because of space limitations, references will be drawn, as far as possible, from the contemporary period. It can be argued, however, that historical precedents could be found for each of them.

Religious Conversion

The early religious tradition of Southeast Asia is very

rich, and seems to have involved animism and ancestor worship. But because of her strategic position connecting the Indian sub-continent with China, Southeast Asia early felt the effects of outside influences. Historians speak of 'Indianized' and 'Sinicized' parts of Southeast Asia, the boundaries of which shifted over the centuries.

At the risk of oversimplification, one can characterize two processes of religious conversion: syncretism, and replacement. 'Syncretism' emphasizes the fact that a new religion does not supercede the old, but rather is incorporated into it, thus creating a different religious form. 'Replacement' emphasizes the revolutionary impact of the acceptance of a new faith, which generally connotes the rejection of the old and the adoption of the new.

Syncretism

'Syncretic' is perhaps the most used adjective when attempts are made to characterize Southeast Asian religious complexity. Some Southeast Asian historians have gone so far as to liken the assimilation of outside religious traditions to 'layers' on the fundamentally animistic core of indigenous religious tradition, thereby implying that they did not alter societal organization and practice in any significant way (See Bastin and Benda, 1968). This argument is most often applied to what has become known as 'Javanese religion' (See Geertz, 1960).

Java has long fascinated scholars because of its complex religious scenario. Indeed, the most striking example of religious synthesis, or syncretism, is that of the Hindu-Buddhist mix which was practiced in Java, in various forms, from the 7th to the 14th century. Javanese rulers were influenced by Mahayana Buddhism imported from North India, which gradually merged with Brahmanism to produce the Siva-Buddha cult. The flowering of this culture can still be marvelled at in the magnificence of Borobudur and the Prambanan temple complexes in Central Java. Islam, so the argument goes, was spread as a 'veneer' on this Javanese amalgam.

This example leads to a further point regarding religion and society. Societies in Southeast Asia are stratified, and this stratification has always had some influence on religious practice. New religions entered the arena in a top-down process, wherein the rulers converted to the new religion, often whilst retaining many of the trappings of the old. Thus Javanese kings represented themselves as both Hindu gods and as reincarnations of the Buddha. Later, Muslim dynasties assigned themselves the titles of Sultan, and assumed genealogies tracing their descent from the Prophet Muhammad. The impact of these conversions on the peasantry has often been the subject of debate. What is certain is the important role played by religion in legitimating the ruling elite.

One could conclude, then, that what worked to soften

the impact of religious division was the mutual and creative accommodation that each religion and each society continued to make in the process of conversion and domestication. Given this general historical pattern, it is interesting to note that the word 'syncretic' when applied to religion has become almost a pejorative in recent decades. Many of the frontal attacks of Muslim fundamentalists, for example, are directed to rooting out the 'syncretic' practices of their fellow Southeast Asian Muslims.

Replacement

An emphasis on 'replacement' thus seems to be the hallmark of religious conversion in contemporary times. This is most visible with regard to the Muslim community, and embraces not only conversion from one faith to another, but the purification of Islam from what are perceived to be unIslamic practices. Examples (which can be found in Muslim communities throughout Southeast Asia) range from attacks on the recourse to magical formulations and visits to sacred graves to pray, to questioning basic legal and political precepts.

Increasing literacy and therefore direct access to world-wide Christian evangelist campaigns has also led to a relatively large pool of converts to the Christian charismatic and evangelical movements. Although this pool is drawn almost exclusively from amongst non-Muslims - for example, Chinese Christian converts in Malaysia and Singapore

- it is sometimes perceived as threatening to the Muslim community.

The present trend thus seems to be that each world religion has been increasingly drawn out of its Southeast Asian accomodative context. Muslim fundamentalists look toward non-Southeast Asian countries for inspiration, and emphasize the world-wide solidarity of the Muslim ummat (community of believers) (See Siddique, 1985a). Christians are absorbed into international movements and identify with different strands of Christian evangelism. One could find similar patterns amongst Buddhist and Hindu practitioners. Thus not only has Southeast Asian society been increasingly drawn up into complex global trade and political alliances, the patterns of religious practice have also become increasingly sensitized to the international perspective. This is somewhat blunted by the accomodation between religion and nationalism, as we shall see below.

Religious Tolerance

Geographic Compartmentalization

Geographic compartmentalization of various religious belief systems has insured mutual religious tolerance. This process is as old as Southeast Asian society itself. As new waves of immigrants landed on Southeast Asian shores, the older inhabitants were gradually pushed inland. That is why

today one finds some of the earliest arrivals, many of whom still practice a form of animism, living in the insular and peninsular interiors, while the coastal areas are occupied by more recent arrivals (many of whom are Muslim).

Although it is dangerous to overdraw the compartmentalization thesis, a case can be made for dividing up the region along religious lines. The island chain which stretches from Western Indonesia through the Northern Philippines can be divided into Muslim and Christian areas. With the arrival of the Spanish, the Northern Phlippines was converted to Catholicism, leaving the Southernmost islands under Muslim domination. Mainland Southeast Asia can be divided between Buddhism and Islam. Here the boundary is the four southernmost provinces of Thailand, where the majority of the people are Malay-speaking Muslims. The Buddhist mainland itself can be sub-divided between the areas now encompassed by Thailand, Burma, Laos and Kampuchea, where Theravada Buddhism is practiced, and Vietnam, where Mahayana Buddhism predominates.

Religious Pluralism

The concept of religious pluralism adds another dimension to the Southeast Asian mosaic. It is based on an understanding of the reality of ethnic pluralism in the region. In fact, the term 'plural society' was coined to describe colonial society in the Netherlands East Indies

(see Furnival, 1939). The salient feature of plural societies relevant to our present context is that the various ethnic groups which compose a 'plural society' live(d) essentially separate from each other. Religious tolerance (or the absence of conflict) was therefore achieved, for example, in the plural society of colonial British Malaya, where the Chinese were Buddhists, Taoists, or Confucianists; the Indians were largely Hindus; the Malays, Muslim, and the Europeans and Eurasians, Christian.

Thus one can argue that in present-day Malaysian society, the overlap of ethnicity with religion has promoted a tolerance of religious complexity. On the other hand, it has also provided a formidable barrier to cross in the context of religious conversion, where - despite Muslim fundamentalist protests to the contrary - to 'become Muslim' means to 'become Malay'. When ethnic assimilation is desired, however, religion can just as easily serve as a vehicle of smooth passage out of one ethnicity and into another. Thus the common religious heritage of the Chinese minority and the Thai majority in Thailand (Buddhism) has allowed for the relatively smooth assimilation of the Chinese into the Thai community.

Religious Revivalism

Religious revivalism generally carries with it the connotation of reform. The introduction of external religious

systems into Southeast Asian society has been followed by successive waves of religious revival, elements of which were also imported. In this sense, the current Islamic revival amongst Muslims in Southeast Asia has historical precedents.

In the contemporary period, religious revivalism has been introduced as a reaction against, or a way to combat, the process of Westernization. In some instances this 'reaction against' was a complete rejection of the political and economic inequities of the colonial period. In other cases, the process of Westernization was seen with a certain ambivalence - as something inevitable which one must understand and mold. Thus science, technology, modern business and bureacratic practices were considered positive and desirable - Western religions, cultures and languages, less so. Two examples should suffice to illustrate these points of view: the Padri movement in Sumatra, and the Thai reforms instituted by King Chulalongkorn.

The Padri movement was inspired by the Wahabi fundamentalist reform which swept the Arabian peninsula in the early 19th century. Leaders of the Padri movement returned from the holy city of Mecca determined to purify the faith of un-Islamic practices, and to model their society strictly on the precepts set out in the Quran and the Sunnah. This brought them into conflict not only with certain traditional ruling elite within Minangkabau society, but with the Dutch, who capitalized on this interal dispute to lever themselves

into power. The Padri movement was finally stamped out after several decades of unrest, and the Dutch assumed administrative control of the area (See Dobbin, 1983).

The reforms initiated by King Chulalongkorn, and carried out under successive generations of Thai officials in the late 19th and early 20th centuries, were designed in part to modernize the Thai bureaucracy along Western ideals and functions. It is important to our argument to note that Buddhist reforms were instrumental in providing the socio-cultural framework through which Western science and technology could be accomodated (See Bechert, 1972).

Just as in previous centuries, religious revivalism in the late 20th century in Southeast Asia seeks its inspiration and direction from outside the region. In the post-colonial age, reaction to the impact of Westernization - in various forms, e.g. political, economic, social and cultural - continues to be a major impulse. Religion continues to be a key legitimating force, but the phenomenon of nationalism has recast the relationship between religion, the ruler, and the ruled. It is thus to the relationship between religion and national identity to which we will now turn.

Religion and National Identity

Three nation-states have been carved out of the Muslim geographical heartland of Southeast Asia - Indonesia,

Malaysia and Brunei Darussalam. Each have developed their own unique solution to accomodating Islam within their borders.

Indonesia

Indonesia is the fifth largest country in the world. It is also the world's largest Muslim nation, both in terms of land area and population. Ninety per cent of the Indonesian population is Muslim, and it is therefore not surprising that the position of Islam in nation-building has been a central problematic since Indonesian independence.

At the time of the formulation of the Djakarta Charter in 1945, the question of whether or not Indonesia should be an Islamic republic was debated and defeated. Instead, Sukarno formulated Pancasila. Pancasila, literally the Five Principles, continues to be the guiding state ideology to which all political and social groups must subscribe. The Five Principles are: belief in the one God, nationalism, humanism, democracy and social justice.

The first principle, therefore, precludes Indonesia from being considered a purely secular state. In fact, labelling a person an atheist is tantamount to labelling him a communist. Five religions are officially recognized - Islam, Hinduism, Buddhism, Catholicism and Protestantism. In addition to these five religions, the inclusion of kebatinan, or the aliran keperchayaan (Javanese mystical

beliefs) in the Garis-garis Besar Haluan Negara (GBHN - Broad outlines of State Policy), sparked off a great deal of controversy in the early 1980's (See Tamara, 1986).

The participation of Muslim political parties in the political process has been an area of controversy. When elections were reinstituted in 1971, the Muslim political organizations were grouped into one party - the PPP - (Partai Persatuan Pembangunan - United Development Party). The PPP was seriously crippled by the promugation of the 1985 mass organizations law, which required all organizations to adopt Pancasila as their sole ideology. To many, the Islamic identity of the PPP seemed lost.

The marginalization of Muslim political power is inversely related to the increasingly visible impact of Islamic revivalism amongst the population - particularly amongst the better educated youth in the urban centres. More mosques are being built, and they are crowded at Friday prayers. The fasting month of Ramadhan is increasingly practiced. Bookshops overflow with Islamic literature - both locally written and in Indonesian translation.

It does not seem possible that Pancasila will be abandoned, and that the calls for Indonesia to become an Islamic state will be heeded. However, because of the ground swell of Islamic activism, the government will have to solve its dilemma of supporting a social role for Islam, while at the same time continuing to marginalize its political impact.

Malaysia

Malaysia has evolved perhaps one of the most interesting political systems in the world - a parliamentary democracy, and a King who is elected for a five year term from and by his nine fellow Sultans (who retain certain powers in their respective states). Additionally, Islam is recognized as the official state religion in the Malaysian constitution. As mentioned earlier, Malay ethnic identity is closely linked to Muslim identity. This has meant that there is constantly a blurring of Malay and Muslim politics, to the extent that one must speak of a hyphenated Malay-Muslim identity (See Siddique, 1981).

In contrast to Indonesia, Islam occupies centre stage in the political arena. This is because the two largest Malay-Muslim political parties - UMNO (United Malays National Organization - since March 1988 UMNO [baru]) and PAS, have politicized Islamic issues to the extent that they now form the almost exclusive basis of political debate amongst the dominant Malay majority.

Much of this debate arises because the constitutional clause which recognizes Islam as the 'official religion' is ambiguous. There is evidence to suggest that the original founding fathers envisioned a largely ceremonial role for Islam - particularly in view of the fact that the 9 reigning Sultans retain the right to administrate Islam in their

respective states. The more vocal advocates of Islamic revivalism, who have become increasingly influential since the early 1970's have demanded far-reaching reforms of the political and legal systems to bring them more in line with the Islamic Shari'ah.

The debate on the role of Islam in Malaysia is at present a Malay-Muslim one. But in future, particularly as legal, social and political reforms are instituted, debate will increasingly broaden to include the large non-Muslim Chinese and Indian communities who also call Malaysia their home.

Brunei Darussalam

Brunei Darussalam, which only became fully independent in 1984, is the smallest and richest country in ASEAN. Brunei is a Malay-Muslim monarchy. There are no elections, no political parties, and no popular political participation. The Sultan is the absolute monarch, and he is assisted by a small groupd of advisers and ministers, many of whom are members of the Royal Family and selected aristocrats. Brunei Darussalam is an Islamic state, and the Sultan is advised by a Ministry of Religious Affairs, which in turn, controls the religious bureaucracy of the nation. Brunei's oil wealth ensures that its regional and international influence - particularly regarding religious affairs - belies its small size (See Siddique, 1985b).

There are five states in Southeast Asia with Buddhist majorities - Thailand, Burma, Laos, Kampuchea and Vietnam. Vietnam can be set off from the others by the fact that the Vietnamese are followers of Mahayana Buddhism, and have therefore been most influenced by China, or 'Sinicized' Buddhist culture. The others follow Theravada Buddhism, a reformist Buddhist tradition emanating from Ceylon, or 'Indianized' Buddhist culture. Paradoxically, political events of the last decades have placed Vietnam, Laos and Cambodia under communist regimes, which quite naturally have not turned to religion for legitimation.

Vietnam, Laos and Cambodia

In the 18th and 19th centuries, Buddhist monks lived in an uneasy alliance with the Confucian bureaucracy and the Vietnamese ruling aristocracy. The Buddhist sangha in Vietnam never developed a hierarchical infrastructure so visible in Theravada-influenced areas. There was a revival of Vietnamese Buddhism in the 1930's, which sought to popularize the religion by publishing in the vernacular rather than in Chinese, and also to organize some sort of Buddhist infrastructure in the country (See Steinberg, et.al., pp. 405-409).

However, Vietnamese Buddhists, like Vietnamese of other religious persuasions, were overtaken by political events in their country, and today, the official role of Buddhism in

the state ideology is negligible.

Carved out of lesser principalities, Laos is a geographical, rather than a political reality. Since the 1975 establishment of the Lao People's Democratic Party, the close and long-standing religious, linguistic and cultural links with Thailand have been severed. Now as part of communist Southeast Asia, it falls under Vietnamese influence.

Since World War II, Sihanouk has been the dominant figure in Cambodia's troubled existence. Indeed, during the period 1945 to 1970, Sihanouk buttressed his position through the support of the Buddhist monkhood, which had traditionally been closed allied with and dependent upon the monarchy. Particularly since the communist take-over and the Vietnamese occupation, the position of Buddhism in Cambodia is most certainly marginal.

Burma

The political leadership in Burma has pursued a contradictory position vis-a-vis Buddhism in Burma. U Nu sought to combine Buddhist and Marxist values in a new national ideology called 'Buddhist Socialism'. He also made Buddhism the state religion, thus antagonizing religious minorities. After 1962, the Burmese government adopted a secular orientation along the 'Burmese Way to Socialism'. There is some evidence to suggest, however, that more attention has recently been paid to elevating the role of reli-

gion in the state ideology. The government has allowed the reorganization of the Buddhist hierarchy, and also the building and refurbishing of pagodas (See Tin, 1988).

Thailand

Theravada Buddhism is a reformist religion. In Thailand, as we have seen, Buddhism was able to provide the intellectual underpinnings for the modernization of the Thai state in the late 19th and early 20th centuries. There has always existed a close relationship between the King and the sangha in Thai society. In addition, the sangha maintains a parallel religious hierarchical structure of Buddhist monks, extending from the court to the smallest village (See Steinberg, et.al, 1971, pp. 315-320).

Although Thai monks preach other-worldly simplicity and frugality, some are also involved in this-worldly concerns, particularly activities which raise the standard of well-being of the peasantry - the vast majority of the Thai population. The so-called 'development monks' live in rural areas, and conceive and carry out rural development projects - sometimes in cooperation with the government, and often independently.

This close association between monks, monarchy and Thai identity does pose problems for non-Buddhist Thai citizens. The Malay-Muslims living in the four southern provinces, for example, who speak Malay and practice Islam, find it dif-

ficult to adopt the Thai national identity.

Philippines

The Philippines is unique in that it is the only country in Southeast Asia to fall neither under 'Sinicized' nor 'Indianized' religous influence. Indigenous cultures and religious practices developed relatively autonomously until the arrival of two world religions in the 15th century - Islam and Christianity. Spaniards took conversion to their faith very seriously, particularly when they encountered their old 'enemy' - Islam. They managed to push back the Islamization process, converting 85 per cent of the population to Catholicism.

Catholicism seems an integral part of Philippine nationalism, and national identity. Cardinal Jaime Sin, and the Catholic radio station, Radio Veritas, were key elements in the peaceful revolution which ousted Marcos in 1986.

However, the relationship between the Church, the communist rebels and the NPA (National Peoples Army), and the government in the Philippines is by no means clear cut. Certain priests and liberal relief organizations have been allegedly providing aid to the rebels, while many others not only helped to create - but also continue to support the Aquino government.

The Philippines has also increasingly been named as the

regional centre for what has been called an Asian version of the liberation theology born in Latin America, and inspired by Marxist ideas. It is the tenets of the Philippine variety - characterised by a reluctance to endorse revolutionary armed struggle as a justified religious stance - which have been spreading round the region (See Far Eastern Economic Review, 2 July 1987).

Singapore

The Singapore government has followed a policy of multi-racialism, multi-lingualism, multi-culturalism, and multi-religiousity. In 1980 the PAP government declared the importance of instilling religious values in order to foster moral and ethical principles. To this end, compulsory religious education in secondary schools was introduced. Students can choose from amongst the following: Buddhism, Confucian Ethics, Hindiusm, Islam, Catholicism, Protestantism, and World Religions.

The religious complexity of Singapore has meant that religion will always remain a potential source of societal conflict. The most politically sensitive issues usually revolve around the position of the Malay-Muslim minority. In 1986, Muslim protests against the visit of Israeli President Herzog raised the loyalty issue once again.

Another highly publicized event was the detention of several Catholic activists in Singapore, who the government

accused of being involved in a Marxist plot to infiltrate key socio-cultural and religious organizations. Links to Philippine liberation theology groups were also established.

Conclusion

In this brief - and because of the complexity of the subject - rather audacious summary of 'religion in Southeast Asia', at least one thing should have become clear. Religion has always played a key legitimating role in Southeast Asian societal life, and it all probability, religion will continue to do so.

As we have seen, although nationalism is the 20th century challenge to Southeast Asian political configurations, each country has grappled to find its own solution to incorporating a role for religion into its national ethos. Southeast Asians will continue to make sense of their world in religious terms.

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"RECENT TRENDS IN THE REGIONAL ECONOMY OF SOUTHEAST ASIA"

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Recent Trends in the Regional Economy of Southeast Asia

by Medhi Krongkaew

I. Introduction

Early this year, Newsweek, the internationally known news magazine, ran a cover-story on the state of the economy of a group of Asian countries that form the western rim of the Pacific Ocean. Mainly on the virtues of their economic performances and potentials, Newsweek heaped on the accolade as to their roles in the next century by calling it "the Pacific Century". This designation is by no means a new one ; it has been mentioned by various individuals, institutions, and organizations for some time already. But for the fact that it is now being mentioned in a popular news magazine, in this way, its importance must be quite real.

While Japan, South Korea, Taiwan and Hong Kong figure prominently in the minds of many when one talks about the Pacific economic powers, another group of countries to the south of these economic giants are catching up fast. Although in terms of the level of economic development, this group of countries may still lag far behind and probably will not be able to catch up in the next decade or so, its economic potentials are all there, which are conducive to accelerated change and improvement. These countries are ASEAN or countries that form the Association of Southeast Asian Nations.

Again, while ASEAN does not encompass all countries in the Southeast Asian region,-- Burma, Vietnam and other Indochinese countries are not members -- its economic preponderance is so great that ASEAN truly reflects the economic picture of Southeast Asia. By simple calculation. (and thus not entirely accurate due to data problems in some countries), ASEAN's gross national products must be at least 80 percent of the region's total. This is a group of dynamic economies that are expected to play an important part in the much-heralded Pacific Century.

It is the main purpose of this paper, therefore, to discuss the economic structures of ASEAN, and assess the economic trends of these countries in the not-too-distant future. This is done in Sections II and III which follow. Section IV concludes the discussion and make some policy implications.

II. General Economic Characteristics of the Region

There are at present 10 countries that comprise Southeast Asian Region. They are Burma, Thailand, Lao, Vietnam, Kampuchea, and (West) Malaysia on the mainland, and Singapore, Indonesia, (East) Malaysia, Brunei and the Philippines as island countries that form the Southern and Western fringes of the Region. These countries can be conveniently separated into two groups : ASEAN and Non-ASEAN. The ASEAN group consists of six nations, namely, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Brunei as the latest member to join the group in 1985. One common economic characteristic of this ASEAN group is that theirs are mainly market economies where economic decisions are influenced by market forces or price signals in the free market. These "open" societies are in stark contrast with the remainder of Southeast Asian nations, called Non-ASEAN countries for the sake of convenience, which are centrally-controlled economies, and for practical purpose, relatively "closed" societies. As such, ASEAN economies availed themselves widely to the opportunities of production and trading relations with the outside world, particularly with the industrialized market economies in Europe, America, and Asia and Oceania. In the last two decades or so, ASEAN have become one of fastest growing economies in the world. They have all graduated from the low-income economies, in the World Bank classification, to the middle-income economies, whereas the Non-ASEAN Southeast Asian members still remain in the former category. This fact is evident in the basic economic indicators shown in Table 1.

Table 1 : Basic Indicators and Growth of Production

	1985 Population (mid 1985) (million)	1985 Per capita income (US $)	GDP (1985) Amount US $ million	Annual rate of growth (%) 1965-80	1980-85
ASEAN[1/]					
Indonesian	162.2	530	86470	7.9	3.5
Philippines	54.7	580	32590	5.9	-0.5
Thailand	51.7	800	38240	7.4	5.1
Malaysia	15.6	2000	31270	7.3	5.5
Singapore	2.6	7420	17470	10.2	6.5
Total	286.8		206040		
Non-ASEAN					
Burma	36.9	190	7070	3.9	5.5
Lao PDR	3.6	237	n.a.	n.a.	n.a.
Vietnam	61.7	330	n.a.	n.a.	n.a.
Total	102.2				

Source : Adapted from World Bank, World Development Report 1987.

Note : [1/] Brunei is excluded due to lack of comparable data.

Table 1 presents basic data on population, per capita income of some Southeast Asian countries, the level and growth of their gross domestic products (GDP). In each category, countries are ranked according to their per capita GNP. As such, Indonesia was ranked lowest among ASEAN group in terms of its per capita income (US $ 530), followed by Philippines, Thailand, Malaysia, and Singapore with per capita incomes of US $ 580, 800, 2000, and 7420, respectively. For Non-ASEAN group, the order was Burma, Lao, and Vietnam, with per capita income of US $ 190, 237, and 330, respectively,

In terms of population, the ASEAN group was almost 3 times the side of the Non-ASEAN group. In terms of national wealth, however, only GDP figures for ASEAN group are shown, with Indonesia having the largest GDP, and Singapore the smallest. The overall GDP for the group of US$ 206,040 million in 1985 was modest, even small, by international comparison. It was about 57 percent of GDP of Italy, 16 percent of that of Japan, and only about 5 percent of that of the US, but the annual rates of growth of each individual GDP were quite impressive. Between 1965 and 1980, the GDP of Singapore grew the fastest at 10.2 percent per annum, followed by Indonesia at 7.9 percent, Thailand at 7.4 percent, Malaysia at 7.3 percent, and the Philippines the slowest at 5.9 percent. It should be pointed out that among the five ASEAN economies, Philippines was the first to industrialize its economy in the early 1950s. Its growth rate was higher then, but now could not compete with the late-comers like Singapore or Malaysia. During 1980-1985, the average annual rate of growth of Philippines' GDP was actually negative, reflecting the

political and economic turmoil in that country during that period. The situation has improved now for Philippines, while, during that time, the high growth rates were maintained in other ASEAN countries. The rates during this latter period were lower than those in earlies period which was not unusual considering the impressive performances in the early period of their development. On the whole, the growth potential of all ASEAN countries, Philippines included, is still very high despite the slowdown in the growth of many industrial superpowers like Japan and the US., and the sharper protectionist trends in these countries.

That the ASEAN countries are moving away from agriculture toward industry in their path of economic development is very obvious from Table 2 which shows the distribution of GDP by three sectors of production : agriculture, industry, and services. For example, Indonesia which is regarded as the least-industrialized country among the Five, reduced the share of agriculture in its GDP from 56 percent in 1965 to 24 percent in 1985, while the share of industry increased from 13 percent to 36 percent during the same period of time. Perhaps, the share of manufacturing activities is a better indicator of a country's industrialization. In this case, the manufacturing share of Indonesia was lower at 14 percent as most of its industry's share was in the form of extractive oil and gas activities. For Thailand and Malaysia, the shares of manufacturing in GDPs were equal at 20 percent in 1985, but the moving away from agriculture was relatively more rapid in Thailand between 1965 and

Table 2 : Structure of Production (Percentage Distribution of Gross Domestic Product)

	Agriculture		Industry		(Manufacturing)[1/]		Services	
	1965	1985	1965	1985	1965	1985	1965	1985
ASEAN								
Indonesia	56	24	13	36	8	14	31	41
Philippines	26	27	28	32	20	25	46	41
Thailand	35	17	23	30	14	20	42	53
Malaysia	28	22	25	31	9	20	47	47
Singapore	3	1	24	37	15	24	73	62
Non-ASEAN								
Burma	35	48	13	13	9	10	52	39

Source : World Bank, World Development Report 1987

Note : [1/] This is a subset of Industry

1985. It should be noted that the share of manufacturing in GDP for Thailand has already exceeded the share of agriculture in 1985. To some, this is one simple qualification (among many qualifications) for a country to be called a NIC or Newly Industrializing Country.

Of course, in that regard, Singapore has been a NIC for sometime already. But more than just industry and manufacturing, Singapore is well-known for its service activities (finance, banking, transportation, and the like). This is seen in the high percentage share of services sector in Singapore 's GDP. And this is something that sets Philippines in different light. Whereas the share of manufacturing in the Philippines was rather high at 25 percent in 1985, the share of agriculture in 1985 actually increased from the level of 1965. It showed that Philippines may need a better coordination between its agricultural and industrial development.

Lest it is misconstrued that agriculture is no longer important for some of the ASEAN countries, it should be pointed out that agricultural outputs still provide substantial income to such countries as Malaysia and Thailand : rubber and palm oil for Malaysia ; rice, cassava, and maize for Thailand. It appears that these are the two countries whose development really depends on the growth and output of their agricultural sectors as an effective engine of overall growth.

Briefly on the structure of Non-ASEAN economies, only Burma's case was presented here, which showed little change in industrial development between 1965 and 1985. A really closed society in the past two decades, Burma remained very much the same in 1985 as in 1965.[1/]

Table 3 shows yet another picture of economic life of the majority of Southeast Asian countries. This time it is the structure of demand or how the country's GDP is distributed among various components of consumption, saving, and investment. It can be seen from this Table that general government consumption was not very high in ASEAN countries which signified that the size (and activities) of the government were not too large to be cumbersome and wasteful. Private consumption which tended to decline as time passed meant that a larger proportion of national product was saved and invested. Between 1965 and 1985, this trend

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1/ Henceforth, the corresponding data for Burma will be presented along side with ASEAN data but without analysis. Burma is the only country in the Non-ASEAN group where data are available in consistent manner, and are reported in World Bank's World Development Report.

Table 3: Structure of Demand (Percentage Distribution of Gross Domestic Product)

		General government consumption	Private consumption	Gross domestic investment	Gross domestic savings	Resource balances
ASEAN						
Indonesia	1965	5	87	8	8	-
	1985	12	56	30	32	2
Philippines	1965	9	76	21	15	-6
	1985	7	80	16	13	-3
Thailand	1965	10	70	20	21	-1
	1985	13	65	23	21	-2
Malaysia	1965	15	61	20	24	4
	1985	15	52	28	33	5
Singapore	1965	10	79	22	10	-12
	1985	13	52	43	42	-1
Non-ASEAN						
Burma	1965	- 1/	87	19	13	-6
	1985	14	73	17	14	-3

Source : Adapted from World Bank, World Development Report 1987

Note : 1/ not available separately; included in private consumption

was obvious in all ASEAN countries with the only exception of the Philippines. Of course, 1985 was not a very good year for many, particularly for the Philippines. Granted that exception, it seems that the percentage share of gross domestic savings in the vicinity of 20 percent up to 40 percent that one sees in ASEAN is quite satisfactory indeed. Of course, for most countries in ASEAN, gross domestic investments were higher than gross domestic savings which entailed resource gaps which must be closed by foreign resources. At present, these resource gaps were not too large to be unmanageable perhaps, again, with the exception of the Philippines.

As mentioned earlier, ASEAN countries availed themselves for the opportunities of production and trading relations with other, more developed, nations, thus benefited a great deal from these open-market activities. Tables 4 and 5 show the trade and payments situations facing ASEAN countries in recent past. Table 4, for example, shows that the level of merchandise trade for all ASEAN countries were quite high. (It extremely pales Burma by Comparison). The rates of growth of exports were also quite high, for all at least during 1965-1980. Of late, export growth of Indonesia and Philippines had slackened somewhat (It showed a decline in Philippines.), but for Thailand, Malaysia, and Singapore,

Table 4 : Level and Growth of Merchandise Trade

	Exports (1985:US$million)	Imports (1985:US$million)	Average annual growth rate (%) Exports 1965-80	Exports 1980-85	Imports 1965-80	Imports 1980-85
ASEAN						
Indonesia	18590	12069	9.7	1.1	13.0	4.9
Philippines	4629	5459	4.7	-2.1	2.9	-5.9
Thailand	7100	9231	8.5	8.4	4.1	2.8
Malaysia	15282	12302	4.4	10.7	2.2	6.4
Singapore	22812	26285	4.8	5.9	7.0	4.2
Non-ASEAN						
Burma	303	283	-2.1	0.2	-5.8	-6.7

Source : World Bank, World Development Report 1987

Table 5 : Balance of Payments and Reserves

(Amount in US$million)

	Current Account Balance		Net direct Private Investment		Gross internat'l reserves Amount		In months of import, 1985
	1970	1985	1970	1985	1970	1985	
ASEAN							
Indonesia	-310	-1840	-	271	160	5988	3.2
Philippines	-48	8	-29	-14	255	1099	1.6
Thailand	-250	-1554	43	160	911	3004	3.0
Malaysia	8	-723	94	685	667	5677	3.7
Singapore	-572	-253	93	1076	1012	12847	5.2
Non-ASEAN							
Burma	-63	-203	n.a.	n.a.	98	116	2.1

Source : Adapted from World Bank, World Development Report 1987

it was either maintained or had increased. Normally ASEAN countries import more than export, thus usually suffer from trade deficits of varying degrees. This situation is reflected in Table 5 which shows, among other things, the current account balance of ASEAN countries in 1970 and 1985. In general, the increase in negative current account balance for most countries was indicative of increased trading activities. As long as a country concerned can stimulate, and to a certain extent, control export earnings the current account problem will not become chronic or life-threatening. The foreign direct investment normally helps both the balance of payments and export earnings, particularly if such direct investment is geared toward export-oriented industries. Overall, the net direct private investment in ASEAN showed a substantial increase, except in the case of Philippines. The gross international reserves also showed similar substantial increase, again, with the exception of Philippines. The reserves situation in the four remaining ASEAN countries was quite satisfactory when measured in months of import coverage in 1985. For example, for Thailand, its international reserves could cover its imports for 3 months. For Indonesia and Malaysia, the corresponding figures were 3.2 and 3.7 months, respectively Singapore, of course, had the highest reserves which could cover its 5.2 months of imports.

It would be misleading to leave this section with an impression that most ASEAN developed their own economies by indicious economic managements, depending entirely on their own domestic resources, and benefiting directly from international trade and investment alone. The truth is many ASEAN economies had to borrow quite heavily from foreign sources to fill up their foreign-resource gaps, thus enabled them to carry on with their necessary development processes. These foreign indebtedness could become quite bothersome and indeed quite dangerous to overall development if a country is not careful about its debt capability and debt management, as we have seen in many Latin American countries recently. The external public debt situation for ASEAN countries in the late 1980s look quite serious when compared with the situation in the early 1970s. As shown in Table 6, it can be seen that the proportion of external public debt, both outstanding and disbursed, to GDP increased tremendously for all ASEAN countries except Singapore. For example, for Philippines, the debt to GDP ratio increased from 8.1 percent to 42.7 percent between 1970 and 1985. For Thailand, the similar ratio was from 5.0 percent to 26.8 percent during the same period, and for Malaysia the corresponding ratios were from 9.7 percent to 47.8 percent. The foreign debt of this size could spell trouble for the country if export earnings were disrupted, as we had seen the trouble faced by Philippines in the last few

Table 6 : External Public Debt and Debt Service Ratios

	External public debt outstanding and disbussed				Debt service as percentage of exports of goods and services	
	US$ million		As % of GNP			
	1970	1985	1970	1985	1970	1985
ASEAN						
Indonesia	2,447	26,625	25.2	32.0	n.a.	19.9
Philippines	575	13,561	8.1	42.7	7.3	15.9
Thailand	326	9,898	5.0	26.8	34	14.7
Malaysia	396	13,834	9.7	47.8	3.7	22.3
Singapore	154	1,791	8.0	10.1	0.6	2.4
Non-ASEAN						
Burma	108	2,947	5.0	42.1	17.2	51.4

Source : Adapted from World Bank, World Development Report 1987.

years when inability of debt payments forced the country to sue for debt rescheduling. The debt service ratio of 15.9 percent shown in Table 6 for Philippines was, of course, the specially-managed debt-service ratio. The figures for Indonesia, Thailand, and Malaysia were also high but for these countries, the debt repayment problems were still kept under control. And this level of debt should be considered safe if there were no major borrowings coupled with adverse changes in their expant earnings.

III. Specific Trends in Some Selected Countries

In the last section, the general economic characteristics and structures of some ASEAN and non-ASEAN countries were presented and discussed. In this section, more specific trends in selected ASEAN countries will be mentioned.

1. Indonesia

More information on the state of economy of Indonesia is provided in Box 1.[1/] It gives the readers more current statistics on rate of growth, inflation, foreign trade and payments.

The main trends that can be perecived from Box 1 include the slight recovery of the Indonesian economy from the recession suffered in 1985 when the real rate of growth of GDP fell to 2.3 percent from the previous 6.1 percent in 1984, and the maintenance of satisfactory inflation rate of less than 10 percent in 1986 and 1987 despite the two major devaluations since 1985. The economic management in the face of major oil-price decreases which profoundly hurt the Indonesian economy since 1985 was quite extraordinary indeed for the Indonesian economic technocrats. Actually the non-oil and gas exports went up in 1987, particularly textile exports which helped the economy a lot. It is expected that if the world economy does not

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[1/] Information and data in this and subsequent boxes were taken from the Economist Intelligence Unit (EIU) Country Report No.1, 1988, various issues without adjustments to make them comparable to the World Bank data presented in the last Section. Time constrainst was the main reason for this, but it is hoped that the discrepancies were not serious.

Box 1 : Additional Information on Indonesia

Macroeconomic indicators	1983	1984	1985	1986	1987 b/
GDP at market prices Rp'000 bn	73.7	87.5	94.4	96.5 a/	107.4
Real GDP growth %	3.3	6.1	2.3	3.2 a/	2.4
Consumer price inflation %	11.5	8.8	4.4	9.2	9.3
Population mn	156.5	159.9	163.4	166.9	170.4
Exports $ bn	21.1	21.9	18.6	14.8	17.1
Imports $ bn	16.4	13.9	10.3	10.7	13.0
Current account $ bn	-6.34	-1.86	-1.84	-4.00 a/	-3.13
Reserves minus gold $ bn	3.72	4.77	4.97	4.05	3.80
Public external debt $bn (disbursed)	21.68	22.86	26.63	32.12 a/	36.11
Public external debt service ratio %	12.8	14.7	20.1	26.5 a/	28.1
Exchange rate (av) Rp per $	909	1,026	1,111	1,283	1,648

February 17, 1988 Rpl,662 per $

Principal exports 1986[a]

	$mn
Crude oil & products	5,501
Natural gas	2,776
Wood & products	1,364
Coffee	818
Textiles & garments	798
Rubber & products	726
Total incl others	14,805

Principal imports 1986[a]

	$ mn
Machinery & equipment	2,866
Chemicals	1,500
Mineral products	1,283
Transport equipment	1,214
Base metals	1,186
Resins & plastics	659
Total incl others	10,718

Main destinations of exports 1986[a]

	% of total
Japan	44.9
USA	19.6
Singapore	8.4
Netherlands	3.1
South Lorea	2.4
Hong Kong	2.3
West Germany	2.3

Main origins of imports 1986[a]

	% of total
Japan	29.2
USA	13.8
Singapore	9.1
West Germany	6.7
Saudi Arabia	6.0
Australia	3.9
UK	3.8

a Provisional official estimate. b EIU estimate.

Source : The Economist Intelligence Unit (EIU) Country Report No.1, 1988 : Indonesia.

suffer a serious recession in 1988, the outlook for the Indonesian economy would remain favorable.

The recent reelection of President Suharto to the fifth term would help maintain the stability and continuity of the economy. The new cabinet composition also maintained the usual balance between the "technocrats" who give priority to economic efficiency, and the "nationalists" who favor equity and self-sufficiency aspects of development. The "creative tension" thus generated from these two groups would help enhance the position of the President and, at the same, help case the economy smoothly forward. Drastic changes and reforms in economic policies that came with the new government in the form known as "December 24 Package" underlined the government's continued strong commitment to restructuring the economy in order to reduce its independence on the oil and gas sector. These efforts were both commendable and timely.

2. The Philippines

After two hollowing years, 1984 and 1985, where the economy suffered negative real rates of growth, Philippines was packing up quite strongly in 1986 and 1987. With the increase in coconut prices and the continued low prices of oil and gas, the Philippines economy should continue to recover through 1988 and beyond. Of course, various international assistance in various forms played an important part in bringing about these favorable changes. Another notable economic plus came from the reduction in inflation rate which went up as high as 50.4 percent in 1984. In 1987, it was a very respectable 5.0 percent.

Box 2 : Additional Information on Philippines

Macroeconomic Indicators	1983	1984	1985	1986	1987
GDP at market prices bn pesos	384.1	539.4	609.5	619.7	-
Real GNP growth %	1.1	-6.8	-3.8	1.5	5.5
Consumer price inflation %	10.0	50.4	23.1	0.7	5.0
Population mn	52.06	53.55	54.67	55.00	-
Exports fob $ mn	5,005.00	5,391.00	4,629.00	4,842.00	-
Imports cif $ mn	7,980.00	6,448.00	5,445.00	5,044.00[a]	-
Current account $ bn	-2.75	-1.27	0.018	1.02	-0.25
Reserves minus gold $ bn	747.00	602.00	615.00	1,728.00	941.00
Total external debt $ bn	26.0	27.2	24.8	28.3	28.7
Exchange rate (av) P per $	11.11	16.70	18.61	20.38	20.52

January 6, 1988 P20.73 per $

Principal exports 1986	$ mn
Electrical & electronic equipment	919
Clothing	751
Coconut oil	333
Copper	262
Forest products	201
Total incl others	4,842

Principal Imports 1986	$ mn
Mineral fuels & lubricants	869
Chemicals	711
Non-electric machinery	395
Electric machinery	333
Food	270
Total incl others	5,044[a]

Main destinations of exports 1985	% of total
USA	35.8
Japan	18.9
Singapore	5.4
Hong Kong	4.0

Main origins of imports 1985	% of total
USA	24.8
Japan	14.3
Malaysia	6.9
Saudi Arabia	5.1

A Estimate. b Official estimate.

Source : See Box 1.

The prospects for 1988 appear to point toward the continuation of economic stimulation by growth in domestic demand, in public investment as well as in total domestic expenditure. The recent land reform policy significantly added to the enthusiasm in the economy although the success of the program is still left in doubt. Perhaps the most inhibiting factor for the present development of Philippines is its political uncertainty related to some muting in the military, and the communist insurgency. However, the President's determination to face the problems squarely gives rise to hope and confidence. This is what Philippines needs in its quest for further growth and development.

3. Thailand

Of all five ASEAN countries, Thailand was probably the best all-round economic performer in the last few years. In 1985, for instance, when most ASEAN countries, Singapore included, were suffering from recession with low or even negative rates of growth, Thailand managed to grow by more than 3 percent in real terms. This approximate level of growth was maintained in 1986 and then in 1987, the growth rate had gone past 6 percent for the first time since the early 1980s. What contributed to this apparent success were several. First, the export performances were good in manufacturing sectors as well as in agricultural sectors despite the depressed agricultural prices in 1985 and 1986. Secondly, the oil-price decrease helped a heavy oil-importing country like Thailand. Thirdly, the service industries, particularly tourism which was given a special boost in "Visit Thailand Year, 1987" by the Government, helped add significant

Box 3 : Additional Information on Thailand

Macroeconomic Indicators	1983	1984	1985	1986	1987
GDP Bt bn	924.3	989.9	1,041.3	1,098.4[a]	...
Real GDP growth %	5.9	5.5	3.2	3.4	6.5[b]
Consumer price inflation %	3.7	0.9	2.4	1.9	2.7[b]
Population mn	49.5	50.6	51.8	53.0	-
Exports fob $ bn	6.4	7.4	7.1	8.8	11.2
Imports cif $ bn	10.3	10.4	9.3	9.3	12.6
Current account $ bn	-2.9	-2.0	-1.5	0.3	-0.4
Reserves minus gold $ mn	1,607	1,921	2,190	2,804	4,007
Total long term external debt $ bn	9.7	10.9	13.3	13.9	...
Debt service ratio %	10.2	12.0	14.7	14.5	...
Exchange rate (av) Bt per $	23.00	23.64	27.20	26.63	25.70

February 17, 1988
Bt 25.33 per $

Principal exports 1986	$ mn
Textiles & garments	1,174
Rice	763
Tapioca	716
Rubber	567
Precious stones & jewellery	494
Total incl others	8,829

principal imports 1986	S mn
Non-electrical machinery	1,210
Chemicals	990
Electrical machinery	969
Crude oil	832
Iron & steel	597
Total incl others	9,323

Main destinations of exports 1986	% of total
USA	18
Japan	14
Singapore	9
Netherlands	7
West Germany	5

Main origins of imports 1986	% of total
Japan	25
USA	14
Singapore	6
West Germany	6
Malaysia	4

a provisional. b Estimate.

Source : See Box 1

export earnings to the economy. The exchange rate situation might have something to do with the competitiveness of Thai products and Thai services as the Baht did not deflect too much from the US dollar in its downward slight. The current account deficit which used to pose serious problems in the early 1980s cased a great deal lately. In fact, Thailand had enjoyed the current account surplus for the first time in recent history in 1986. Although this phenomenon was only short-lived, it seems to indicate that the deficit of the old magnitude would be unlikely from now on.

In 1988 and beyond, Thailand should continue to progress well economically. With the removal of GSP privileges from South Korea, Taiwan, Hong Kong, and Singapore, whereas its GSP provisions are still intact, Thailand should enjoy its competitive positions vis-a-vis its competitors. It has been mentioned that a relatively favorable bargain on garment quotas has been struck with the US authorities for 1988, and exchange rate movements are favoring a further expansion of Thai exports in Europe and Japan.

4. Malaysia

The Malaysian economy is typically very strong and stable. Blessed with small population, rich natural resources (oil, gas, timber, rubber, tin), and proper, export-oriented industrialization, its economic growth was usually very high. But then in 1985 calamities struck; prices decreased in all fronts, oil, tin, rubber, resulting in Malaysian economy experiencing a negative growth, probably for the first time in its modern history. However, the recovery was

Box 4 : Additional Information on Malaysia

Macroeconomic Indicators	1982	1983	1984	1985	1986
GDP at market prices M$ bn	62.6	69.6	79.5	77.5	71.1
Real GDP growth %	5.9	6.3	7.8	-1.0	1.2
Consumer price inflation %	5.8	3.7	3.9	0.3	0.7
Population mn	14.46	14.82	15.19	15.68	16.11
Exports fob US$ bn	12.0	14.1	16.5	15.4	13.9
Imports cif US$ bn	12.4	13.3	14.1	12.3	10.8
Current account US$ bn	-3.6	-3.5	-1.7	-0.7	-0.3
Reserves minus gold US$ bn	3.8	3.8	3.7	4.9	6.0
Public external debt US$ bn	8.0	10.6	12.2	13.8	16.0
Exchange rate (av) M$ per US$	2.34	2.32	2.34	2.48	2.58

November 27, 1987 M$2.49 per US$

Principal Exports 1986	US$ mn
Petroleum	2,095
Logs & timber	1,616
Rubber	1,233
Palm oil	1,170
Tin	252
Total incl others	13,869

Principal Imports 1985	US$ mn
Machinery & transport equipment	5,353
Manufactured goods	1,787
Mineral fuels	1,487
Food	1,239
Chemicals	1,081
Total incl others	12,307

Main Destinations of Exports 1986	% of total
Japan	22.7
Singapore	17.1
USA	16.6
West Germany	3.6
Netherlands	3.4
Thailand	2.6
Total incl others	100.0

Main Origins of Imports 1986	% of total
Japan	20.5
USA	18.8
Singapore	15.0
West Germany	4.5
UK	4.5
Australia	4.2
Total incl others	100.0

Source : See Box 1

quick. In 1986, the growth of GDP in real terms was 1.2 percent. In 1987, the preliminary figure was estimated around 3 percent. Other economic factors were also looking up : private investment expenditures, exports to Japan, higher rubber and tin prices, and so on.

Despite basically strong economic bases, Malaysia seems to experience unexpected difficulty in political situation. With the racial tension and the exercise of internal security power, the government has created a slight atmosphere of unease. However, with characteristic resilience, the Malaysian economy should not be adversely affected by all these.

5. Singapore

Little need be mentioned about the capability, the flexibility, the adaptability of this small city-state economy in coping with the world-size economic problems. Like many other ASEAN, and Non-ASEAN, countries, Singapore suffered a negative rate of growth in 1985 as a result of world economic slowdown. But within a space of two years, Singapore has already climbed up in the growth ladder to reach a very respectable rate of growth of 8.8 percent in 1987. Inflation was always controlled in this orderly country, in efficient and effective ways. Adjustments to adverse conditions were always quick and to the point. This is a model modern economy worthy of a standard case example.

In experts' opinions, Singapore's current strength owes much to the corrective economic measures taken in 1986. In 1986, the economy was undergoing self-imposed decline. Labor costs were held down in 1987, although at the expense of tax revenues.

Box 5 : Additional Information on Singapore

Macroeconomic Indicators	1983	1984	1985	1986	1987
GDP at market prices S$ bn	36.7	40.0	38.5	37.8	...
Real GDP growth %	7.9	8.2	-1.8	1.9	8.8
Consumer price inflation %	1.3	2.6	0.4	-1.4	0.5
Population mn	2.50	2.53	2.56	2.59	...
Exports fob US$ bn	21.84	24.07	22.81	22.51	28.6
Imports cif US$ bn	28.16	28.66	26.28	25.51	32.5
Current account US$ bn	-0.58	-0.37	-0.02	0.48	...
Reserves incl gold US$ bn	8.8	10.6	12.8	12.9	14.0[a]
Public external debt US$ mn	1,495	1,905	1,791	2,120	...
Exchange rate (av) S$ per US$	2.11	2.13	2.20	2.18	2.11

March 11, 1988 S$2.015 per US$

Principal exports 1986	US$ mn
Machinery & equipment	8,680
Mineral fuels	4,660
Manufactured goods	1,668
Chemicals	1,304
Food	1,206
Crude materials	1,129
Beverages & tobacco	153

Principal imports 1986	US$ mn
Machinery & equipment	9,544
Mineral fuels	5,049
Manufactured goods	3,197
Food	1,775
Chemicals	1,491
Crude materials	875
Beverages & tobacco	249

Main destinations of exports 1986	% of total
USA	23.4
Malaysia	14.8
Japan	8.6
Hong Kong	6.5
Thailand	3.6
Australia	3.1
UK	2.6

Main orgins of imports 1986	% of total
Japan	19.9
USA	15.0
Malaysia	13.3
Middle East	12.6
China	5.6
Taiwan	4.0
UK	3.4

a End August.

Source : See Box 1.

Also, as a corrective measure, the government ran a relatively large budget deficit, which helped bring about needed economic recovery. The withdrawal of GSP privileges by the US would bring some negative effects but they were not expected to be much. The competitive edge in electronics and other high-tech. industries, and service-related industries is certain to guarantee Singapore's inexorable path toward economic progress.

IV. Conclusions and Policy Implications

As a result of the picture painted above about ASEAN as a representative of Southeast Asian countries, it could be concluded that the designations : one of the fastest-growing regions in the world; the economic dynamo of Asia; the growth center in the next century, etc. are not vain and empty phrases. Time and space do not permit more detailed exemplification and clarification, but brief accounts above should suffice to convince a general reader about economic potentials of this little group of developing countries. Of course, problems faced by these countries still abound; and many were mentioned in the course of writing this paper, but the unique ways in which the problems get solved, mainly through the realization of market forces, should serve as an example of a proper economic management in similar economic circumstances elsewhere.