

**Title:** *ECONOMIC CRISIS AND THE PROSPECTS FOR DEMOCRATISATION IN SOUTHEAST ASIA* , By: Rahim, Lily Z., Journal of Contemporary Asia, 00472336, 2000, Vol. 30, Issue 1

**Database:** *Academic Search Premier*

**ECONOMIC CRISIS AND THE PROSPECTS FOR DEMOCRATISATION IN SOUTHEAST ASIA**

### The "Asian Way ": From Miracle to Meltdown

The impressive economic performance of East Asian[1] economies of 7-9% growth for 15 years prior to the currency crisis was particularly intriguing to social scientists and warmly applauded by international financial agencies such as the World Bank as the "East Asian Miracle." There was a tendency to focus on East Asia's economic strengths whilst down-playing its structural and institutional weaknesses. Those that warned of such serious weaknesses inherent in the East Asian high-growth economic development pattern[2] were often dismissed as proponents of the free-market model of development or dogmatic Marxists unable to come to terms with developing economies transcending the Third World underdevelopment trap.[3]

Many among the triumphalists included critics of the Western neo-liberal economic rationalist agenda who attempted to counterbalance the "rolling back of the state" by highlighting the efficacy of state coordinated industrial policies of the more successful interventionist East Asian states. Plagued by relatively high levels of unemployment, large trade deficits and low levels of economic growth, Western governments were urged to learn from the East Asian developmental state model.[4] Regional publications, business news agencies and media networks such as CNBC[5] assisted in perpetuating the psychology of boom by their uncritical reporting of the East Asian economies. Their strong reliance on "expert" commentators connected with the research arms of banks, investment houses, brokerage houses, mutual funds and hedge funds, that have a vested interest in promoting optimistic economic forecasts, goes some way towards explaining the entrenchment of the boom psychology.[6]

At the other end of the triumphalist spectrum were the culturalists[7] who attributed East Asia's impressive economic performance largely to its uniquely East Asian cultural attributes. Some of the unique attributes identified were strong communitarian values that placed societal interests over and above the narrow self-interest of the individual, emphasis on hard work, education and delayed gratification. This perspective was enthusiastically promoted by some academics with specialist knowledge of Asian culture who were keen to "... unlock the mysteries of the East,"[8] and conservatives attracted to the "Asian gray" value of upholding the family unit and minimalising social welfare expenditure.[9] Political leaders from the high performing East Asian economies, such as Singapore's Lee Kuan Yew and Malaysia's Mahathir Mohamad, assisted in the reification of the Western orientalist conception of Asia by becoming vocal champions of the "Asian Way" discourse. Inter-alia, this served as an effective ideological instrument against domestic demands and international pressure to democratise. Not surprisingly, the "Asian Way" cultural discourse was enthusiastically endorsed by autocratic governments such as the former Indonesian New Order regime, Burma's military junta and the leadership of the Peoples Republic of China (PRC). Non-Asians, particularly Western organisations and leaders, who ventured to criticise the democratic and human rights record of these governments were chastised for being ethnocentric, culturally insensitive and accused of deliberately attempting to sabotage the high levels of East Asian economic growth.

East Asia's impressive economic growth for much of the 1980s and 1990s, overshadowed its myriad economic and socio-political weaknesses. During the "miracle years," money-politics, corruption and authoritarian rule were commonly trivialised and not considered as a serious impediments to long term economic development. Indeed, authoritarian rule was viewed by many business leaders, foreign investors and scholars as providing the economic prerequisites for future political development. This prioritisation of economic development over political development is strongly reminiscent of the post-war Rostowian modernisation theories that are premised on a linear evolutionary development.[10]

The tendency to gloss over East Asia's structural and institutional weaknesses and the excesses of authoritarian rule has been short-circuited by the region's economic crisis. Governments that aided and abetted the worst excesses of money-politics and authoritarian rule have fallen or are under immense pressure to reform. Those that have collapsed have been replaced by others ostensibly more committed towards greater economic and political reform. Public demands for genuine reform, greater transparency and accountability in the region have spread like a contagion and attained the status of a mantra. An energised and empowered civil society has provided the impetus to contest and renegotiate existing systems, values and ways of doing things.

The article examines the manner by which political and economic governance in Southeast Asia has become more complex particularly with the internationalisation of finance and information technology. Can the political crisis be profitably understood as a "wake-up" call for these nations to re-appraise former approaches of political governance towards greater transparent, accountable and democratic practices? Are authoritarian states inherently unstable due to their inability to effectively and genuinely implement the required economic and political reforms? These pertinent issues and questions will be examined by analysing the political ramifications of the economic crisis on Southeast Asia, with particular focus on Singapore and Malaysia.

### **Power of Finance Capital**

"It (the currency crisis) is a challenge because the power is not in this country. If it were something in this country, I can manage. It is elsewhere, outside my reach..."

Mahathir Mohamed[11]

East Asian governments have adopted different perspectives and explanations for the economic crisis. Some, like the Singaporean government, appear to have accepted the more orthodox economic interpretations which largely attributes internal economic factors for the crisis, and are supportive of the IMF's policy prescriptions. Reformist governments in Thailand and South Korea have blamed the policies of previous governments for exacerbating the economic downturn whilst expressing concern with the severity of the IMF prescriptions. By contrast, Mahathir has consistently maintained that the region's economic woes were precipitated by the speculative activities of international financial markets and therefore largely externally induced. Prominent investors such as George Soros have been criticised for engineering huge profits by taking short-term speculative positions in regional currencies which have destabilised regional economies. While there is considerable evidence to support Mahathir's assertions, his condemnation of currency speculators is indeed ironic in view of the Malaysian government's own history of currency speculation. For example, between 1992-1994, Malaysia's Central Bank (Bank Negara) is said to have lost US\$6 billion in money market speculative activities.[12] Economists such as Jeffrey Sachs from Harvard University and Jomo Sundaram from the University of Malaya have consistently argued that the East Asian financial crisis was not a

result of government profligacy but a crisis made mainly in the private and under-regulated financial markets.[13] Sundaram has pointed to the collapse of the Bretton Woods System of fixed exchange rates in the early 1970s, the subsequent adoption of the flexible exchange rate system and the liberalisation of the financial sector as having created the volatile conditions associated with currency transactions and reckless speculation. Additionally, the regime of under-regulated financial liberalisation has enhanced the frequency of currency crisis and circumscribed the capacity of governments to determine industrial policy.[14] Such perspectives are supported by the fact that many of the East Asian economies that crashed possessed the neo-liberal economic "fundamentals" by way of budget surpluses, low inflation, high savings and low taxation. Even the Singaporean and Taiwanese currencies, whose national economic "fundamentals" are commonly believed to be robust, have suffered a significant depreciation.[15] In August 1998, Hong Kong's authorities spent US\$15.2 billion combating speculators who attempted to make massive profits by short-selling Hong Kong's currency, stocks and futures.[16]

Nobel Laureate James Tobin, Jomo and Martin and Schumann[17] have also pointed to the unbridled globalisation of financial markets and the increasingly footloose global flows of finance capital which are largely engaged in speculative activities in the currency and stock markets as the major source of economic instability. Alarming, financial markets can and have severely punished governments for what are deemed to be "irresponsible" policies even though such policies may be in the national interest. For example, budget deficits have been deemed as "irresponsible" even though they may, in Keynesian fashion, be required to stimulate economic activity in times of economic downturn.[18] Politicians and policy makers are now under additional pressure to be accountable and invoke the support of their domestic constituents and the international forces associated with finance capital.[19]

It is commonly acknowledged that in countries like Indonesia, the financial crisis was exacerbated by the IMF's structural adjustment programmes (SAP) which demanded immediate government actions such as the closure of the "sicker" financial institutions. This was tantamount to sending danger signals to investors to pull their capital out before they lost it altogether. Investor pessimism and panic quickly set in as the currency crisis in one country triggered off a currency crisis in neighbouring countries and investors pulled their capital out of the region in anticipation that these currencies were on the verge of collapse. This phenomenon has been referred to as the "herding effect." In such a pessimistic environment, large numbers of depositors converted their currency to US dollars in anticipation of further devaluation of the local currency.[20] The sharp devaluation of the East Asian currencies, particularly the Thai baht and Indonesian rupiah, also caused the panic selling of local currencies by local companies who wanted to protect themselves against their short-term US dollar debts. Buying the US dollar was a protection against future devaluation.[21]

### **Internal Fault-lines**

Irrespective of whether or not one agrees with the assertions of Sachs, Sundaram and Tobin that the economic crisis was primarily triggered by the unbridled excesses of the international financial system, the crisis has served to highlight the inherent fault-lines in many of the Southeast Asian economies. A serious structural weakness included the limited progress in ascending the value-added and technological ladder due to the limited investment in social capital, science and technology.[22] In view of the competition from lower wage economies such as China, the shortage of qualified scientists and engineers, limited university-industry

collaboration and insufficient investment in education and research constituted a major drag on labour productivity. Compared with the relatively equitable income distribution levels in the Newly Industrialising Economies (NIEs) particularly in the earlier stages of their industrialisation, the income gap in most Southeast Asian nations have remained wide. In particular, the rural-urban income disparity has widened and poverty levels have remained high.[23] In countries such as Thailand and Indonesia, the concentration of infrastructure and industrial activity in and around the major cities has served to widen the urban-rural income disparity. In contrast to the NIEs, Southeast Asian economies are more reliant on foreign direct investment to fuel their industrialisation and possess a relatively weak indigenous business class.

As elaborated below, the money-politics phenomena to a large extent can be attributed to the political patronage requirements of Chinese businesses and the rent-seeking activities of well-connected indigenous businesses.

To be sure, the nations hardest hit by the economic recession, such as South Korea, Thailand[24] and Indonesia,[25] had accumulated huge current account deficits (CAD) and indulged in excessive private sector borrowing. However, it is worth noting that such current account deficits were not a new phenomenon as Malaysia and Thailand had incurred a CAD of close to 10% of GDP for a decade leading up to the 1997 crash.[26] The CADs of nations like Malaysia[27] and Thailand were made worse by the linking of their currencies to the appreciating US dollar. Many of these Asian currencies became overvalued thereby rendering their exports more expensive and less competitive particularly in the face of competition from low-cost producers such as China. Due to their appreciated currencies, imports became cheaper thereby generating the conditions for a current account and trade deficit. The ballooning CAD, like a vicious circle, no doubt contributed to investors losing confidence in many East Asian currencies.

A substantial proportion of the private sector debt was in the form of short-term foreign loans used to finance long-term projects. These loans were readily obtained from the avalanche of capital that poured into East Asia largely from OECD nations from the early 1990s. Fund managers and banks from the United States, Europe and Japan in search of high profit margins pumped in enormous amounts of short-term credit into the region. The influx of capital was facilitated by the globalisation of financial markets and encouraged by the financial liberalisation of many East Asian economies from the late 1980s. The massive inflow of foreign capital together with the high local savings rates contributed significantly to the high investment rates. The liberalisation of financial markets in many East Asia economies without governments strengthening their regulatory and supervisory systems is an important factor contributing to the climate of over-investment[28] and excessive private sector speculation. Many Southeast Asian governments failed to check the private sector borrowing for the less productive sectors such as real-estate and stock market speculation which culminated in the phenomenon of asset price inflation and the classic "bubble economy." For example, in Malaysia, nearly half of total bank loans were used for speculative investments in property and the stock market[20] To aggravate matters, bank lending in many East Asian nations was not solely based on the feasibility of projects and their commercial merit but often on the political connections of the applicant. This practice of "relationship banking" has long been a feature of the East Asian financial system. Additionally, many banks tended to avoid disclosing information on the true nature of their offshore loans.[30]

In addition to the over-investment into the less productive and speculative activities, the burgeoning CAD and national debt can also be attributed to grandiose multibillion dollar mega-infrastructure projects. In Malaysia, they include the Petronas Twin Towers that is currently the

world's tallest building, the construction of a new international airport, plans for a new national capital called Putra Jaya costed at least US\$8.1 billion, the development of Cyber Jaya or the "Asian Silicon Valley," the US\$20 billion Multimedia Super Corridor and US\$6 billion Bakun hydro-electric dam project in East Malaysia. In explaining the psychological import of these grandiose projects, Mahathir declared, "It is good for the ego. ... It is important because small people always like to appear tall."[\[31\]](#)

Indonesian mega projects that have since been postponed include the world's longest bridge linking Sumatra and Malaysia,[\[32\]](#) 9 power projects worth US\$4.9 billion and the US\$560 million Jakarta Tower.[\[33\]](#) Former Indonesian Minister of Technology and current President Yusuf Habibie's expensive obsession with aeronautical technology was to cost the nation US\$2 billion with the construction of a passenger jet called N2130.[\[34\]](#) Large amounts of state funds were also channelled into projects such as the national car Timor Putra[\[35\]](#) which was controlled by Suharto's son Hutomo Mandala Putra. In an attempt to emulate Japan and the NIC strategy of strategic industrial targeting, the Indonesian state's nurturing of the aeronautical and automobile industry was projected as a bold economic nationalist strategy of leap-frogging towards the technological league of the more industrialised nations. Instead, the nation appeared to have leap-frogged backwards and closer to the economic chaos of the Sukarno era.

### [The Roots and Rise of Money Politics](#)

A common feature of countries hardest hit by the South Asian economic crisis is the prevalence of nepotism and money-politics where the most successful businesses were those that have forged close political links to senior politicians and bureaucrats. The terms crony capitalism and money-politics have been interchangeably used to describe this relationship.

In Indonesia, where the Chinese make up less than 5% of the population but purportedly own more than 70% of the nation's corporate wealth,[\[36\]](#) the crony capitalist system was strongly based on the close links between cukongs or wealthy Chinese conglomerate heads and their patrons in the bureaucracy or government. When placed within a historical context this relationship is somewhat antiquated and has its roots in the pre-colonial era. In many of the absolutist kingdoms of pre-colonial Southeast Asia, the Sultan was keen to appoint foreigners to important commercial functions because they did not have a strong political base within the community. The "Kapitan Cina" (commercially successful influential Chinese merchants and leaders of the Chinese community) were granted lucrative licenses for tax collection and opium smoking. As long as the Chinese merchants retained their separate identity, they were favoured over indigenous merchants in the belief that they posed less of a political threat to the absolutist power of the ruler.[\[37\]](#)

The commercial standing of the Chinese community was further reinforced during the colonial era when they were encouraged to engage in commercial "middleman" activities that Europeans were not particularly interested in but were nevertheless crucial for the functioning of the colonial economy. Much like the Sultans of the precolonial era, the British and Dutch authorities granted tax farming, gambling, liquor and opium monopolies to selected Chinese merchants. Many of these "opium kings" became very wealthy and from the early twentieth century ventured into more respectable commercial activities such as tin mining, rice milling, retail and wholesale trade, shipping, rubber cultivation and banking. Importantly, these Chinese merchants, like many of their successors in contemporary Southeast Asia, possessed wealth that far surpassed their level of political influence and remained a vulnerable and insecure force that could be easily exploited. By contrast, the indigenous populace in colonial Malaya were

encouraged to engage in agricultural and non-commercial activities or were forced to engage in the cultivation of crops such as sugar for the colonial authorities in the Dutch East Indies. It is not altogether surprising that the income disparity and superficial social relations between the indigenous and Chinese communities, particularly in the predominantly Muslim-based nations of Southeast Asia, sowed the seeds of problematic post-colonial ethnic relations.

Upon attaining political independence, post-colonial political leaders were confronted with national economies dominated by Western and Chinese interests. In interalia, the implementation of economic nationalist strategies such as import substitution industrialisation (ISI) in the immediate post-independence decades was an attempt to rectify colonial economic structures. However, unlike the relatively impressive record of ISI strategies in establishing the foundations of export oriented industrialisation (EOI) in Northeast Asian nations like Japan, South Korea and Taiwan, the ISI record in most Southeast Asian nations was less than impressive. Many infant industries that were protected from foreign competition remained internationally uncompetitive and inefficient and were managed by business groups that were politically well-connected. In Indonesia, large state-owned enterprises (SOE), like the Indonesian state petroleum company Pertamina, were badly mismanaged by its military managers so that by 1976 Pertamina accumulated debts of US\$10.5 billion which amounted to 30% of Indonesia's GDP.<sup>[38]</sup> Furthermore, these SOEs did little to nurture a genuine indigenous entrepreneurial class or erode Chinese dominance of the economy. Indeed, the economic clout of Chinese capital, particularly from the early New Order years, was solidified as they became increasingly involved in commercial alliances with the political elite.

It is worth pointing out that former President Suharto's close links with multibillion dollar conglomerate heads, such as Liem Sioe Liong of the Salim Group have their roots in the pre-independence era. Liem supplied Suharto with military supplies and provisions in Indonesia's war of independence against the Dutch. Suharto's business "dealings" with Liem and other Chinese businesspeople such as Bob Hassan were consolidated in the 1950s when he was a military commander of the Central Java Diponegoro Division. For much of the New Order era, Suharto's children strengthened their commercial links with Liem and other Indonesian Chinese conglomerate heads. This business partnership carved up lucrative monopolies in wheat, flour, soyabeans, clove and garlic. Bob Hassan's close personal ties with Suharto assisted in his control of numerous monopolies in the timber industry, expansion into banking and development of commercial partnerships with Suharto's children.

The few pribumi or indigenous Indonesian businesses that have become successful were also those that established close links with the "first family." As in neighbouring countries like Malaysia, moves towards economic deregulation as a consequence of the sharp decline in revenues from petroleum and other primary commodities from about the mid-1980s, disproportionately benefited cukongs and other crony capitalists. Not surprisingly, the economic dominance of a small group of patrimonial and crony capitalist groups served to alienate the less well-connected Chinese and pribumi businesses who became vocal critics of the Suharto government particularly after the economic crisis swept through the nation.

President Habibie's professed crusade against the crony capitalist practices of the previous administration has been generally received with scepticism given the fact that right up to the May 1998 riots he failed to voice serious concerns about the need to eliminate such practices. Habibie's extensive family business interests stemming from his period as a senior Minister in the Suharto administration may go some way towards explaining his previous stance. Much like the rentier commercial activities of Suharto's children, Habibie's family members and relatives

have exploited their political connections by monopolising commercial interests on Batam Island where he was head of the Batam Industrial Development Authority. His sons and aunts are involved in a joint-venture to build a US \$100 million resort in Batam while brother Timmy is building a US\$1 billion container terminal on the island. Habibie's brother-in-law holds the exclusive right to manage Batam's ports and his sister-in-law operates a taxi monopoly on the island.[39]

In Malaysia, the controversial New Economic Policy (NEP) (1970-1990) was conceived after the Alliance coalition's poor showing in the 1969 Federal elections and the subsequent outbreak of race riots. Having lost its customary two-thirds representation in parliament and nearly losing the states of Penang and Selangor to the opposition, the Alliance coalition government recognised the imperative of placating Malay frustrations with their socio-economic marginality. For example, on the eve of the May 1969 riots, the Malay ownership of the corporate sector was less than 2% compared to the Chinese share of 37%. Articulating Malay grievances with their marginality, outspoken UMNO politician Mahathir Mohamed was sacked from the party for his scathing criticism of UMNO leaders for not doing enough to rectify the inter-ethnic income disparity. With his expulsion, Mahathir's political credibility and public profile rose for having the temerity and courage to demand radical changes to the political economy of the nation. To some extent, the post-independence ethnic schism has been attenuated by the NEP's success in narrowing the inter-ethnic income gap. A larger Malay middle class has emerged with the establishment of new tertiary educational institutions and by providing scholarships to study in foreign and in local tertiary institutions.[40] Complimenting the emergence of a sizeable Malay middle and professional class, a Malay business class was also nurtured. Their standing was strengthened by NEP policies such as the requirement for publicly listed companies to allocate 30% of their shares at par value to Bumiputeras. Under the Industrial Coordination Act of 1975, all companies were expected to employ a minimum proportion of Bumiputeras particularly at the executive and managerial levels in order to attain or renew their licenses. Newly established banks extended liberal loan arrangements to Malay businesses who were also given preferences by the government to obtain licenses, credit and government contracts. These policies expanded the share of Malay corporate ownership from 2% in 1970 to 30% in 1990.[41] By 1985, Malay businesses constituted 30% of all businesses registered in the country compared to only 14% in 1970.[42] Importantly, the growth of Malay capital did not occur at the expense of non-Malay capital as the nation's "economic pie" grew. For example, Chinese and Indian shares of equity increased from 32% to 46% during the life of the NEP. Chinese income also rose faster and higher than Malay income.[43]

While inter-ethnic tension has been diffused by the emergence of a more confident Malay community as a consequence of the narrowing of inter-ethnic income disparity, intra-Malay income disparity has worsened. In particular, urban, middle-class Malays rather than rural Malays have disproportionately benefited from the NEP. This has been effectively capitalised upon by the Islamic oriented party PAS which currently governs the rural-based northern state of Kelantan. PAS's electoral support base is strongly derived from Malays who have missed out on the benefits of the NEP and the high-growth years of the 1980s and 1990s. Many urban Malay who have become disillusioned with the ostentatious lifestyles of UMNO politicians, the pervasiveness of money-politics and the alienating secular lifestyles of the larger cities have also turned to PAS for moral succour. Ironically, the attenuation of inter-ethnic tension appears to have been replaced by the heightening of intra-ethnic class tension.

Jomo and Gomez[44] have argued that the NEP policies have favoured larger business interests at the expense of smaller businesses thereby sowing the seeds of dissension within the Malay business class. Like their Indonesian counterparts, the politically well-connected have easy access to government created rents. The phenomena of money-politics has been exacerbated by many Malay businesspeople who have expediently joined UMNO and run for public office primarily to strengthen their business interests and obtain contracts and licenses for their "friends." The changed social composition of UMNO, reflected in the decline of school teachers as UMNO grass-roots leaders from 41% of UMNO delegates in 1981 to 25% in 1987, is illustrative of the emergence of money-politics. By contrast, nearly 20% of UMNOs divisional heads were millionaire businesspeople-politicians in 1995.[45] Ironically, the NEPs success in addressing the nation's major challenge of the 1970s and 1980s (narrowing the inter-ethnic disparity) had sowed the seeds of the major national challenge of the 1990s, that of money politics.

Some of the politically connected that have attained extensive commercial assets under the auspices of the NEP include former politicians and civil servants such as former Deputy Prime Minister Gafar Baba, former Finance Minister and current Minister of Special Functions Daim Zainuddin and Halim Saad. Their commercial prowess were consolidated by privatisation policies that were initiated to counter the effects of the mid-1980s recession. Often without going through the process of open tender, numerous state-owned enterprises (SOE) were acquired by UMNO companies, former politicians, senior bureaucrats and their Chinese and Indian business associates. Political connections rather than the competitiveness of one's bid strongly determined the outcome of tenders for lucrative and large infrastructure public projects. For example, the UMNO linked holding company United Engineers (UE) was successful in winning the tender to build the multi-million dollar North-South Highway in 1986 even though it did not have previous experience in highway construction.[46] In 1990, UE won another lucrative RM1.6 billion contract to construct the second Singapore-Malaysia causeway. Suffice to say, there was no open bidding for these contracts.[47] With the help of soft loans from government banks, the UMNO linked Fleet Holdings and the Renong Group have become major players in Malaysia's corporate life having accumulated interests in the media, property development, industrial ventures, stock exchange and tourism.[48] The blurring of government and party lines has arguably[49] distorted the economic development of the nation.

While the earlier generation of Chinese entrepreneurs were apprehensive towards the NEP and tended to adopt short-term business practices and strategies, the younger generation of Chinese entrepreneurs have pragmatically adopted rent-seeking alliances with Malay capitalists and politicians. They include conglomerate heads such as Vincent Tan of the Inter-Pacific Group. Like their Indonesian counterparts, their close alliances with influential sections of the indigenous elite has been augmented by strengthening commercial links with the Overseas Chinese or "guanxi" commercial network. Gomez[50] has observed that they have also acted as Ali-Baba or "business proxies" for their UMNO patrons and funded the campaigns of particular UMNO politicians for senior positions in the party.[51] During the "boom years," significant sections of the Chinese community appeared to have developed a strong sense of pragmatic acquiescence with the prevailing modus operandi. This was evidenced by their solid electoral support of the Barisan National government in the 1995 general elections.[52]

The pervasiveness of money-politics and corruption, which purportedly extend to the highest public offices,[53] have caused considerable foreign investor unease and frustration amongst the business people with weak political connections. Malaysia's reputation for corruption has been

highlighted by the 1998 Transparency International Index which rated the country a poor 32nd place.[54] In an attempt to rectify Malaysia's less than savoury image, an Anti-Corruption Bill was passed in July 1997 which gives the nation's Anti-Corruption Agency greater scope for investigations and bringing charges.[55] However, a major flaw in the Anti-Corruption Bill is that public officials still do not have to publicly declare their assets. Arguably, the declaration of assets by public officers would be effective in tempering the tendency to accumulate wealth during their tenure of office. Recognising the importance of the declaration of assets in mitigating corruption, the newly installed Thai and South Korean governments have judiciously required public officials to publicly declare their wealth.[56]

Just as the IMF has gone to considerable lengths to protect the interests of foreign banks and investors who were burnt by the regional economic crisis, the Malaysian government has undertaken strenuous efforts to bail out favoured business groups. In September 1997, Mahathir announced the formation of a RM60 billion fund to rescue selected companies that were rocked by the stock market crash. However, the credibility of the rescue operation was mired by the fact that it was funded by public bodies such as the state superannuation system, commonly referred to as the Employment Provident Fund (EPF). In the process of propping up the stock prices of certain companies, the EPF lost RM60 billion by late 1997.[57] In another example of selective bail-out, the UMNO linked United Engineers Malaysia, in November 1997, embarked on a highly irregular RM2.34 billion takeover of its parent company Renong and in the process was allowed to flout regulations.[58] Accounting for 8% of the outstanding loans to the financial system, Renong was billed as being too big to fail. Renong's bail-out has been rationalised by the government as a means of preventing a social backlash from the Malay community as it constitutes a "strategic Bumiputera firm" which if allowed to fail, would be tantamount to the regression of the pre-NEP era of extreme Malay economic marginality.[59]

The networks of money-politics based on political patronage were starkly evident when Prime Minister Mahathir's son's debt-laden shipping company Konsortium Perkapalan Berhad (KPB) was bailed out by funds from the state petroleum company Petronas in March 1998. This bail-out helped to obliterate some US\$420 million of Mirzan Mahathir's debts.[60] The highly selective rescue of well-connected private companies with the aid of state funds contributed towards intra-UMNO divisions. In a bold move against Mahathir, UMNO youth leader Ahmad Zahid Haimidi, reputedly an Anwar supporter, denounced the prevalence of corruption and cronyism in the party prior to UMNO's General Assembly in July 1998. Since his sacking from the Deputy Prime Ministership and detention in September 1998, Anwar's supporters have campaigned vigorously against nepotism, money politics and corruption.

Without stringent and transparent institutional mechanisms in place, moves towards political liberalisation may not effectively mitigate against the entrenched practices of money-politics and corruption. This point was made apparent to the Thais when the shift towards political democratisation in the early 1990s did little to improve the nation's chronic problem of corruption. Indeed, there is evidence to suggest that corruption may have worsened during the earlier phases of Thailand's political liberalisation. This can be attributed to the practice of politicians buying votes to win public office and then recouping through kickbacks on government contracts and exploiting other financial opportunities. It is worth noting that many of the finance companies that collapsed had close links with politicians who had used them to launder illicit earnings and finance their investments.[61]

Serious attempts have been made by the reformist oriented Thai government to redress the scourge of money-politics. They include the drawing up of a new constitution geared towards

creating a participatory based democracy that makes it more cumbersome for politicians and bureaucrats to abuse state power for private gain. Under the new constitution, the cost of winning an election is reduced by splitting large, multimember constituencies into smaller, single seat constituencies and by providing free television and radio airtime during elections. Elected officials and their immediate family members must submit statements of their assets and liabilities to the National Corruption Commission.[62] Any allegation of corruption against a public official that is backed by 50,000 signatures has to be investigated by the Counter Corruption Commission.[63] Importantly, Thailand's incipient petitionary political culture serves to nurture political participation and empowerment of the masses whilst setting a democratic standard and model of political reform for other ASEAN nations.

Even the supposedly corruption free island republic of Singapore has not escaped the taint of corruption. In 1996, Senior Minister Lee Kuan Yew and son Deputy Prime Minister Lee Hsien Loong admitted to receiving discounts on purchases of luxury apartments from a publicly listed company Hotel Property Ltd (HPL) where Lee Kuan Yew's younger brother is one of the Directors.[64] Lee and son, with the support of Prime Minister Goh Chok Tong, were not reprimanded for the 12% discounts when purchasing the HPL properties.[65] The government had apparently accepted their argument that as they did not solicit the discounts and were somehow unaware that they did receive the discounts, even though it collectively amounted to more than S\$1,000,000, they had therefore not wilfully acted improperly.[66] Suffice it to say, in more transparent, accountable and vigorous democracies, public officials have been known to resign for less serious corruption allegations. As the assets of public officials do not have to be made public in Singapore, speculation and rumour-mongering remains rife about the previous discounts attained by PAP politicians and the extent of assets accumulated by them while in public office. To placate the strong undercurrent of public disquiet with PAP politicians acquiring property at discounted prices, Prime Minister Goh has required Ministers to provide detailed information on their ties with the developer and whether any discounts, special terms or treatment[67] was received before they and immediate family members purchase properties. Long before the HPL affair, public disquiet with the financial remuneration of PAP politicians were fuelled by their generous salaries which easily surpass their counterparts in industrialised countries like Japan and the United States.[68] Lee Kuan Yew[69] justified their generous salaries as a means of minimising the otherwise strong temptation to engage in corrupt activities. Argued Lee, "Pay political leaders the top salaries that they deserve and get honest, clear government or underpay them and risk the Third World disease of corruption." In an attempt to squash public criticism of Ministerial salaries, the government released a 1994 White Paper entitled "Competitive Salaries for Competent and Honest Government" which recommended that the salary of ministers be pegged at two-thirds the average mean income of the highest paid professions.[70] The logic behind the pegging of ministerial salaries to corporate high-flyers was that this was the most effective way of attracting the talented to public office. Instructively, arguments pertaining to the importance of politicians possessing a strong commitment and duty to public service, ironically a Confucian junzi trait the PAP leadership have in the past attributed to themselves,[71] was not highlighted in the White Paper. That PAP politicians have to be paid salaries that supersede their political counterparts in Japan or the United States in order to entice them into public office and prevent them from succumbing to the "disease of corruption" is in itself an indictment of the calibre and commitment of PAP politicians

## The Erosion of Democratic Processes and Institutions

Democracy can take on various forms and work in different ways in societies with dissimilar histories, structures and stages of economic transformation. As more than one political model can manifest democratic principles, liberal democracy is only one variant of democracy. Such a perspective contradicts the view of modernisation theorists[72] who have highlighted the linear relationship between economic development and democracy. Refining of the modernisation theory within the East Asian political context, Crouch and Morley[73] have purported that the more industrialised a nation, the more democratic it is and the less industrialised, the more authoritarian. Those that are industrialising at the intermediate level tend to be semi-democracies. This perspective goes some way towards explaining the democratic advances in countries such as Taiwan and South Korea but fails to explain the restricted progress towards genuine democracy in industrialised Singapore.

In order for democratic institutions and processes to function and thrive, the system of checks and balances and principles of transparency and accountability need to be firmly institutionalised and safeguarded. This can be effectively maintained by upholding the rule of law and ensuring that the judiciary, legislature and executive remain independent of one another. The nurturing of an autonomous civil society and the safeguarding of fundamental rights such as freedom of speech can act as important pillars in upholding the integrity of democratic institutions.

Importantly, holistic democratic perspective and practices generally go beyond highlighting the importance of political rights and encompass principles of economic democracy such as the right to material wellbeing and opportunity for meaningful employment. Such rights tend not to be highly prioritised even in liberal democracies where the logic of market forces prevail.

In Southeast Asia, authoritarian governments tend to base their legitimacy and democratic credentials on the fact that elections are held on a regular basis. However, these "elections without turnover" often operate under conditions that restrict the ability of opposition parties ability to compete freely and fairly for electoral support. They are commonly not granted the same access to the mainstream media which more often than not acts as an organ of the dominant party. In Suharto's Pancasila democracy, only two opposition parties were permitted to participate in elections on the premise that a multiparty system was culturally alien and inherently destabilising.[74] The Indonesian parliament (Majlis Perwakilan Rakyat or MPR) was made up of less than 40% elected parliamentarians and only met once every five years. In the 32 years of Suharto's reign, no legislation was passed in the largely appointed body.[75] The kowtowing nature of the MPR was demonstrated when in early 1998 it unanimously re-elected Suharto without any challenge and accorded Suharto more draconian security powers to quash the riots and civil unrest engulfing the nation. As the economic crisis worsened, Suharto, having adopted the feudal persona of a Javanese king, became even more detached from the rising levels of public dissent and increasingly sought advice from cronies, close relatives and dukuns (soothsayers).

With the weakening electoral clout of Singapore's PAP government in the early 1980s, constitutional engineering initiatives have increasingly been used as a means of strengthening its political base. Prior to the 1988 elections, the electoral system was profoundly altered by the implementation of the Group Representative Constituency (GRC) legislation that initially integrated three adjoining constituencies into an electoral ward. The GRC system was rationalised on the grounds that it would ensure multiracial representation in parliament as each GRC team had to include an ethnic minority candidate. However, the integration into GRCs of electoral constituencies where opposition support was strong and the steady expansion of GRC

wards have fuelled suspicions that it is essentially an electoral device geared towards shoring up the then eroding electoral position of the PAP.[76] Another innovation geared towards ensuring that Singaporeans need not rely on opposition politicians to express dissenting opinion in parliament was the Nominated Member of Parliament (NMP) bill in 1989. Playing the role of the "loyal opposition" six NMPs representing different sectors of society have been appointed by the President on the advice of a special select committee appointed by the PAP-dominated parliament.[77] In 1993, the office of an elected President was created to ostensibly block future governments from squandering the nation's financial reserves. The stringent eligibility requirements for the office lend weight to the view that the office was yet another ploy to preserve the political hegemony of the PAP. It is particularly instructive that only 0.01% of the island's population would be eligible for the post, effectively disqualifying the vast majority of Singaporeans.[78]

In his 17 years as Prime Minister of Malaysia, Mahathir Mohamad has incrementally strengthened the powers of the executive at the expense of other centres of power such as the legislature and judiciary. As a result, the system of checks and balances, principle of separation of powers and the rule of law have been seriously impaired. Even within the executive, Mahathir's clout is recognisably more potent than any of his predecessors. Potential and overt challengers to his supreme position in UMNO have been summarily removed amidst charges of treachery, corruption and immorality. The string of ill-fated Deputy Prime Ministers who occupied the position for no longer than five years include Musa Hitam, Razaleigh Hamzah and more recently Anwar Ibrahim. In keeping with the strengthening powers of the executive, the constitutional power of the Yang di-Pertuan Agong or King to assent all Bills passed in parliament was eroded by the 1984 Constitutional Amendment Bill. The King eventually assented to the Bill under immense pressure following Mahathir's efforts at mobilising mass public support for the Bill with the help of the local papers and mass rallies.<sup>79</sup>

It is widely recognised that the independence of the judiciary in Singapore and Malaysia has been politicised and its integrity compromised. In 1991, the Bar Association of New York observed that the Singaporean and Malaysian governments have undermined the independence of the judiciary and eroded the principle of the rule of law.[80] Judges whose rulings have not been in the interest of the government have been routinely transferred or dismissed. After a series of independent court rulings that challenged the legal standing of UMNO and facilitated the formation of a splinter UMNO party, the Lord President Salleh Abbas was suspended and eventually dismissed in 1988.[81] A flagrant disregard for international judicial norms was exemplified by the Malaysian Federal Court's ruling against Dato' Kumaraswamy who is the United Nations (UN) Special Rapporteur on the Independence of Judges and Lawyers. His alleged wrongdoing centred on statements made to a reporter in London that he was investigating complaints that highly placed businessmen were manipulating Malaysia's judicial system. In ruling against Dato' Kumaraswamy, the Federal Court disregarded Article 22 of the United Nations Convention on Privileges and Immunities which accords UN experts the privileges and immunities necessary for the independent exercise of their function.[82] Another indictment against the integrity of the Malaysian judiciary was levelled by Anwar just days before his detention when he predicted that judges who might be neutral in hearing charges against him had been "... quietly moved or spirited out." [83]

The integrity of Singapore's judicial system has been under question by a wide range of bodies and institutions such as Amnesty International, Asiawatch, the International Commission of Jurists and the United States State Department. The financially ruinous defamation suits that

have been successfully filed against opposition politicians have aroused deep apprehensions about the independence of the judiciary in cases that affect opposition politicians or have political implications.[84] Having observed the proceedings of a defamation suit by senior PAP leaders against an opposition Workers Party Secretary-General in 1997, the International Commission of Jurists representative Stuart Littlemore issued a statement affirming the politicisation of the Singaporean judiciary. "The Singaporean leadership has a long-standing record of using the High Court as a mechanism for silencing its opponents -- by suing them for statements that, in any comparable jurisdiction, would be seen as part of the robust political debate inseparable from democratic freedoms, and by being awarded such unconscionably high damages and costs as to bankrupt the defendants, forcing them out of Parliament." [85] The abolition of all appeals to the Privy Council in London in 1994, after it passed a ruling in favour of an opposition Workers Party politician J.B. Jeyaretnam and questioned the propriety of the Singapore court's ruling, has rendered defamation by PAP politicians a potent instrument of intimidation.

Numerous reports have alleged police mistreatment of detainees in the form of sleep deprivation, continuous interrogation in freezing rooms that are totally dark and where they have had their clothes stripped and doused with cold water. "Confessions" are commonly obtained from Internal Security Act (ISA) detainees and accepted as a bone fide "statutory declaration." [86] With the 1989 Constitutional amendment to eliminate judicial review of ISA detainees, the ISA's power of detention without trial has become a powerful instrument of intimidation at the ready disposal of the government.

### **Democratic Diffusion and the Push for Political Reform**

".....stability that is not democratic is one of mere appearance, containing within itself the seeds of destructive disorder like a time-bomb."

Arend Lijphard

Transparency, accountability and reform have attained the status of a mantra since the outbreak of the currency crisis. Having learnt from the lessons of recalcitrant authoritarian regimes unwilling and unable to creatively respond to the challenges of the economic crisis, newly installed governments in South Korea and Thailand have attempted to base their legitimacy on the implementation of a reformist agenda. Their implementation of economic reform and management of political crisis is likely to be more effective than the more authoritarian governments owing to their relative responsiveness to the aspirations of the larger society. The case for democratic governance has been strengthened by the Thai government's implementation of unpopular economic and social reforms through the arduous but necessary process of consultation with the various interest groups in civil society. Despite Thailand's economic travails, there is minimal civil unrest and no military intervention. To date, a majority of Thais are thought to be relatively satisfied with the Chuan government's efforts to design a new Constitution aimed at limiting money-politics.[87] Additionally, the image of Prime Minister Chuan Leekpai and Foreign Minister Surin Pitsuwan as the democratic face of Southeast Asia have placed them in a strong position to credibly represent the interests of Thais and other Southeast Asian nations in international forums.

Authoritarian leaders such as Singapore's Lee Kuan Yew have acknowledged the importance of the reform agenda; "I believe the root cause of many an economic crisis is political. The depth of the crisis and the speed with which a country is able to emerge from it depends upon whether the government has the political will and popular support to implement the tough measures that are

necessary to overcome the crisis." [88] However, for Lee, economic reforms do not need to be accompanied by genuine political reforms and popular support does not necessarily require greater autonomous and democratic space within civil society. What was required in economically beleaguered countries like Indonesia was not greater democratisation but more of Singapore's brand of authoritarian style of "good governance." [89] Such a perspective runs counter to the view held by democratic theorists such as Arend Lijphart who have asserted that long-term political and economic stability requires strong democratic foundations. [90] The historical experience of many countries in East Asia suggests that a significant segment of society may be willing to engage in a pragmatic temporary trade-off of civil liberties and workers rights in return for significant improvements in material standards of living. This perspective goes some way towards explaining the tolerance for authoritarian and semi-authoritarian governments during periods of economic growth. [91] To some extent, Suharto's longevity cannot be explained simply in terms of the New Order regime's recourse to repressive measures. In the 1960s and 1970s, the regime's legitimacy rested strongly on the myth of having saved the nation from foreign-inspired and supported Communist forces. By the early 1980s, legitimacy was strongly based on Suharto's reputation as "Bapak Pembangunan" (Father of Development) with the attainment of high levels of economic growth and reduction of poverty. [92] Similarly, Mahathir's political longevity can be attributed to his relative success in upgrading the technological and industrial base of the nation as demonstrated by the national car project and planned multi media super highway scheme.

As the legitimacy of many authoritarian governments is strongly performance-based, a serious economic crisis and its accompanying social dislocations can severely erode their legitimacy. When divisions emerge within the ruling elite, demands for economic and political reform tend to assume greater potency. Prolonged and widespread civil unrest can further serve to widen existing divisions within the political and social elite. Significantly, civil unrest leading to the fall of a government in one country can have the demonstration effect of inspiring civil unrest and the destabilisation of governments in neighbouring countries. This phenomena, also referred to as the ripple, contagion, snowballing or domino effect, has been greatly assisted by the rapid diffusion of information on the strategies adopted by pro-democracy groups in the region. In the mid-1980s, the Filipino People's Power movement strongly inspired, invigorated and emboldened neighbouring reformist movements in South Korea, Taiwan, Burma, Indonesia and China. Indicative of the demonstration effect, the newly formed Indonesian elite dissident group Petisi 50 (Petition of 50) in 1988 called for greater democratisation to solve the nation's problems by making references to the democratic advances in neighbouring Asian countries. [93]

Both South Korea and Taiwan began to liberalise from the late 1980s after widespread civil protests included large segments of the formerly depoliticised middle classes. Despite the detention of the popular Burmese National League for Democracy (NLD) leader Aung San Suu Kyi and restrictions placed on opposition parties, the party won by a landslide in the 1990 elections. However, the chequered impact of the Filipino, Taiwanese and South Korean democratisation movements on Southeast Asia can to some extent be attributed to the return of rapid economic growth after the brief period of recession in the mid-1980s. For example, the Malaysian economy between 1988 and 1990 grew by an average annual rate of 9.1% compared with a negative growth of 1% in 1985. [94] Additionally, signs of organised dissent were contained by the closure of some newspapers and mass detention without trial of opposition members, grass-roots activists and dissidents in Malaysia and Singapore in 1987. Potential and overt challenges to Mahathir's leadership of UMNO in the mid-1980s resulted in the resignation

of Deputy Prime Minister Musa Hiram and his successor Tengku Razaleigh after the latter narrowly lost the UMNO presidency in 1987.

Authoritarian governments in multi-ethnic societies such as Malaysia and Singapore have not been averse to exploiting the nations delicate racial fabric by periodically raising the spectre of race riots. For example, the Malaysian Chinese and Indian communities have been advised by National Front leaders not to participate in the reformasi movement or risk undermining the nation's fragile multi-ethnic harmony and political stability.<sup>[95]</sup> In short, Anwar Ibrahim's dismissal and the reformasi movement have been expediently reduced to an intra-Malay political altercation and by implication should not overly perturb non-Malays. Recognising UMNO's increasingly unstable political base within the Malay community, Mahathir has expediently courted the Chinese community by assuring them, through innuendo and more direct language, that unlike the fate of the Indonesian Chinese, the Malaysian Chinese have a stake in the country under his leadership.<sup>[96]</sup>

In Singapore, the Indonesian political crisis and attacks against the Chinese community was initially projected by the state controlled mainstream media as pribumis venting their anger against the historically victimised and scapegoated Chinese community. The political capital gained from promoting this perspective is derived from reinforcing the insecurity complex of the predominantly Singaporean Chinese community. Importantly, it enhances the stature of the PAP government as a guardian of Chinese interests in a capricious Malay-Muslim region. In the post-Cold War era of diminishing communist bogeys, the continued existence of the ISA, which allows the state to detain citizens without trial, has been justified as necessary for containing communalists inclined towards fermenting ethnic tension. However, this justification has been commonly understood as a smokescreen to contain dissenting views against the PAP's authoritarian rule.<sup>[97]</sup> In response to the rising tide of democratic sentiments, the concept of an Asian-style democracy had been energetically promoted, particularly from the late 1980s, to counter domestic and international pressures to democratise. The concept was purposefully articulated through the "Asian Way" discourse and official state ideologies such as the Singaporean Shared Values and Indonesian Pancasila Democracy. In the tradition of many senior PAP politicians and bureaucrats were proud advocates of the culturalist "Asian Way" discourse, Chan Heng Chee<sup>[98]</sup> has listed some of the characteristics supposedly shared by East Asians. They include having a communitarian impulse that is stronger than the individualistic impulse and greater respect of authority, a strong interventionist state and dominant political parties maintaining office for long periods of time.

The simplistic character of the "Asian Way" discourse and tenuous nature of the performance-based legitimacy of many governments in Southeast Asia has been made more obvious by the political challenges that quickly emerged once the momentum of high growth ground to a halt in 1997. Governments in Thailand and Indonesia collapsed amidst widespread civil protest while the fate of the Burmese military regime appears to be increasingly precarious. The Malaysian government has attempted to attenuate public disquiet with the economic recession by raising the spectre of foreign plots against the country and proclaiming a new era of neo-colonialism.<sup>[99]</sup> In an outright denial of the role of students and other groups in civil society in Suharto's political demise, Mahathir attributed it to the pernicious work of foreigners. Commenting on the lesson he had learnt from Suharto's fall, Mahathir opined, "What I have learnt is that it is possible for foreign people to influence people in the country, agitate them and cause them to overthrow the government."<sup>[100]</sup> Opposition politicians and critics of Mahathir's handling of the economic crisis have been condemned as foreign agents.<sup>[101]</sup>

Despite Mahathir's anti-Western rhetoric, the Indonesian "contagion" was to visit Malaysia shortly after the Indonesian May riots. Divisions within UMNO were exacerbated by disagreements over the bail-outs of favoured firms and the economic prescription required. Indicative of the intra-UMNO schism, Deputy Prime Minister Anwar Ibrahim made veiled criticisms of the Mahathir backed bailouts of politically connected Malaysian businesses. On June 1998, he referred to the economic crisis as having " ... unleashed a gale of creative destruction ..." that would " ... cleanse society of collusion, cronyism and nepotism," In a direct contradiction of Mahathir's stance, Anwar raised the spectre of the Indonesian pro-democracy movement by stating that the " ... weakness in internal policies contribute to some of the problems ... If we are unwilling to accept this, then we may face the Indonesian situation where the people demanded changes."[\[102\]](#) The wide media coverage of Anwar's reformist stance and the prominence accorded to issues such as nepotism and corruption, brought sharp rebuke from Mahathir and other conservative forces within the party. This was manifested in the resignation of Hamidi as UMNO Youth leader, senior editors from Berita Harian and Utusan Melayu and senior television executives seen to be sympathetic towards Anwar's reformasi agenda. Mahathir's criticism of the Central Bank over its tight monetary and high interest rate policy led to the resignation of the Governor and Deputy Governor of the Central Bank in 1998.[\[103\]](#) Ominous signs of widening intra-UMNO division and its weakening support base in the Malay rural hinterland was made evident by UMNO's consecutive electoral defeats to the Islamic-based party PAS in the 1997 Telok Intan, Perak and 1998 Arau, Perlis parliamentary by-elections. Mounting schisms within the Barisan National coalition was made obvious by Gerakan's resolution at its June 1998 party conference that called for the end of money-politics,[\[104\]](#) Anwar's sacking and subsequent detention under the ISA in September 1998 and the detention and expulsion of numerous UMNO politicians reflects Mahathir's attempt to purge UMNO members in favour of reformasi. While the upper-level UMNO leadership may have supported Mahathir's actions against Anwar, there appears to be considerable disquiet within the politically potent UMNO grassroots who form the core of UMNO's political base.[\[105\]](#) Many have joined the opposition party PAS as a means of registering their disillusionment with the UMNO leadership. A 1998 poll conducted for UMNO indicated that 80% of party members do not believe the charges against Anwar.[\[106\]](#) In an attempt to stall a possible challenge by the UMNO rank-and-file against his leadership, Mahathir shrewdly rescheduled the UMNO general assembly elections from June 1999 to the following year.[\[107\]](#) Without doubt, the manner by which Anwar was sacked, detained and physical abused whilst held under the draconian Internal Security Act (ISA) has outraged the public's sense of natural justice and more specifically eroded the traditional Malay reverence for the "leader." This was clearly demonstrated when Mahathir was heckled anjing (dog), which is the ultimate Malaysian insult, after the UMNO Supreme Council Meeting had sacked Anwar from the party.[\[108\]](#) Public faith in the impartiality of public institutions such as the judiciary and police force has nosedived with the sordid revelations of police brutality surrounding Anwar's detention and trial. These disclosures have confirmed long-held suspicions that the police routinely physically and mentally torture detainees[\[109\]](#) as a means of extracting confessions,[\[110\]](#) Public outrage at the excesses of the executive and complicity of the judiciary, police force and media has galvanised the reformasi protest movement into forming numerous inter-ethnic nongovernment organisations.[\[111\]](#) Adopting a united front approach, they have forged close links with one another, local opposition parties and pro-democracy movements in the region.

Measures geared towards preventing the economy from sliding further into recession will strongly determine the Malaysian government's ability to contain the reformasi movement. The stabilisation of the ringgit with the imposition of economic policies such as the capital control measures may have tempered some middle class and business apprehension with the government's management of the economic and political crisis. In particular, the capital control measures have prevented overseas speculation in the Malaysian ringgit,[\[112\]](#) stabilised the economy and received the reserved endorsement of prominent economists such as Paul Krugman. Importantly, the capital control measures have been endorsed by the Malaysian International Chamber of Commerce and Industry, some trade unions, consumer groups and non-government organisations such as the Third World Network.[\[113\]](#) The latter groups tend to view international financial agencies such as the International Monetary Fund, its financial liberalisation agenda and the current dynamics of the international financial system as the overarching and more pernicious threat to the sovereignty of Malaysia and other developing economies.

As Singapore slides deeper into recession, dissenting establishment voices that are normally oblique and couched in polite language have become more assertive. The generally compliant business community has expressed disappointment with the PAP governments June 1998 off-budget measures to combat the economic crisis.[\[114\]](#) In a rare feat of cross-party unanimity, some PAP and opposition MPs have called on the government to do more, by way of relief, for companies and families hard hit by the regional economic crisis.[\[115\]](#) Earlier in the year, Nominated Member of Parliament (NMP) Zulkifli Baharudin and several PAP MPs spoke out against Singapore Films Amendment Bill which bans a wide range of political films and videos and gives authorities looking for political films the power to conduct searches and seizures without warrant.[\[116\]](#) Zulkifli asserted that the bill disadvantages the opposition parties in view of the fact that the PAP has numerous dissemination outlets at its disposal.[\[117\]](#) As the number of worker retrenchments continues to surge, expressions of dissatisfaction with the policy of encouraging skilled foreigners to Singapore have been raised at by various quarters.[\[118\]](#) The need to re-examine social welfare policies, which have long relied strongly on the resources of private welfare organisations, has been advanced by NMP Claire Chang.[\[119\]](#)

The growing yearning for greater democratic space was highlighted at a state-sponsored conference on democracy in May 1998. Articulating these public aspirations, the high-profile Singaporean ambassador Tommy Koh called for a " ... culture of tolerance ..." and " ... a real need for the government not to visit those who express dissenting views with retribution. This creates an atmosphere of fear."[\[120\]](#) Calls for Singaporeans to be accorded their constitutional right to exercise free speech and assembly have been articulated by opposition politicians such as Chee Soon Juan from the Singapore Democratic Party, NMP Zulkifli Baharudin and bodies such as The Roundtable. Repeatedly imprisoned for refusing to pay fines for speaking in public without a permit in January 1999, Chee has sought to expose and challenge the constitutionality of laws such as the Public Entertainment Act by highlighting Section 14 of the Singaporean Constitution which explicitly guarantees Singaporeans freedom of speech, association and assembly.[\[121\]](#) By stressing the importance of democracy in facilitating the island republic's ascend towards a knowledge-based economy, Chee has undoubtedly struck a sympathetic chord with many concerned Singaporeans. Others such as NMP Zulkifli Baharuddin and journalist Cherian George have proposed the establishment of free-speech venues without the need to apply for public permits on the grounds that " ... The government cannot monitor and regulate society forever, and in the next phase of Singapore's development, the public would have to be counted

on to weigh competing interests on its own." By placing the need for greater democratisation firmly within the context of Singapore's shift towards a knowledge based economy, the PAP's authoritarian style of governance has been expediently contested on economic grounds.

### Reforming the ASEAN Way

Roundly applauded for its achievements during the "miracle years," the Association of Southeast Asian Nations (ASEAN) has with the onset of the economic crisis come under intense scrutiny and pressure to re-appraise its "ASEAN Way" conventions. The cardinal "ASEAN Way" approach of projecting a united front by not criticising other ASEAN members publicly and the "speak-no-evil" diplomacy based on non-intervention in the domestic affairs of ASEAN members has been blasphemed by the "war of words" between various ASEAN nations. Additionally, its controversial "constructive engagement" approach towards the Burmese SPDC military junta has been taken to task by the more liberal oriented governments of Thailand and the Philippines for failing to improve the SPDC's economic and human rights record. One of the weak links in the ASEAN solidarity image has been the deep-seated tension between the Singapore and Malaysia governments. By the earlier half of 1998, the problematic relations between both nations degenerated into petty public bickering and hostile recriminations stemming from a raft of disputes such as the administration of Malaysian customs, immigration and quarantine (CIQ) services in the Malaysian run Tanjong Pagar railway station in Singapore. The CIQ dispute escalated with the release of the first volume of Lee Kuan Yew's memoirs that portrayed Malaysia's founding leaders as morally lax. Lee blamed the UMNO dominated Alliance Federal government for inciting the 1964 race riots in Singapore and the failure of Singapore's merger with the Malaysian Federation from 1963-1965. Lee's overt disapproval of Suharto's preference for Habibie as Vice-President in early 1998 has also contributed to Singapore's strained ties with Indonesia.<sup>[122]</sup> A firm advocate of the concept of "democracy without turnover," Lee provoked the ire of the Thais when he pronounced at an international forum in 1998 that the financial crisis in Thailand stemmed from the nation's rapid turnover of prime ministers and cabinets.<sup>[123]</sup> Lee's unsolicited views on the domestic affairs of neighbouring countries have clearly contravened ASEAN's policy of noninterference. Singapore's well-publicised fracas with Malaysia and Indonesia was preceded by a war of words between Malaysian leaders and Filipino President Estrada and Indonesia's Habibie over Anwar's physical assault whilst detained under the ISA. Their comments and veiled threats to boycott the 1998 APEC summit in Kuala Lumpur served to further strengthen the push to reform ASEAN's non-intervention principle, deemed to be out-of-step with diplomatic realities, international norms and morally bankrupt. Leading the intellectual argument for a reformed, rejuvenated and relevant ASEAN, Thailand's Foreign Minister Surin Pitsuwan has asserted that ASEAN reform its non-intervention policy in favour of an approach based on flexible engagement. Pitsuwan's flexible engagement proposal is based on transparent and "open-dialogue" amongst ASEAN nations and government's adopting "people-centred" approaches with civil society.<sup>[124]</sup> Such an approach would help to improve ASEAN's international image and relations with regional groupings such as the European Union. To date, ASEAN's international image has been somewhat tarnished by the lack of creative solutions to the political instability in Cambodia, poor management of the Indonesian forest fires in 1997 and repressive actions of many ASEAN governments against dissenting groups. It has also failed to adopt effective concerted measures in tackling the regional economic crisis. In view of the intensification of regional and global interconnectedness, it is imperative that ASEAN adopt

creative and transparent approaches if it is to remain relevant and effective in confronting the complex challenges of the new millennium.

## Conclusion

Until the outbreak of the economic crisis in 1997, many advocates of East Asian exceptionalism believed that East Asia's high growth would continue indefinitely, proclaiming the twenty-first century as the Asian century. Singapore's Lee Kuan Yew confidently purported that, "The tide is rising for East Asia. ... Soon we shall talk to them [the West] more on equal terms." [125] During the "miracle years," money-politics and nepotism were tolerated and authoritarian rule institutionalised with the ideological assistance of the "Asian Way" discourse. However, the tsunami-like ferocity of the regional economic crisis has exposed the fragility of authoritarian rule and raised questions about the propriety the "Asian Way."

It is worth noting that the economic crisis has been viewed with an element of hubris by some western governments and opportunism by international financial agencies and global capital wanting to further liberalise East Asia's economies. The push for economic reform based on minimal state intervention has been spearheaded by international agencies such as the IMF. Having blamed endogenous factors such as cronyism, corruption and nepotism for the economic crisis, there is scant recognition of the role of indiscriminate financial liberalisation in spearheading the unregulated and destabilising flows of global capital in rapacious pursuit of quick and high returns. To some extent, the capital control measures of the Malaysian government have highlighted the need to regulate the destabilising effects of unregulated, short-term and speculative capital movements by restructuring the current international financial architecture.

The political crisis confronting many of the authoritarian states suggests that authoritarian regimes are not equipped in containing the socio-political forces unleashed by the economic transformation of the high growth years. In particular, the fall and destabilisation of governments in Indonesia and Malaysia was to a large extent precipitated by the severe erosion of their performance-based legitimacy. The political turmoil unleashed by the economic crisis clearly demonstrates that the legitimacy of Southeast Asian governments can be better secured by the coupling of economic well-being with greater accountability and political space for civil participation. Authoritarian forms of governance are increasingly recognised as inherently stable and inimical in providing the political and economic prerequisites for the challenges of the new millennium.

Pre-existing intra-elite divisions have escalated into outright power struggles between the dominant conservative and reformist factions, [126] the former unwilling to allow for greater democratisation whilst the latter establishing links with reformist movements to extend the existing parameters of democratic space. If the elite reformist factions prevail, the initial reforms instituted are likely to be incremental and cautious but nonetheless significant in terms of strengthening the possibilities for further reforms. As the Thai Foreign Minister Surin Pitsuwan has insightfully opined "Change will come, but it will be incremental." [127]

Southeast Asia's economic and socio-political landscape is undergoing a metamorphosis. Like a baptism of fire, the chequered but determined struggles of pro-democracy movements in the region represent a deep yearning for national entities to be rejuvenated through genuine reform. The political agenda, practices and perspectives of the "ASEAN Way" and "Asian Way" are coming under intense challenge in recognition that economic reforms can only be effective if

they are accompanied by concomitant reforms in the socio-political sphere. Paradoxically, such dramatic change would not have been possible without the turbulence of the economic crisis.

### Notes:

1. East Asia includes countries in Northeast Asia and Southeast Asia.
2. They include social scientists such as Walden Bello and Stephanie Rosenfeld, *Dragons in Distress: Asia's Miracle Economies in Crisis*, Penguin, London, 1990; Yoshihara Kunio, *The Rise of Ersatz Capitalism*, Oxford University Press, Singapore, 1988; R. Higgott and R. Robison (eds.), *Southeast Asia: Essays in the Political Economy of Structural Change*, Routledge & Kegan Paul, London, 1985; E. Gomez and Jomo KS., *Malaysia's Political Economy: Politics, Patronage and Profits*, Cambridge University Press, Cambridge, 1997.
3. Paul Krugman asserted that East Asian economic growth was unsustainable and required greater improvements in innovation, technology and total factor productivity. The high levels of growth was largely due to the transition of the labour force from rural to industrial regions, education of the workers and catch-up in capital stock. Refer to his article, "Myth of the Asian Miracle," *Foreign Affairs*, Vol.73, No. 6, 1996.
4. Refer to Alice Amsden, *Asia's Next Giant: South Korea and Late Industrialisation*, Oxford University Press, New York, 1989 and Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialisation*, Princeton University Press, New Jersey, 1990.
5. CNBC is a subsidiary of Time Warner's CNN broadcasting network.
6. Walden Bello, "Fuelling the Psychology of the Bubble Economy," *The Nation (Bangkok)*, 9 February, 1999.
7. Refer to George Lodge and Ezra Vogel, *Ideology and National Competitiveness: An Analysis of Nine Countries*, Harvard Business School Press, Boston, 1987 and Peter Berger and Hsin Huang Hsiao (eds.), *In Search of an East Asian Development Model*, Transaction Books, New Jersey, 1990.
8. G. Rodan, "Civil Society and Other Political Possibilities in East Asia," ***Journal of Contemporary Asia***, Vol. 27, No. 2, 1997, p.170.
9. *Ibid*, p. 171.
10. Refer to W.W. Rostow, *Stages of Economic Growth*, MIT Press, Cambridge, 1960.
11. Cited from "I've Lost My Voice," *Asiaweek*, 27, March, 1998.
12. D.M. Jones, *Political Development in Pacific Asia*, Polity Press, U.K., 1997, p. 117.
13. *Straits Times Interactive*, 6 November 1997.
14. Jomo Sundaram, "Tigers in Trouble," paper presented at the Asia-Pacific Conference, Glebe High School, Sydney, November, 1997.
15. The Singapore and Taiwan dollar lost nearly 20% of their value against the US dollar in the first few months of the crisis (*Straits Times*, 22 Jan. 1998).
16. The Singaporean and Hong Kong authorities have cooperated to deter speculators taking advantage of the different regulations on stock futures contracts traded in both cities (*New Straits Times Interactive*, 18 November 1998).
17. Hans-Peter Martin and Harald Schumann, *The Global Trap: Globalisation and the Assault on Democracy and Prosperity*, Pluto Press, Sydney, 1996.
18. In recognition of the potentially damaging nature of finance capital, Tobin has advocated deterrence measures against short-term speculation by way of a tax on currency transactions to be agreed upon internationally and administered by the IMF.

19. This argument has been cogently put by David Held in "Democracy and Globalisation," *Alternatives* 16, 1991, p. 203.
20. Jeffrey Sachs, "To Stop the Money Panic," *Asiaweek*, 13 Feb. 1998.
21. A. Shameen, "Making Sense of a Crisis," *Asiaweek*, 31 Oct. 1997.
22. Gerald Tan, *ASEAN: Economic Development and Co-operation*, Times Academic Press, Singapore, 1996, p. 34.
23. Refer to Anne Booth, "Southeast Asian Economic Growth: Can the Momentum Be Maintained?," *South-east Asian Affairs 1995*, Institute of Southeast Asian Studies, Singapore.
24. In Thailand, short-term foreign loans constituted 51% of GDP in 1996. Her foreign currency debt is approximately US\$90 billion (*Sydney Morning Herald*, 16 Aug. 1997). Refer to N. Chanda, "Rebuilding Asia," *Far Eastern Economic Review*, 12 Feb. 1998.
25. Indonesia's private sector owes US\$65 billion in foreign loans. This debt is largely short-term (*Sydney Morning Herald*, 17 Jan. 1998). In Feb. 1998, the Indonesian government revealed that the national debt was US\$137 billion (*Sydney Morning Herald*, Feb. 1998).
26. "The Asian Crisis: An Interview with Nouriel Roubini," *Dateline*, 27 Jan. 1998 (<http://www/economics.tqn.com.library/weekly/aa012798.htm>).
27. In 1997, it stood at 5.4% of GDP which is the largest of the ASEAN-4 nations (*Asiaweek*, 31 Oct 1997).
28. Senior banking supervisory personnel from government agencies in Indonesia (Central Bank) and Japan (Ministry of Finance) have been accused of accepting kickbacks and engaged in corrupt activities (*Far Eastern Economic Review*, 12 Feb. 1996).
29. *Asiaweek*, 31 Oct. 1997.
30. To the Singaporean government's credit, the liberalisation of financial markets had been augmented by prudential supervision of the financial and securities market. It stands out as the only government in Southeast Asia to have seriously initiated pro-active measures to curb the excessive credit expansion in real estate. Acting on early warning signals, the government in early 1996, imposed high tax surcharges on property resold less than 3 years after purchase to curtail real estate speculation.
31. *Far Eastern Economic Review*, 2 July 1998.
32. This project was to be undertaken by Suharto's daughter Titiek Prabowo.
33. *Straits Times Interactive*, 17 September 1997.
34. *Straits Times Interactive*, 11 Jan. 1998.
35. Japan, US and EU have protested to the World Trade Organisation (WTO) over the "unfair trading" conditions accorded to the Timor Putra car project and Indonesia's violation of its free trade commitments.
36. P. Lubeck, "Winners and Losers in the Asia-Pacific," in G. Thompson, *Economic Dynamism in the Asia-Pacific*, Routledge, London, 1998, p.295.
37. For an insightful exposition of this phenomena please refer to Anthony Reid, *Southeast Asia in the Age of Commerce 1450-1680*, Vol. 2, Yale University Press, New Haven, 1993.
38. Adam Schwarz, *Indonesia: A Nation in Waiting*, Allen & Unwin, Sydney, 1994, p. 55.
39. "Now, Habibie Inc.," *Asiaweek*, 5 June 1998.
40. The "Bumiputera" share of the major professions (doctors, lawyers, architects, engineers) was 5% in 1970 and rose to 29% in 1990.
41. The Chinese ownership of the corporate sector has increased from 37% to 40% whilst the foreign ownership has decreased from 60% to 30%. Refer to James Jesudason, *Ethnicity and the Economy: The State, Chinese Business, and Multinationals in Malaysia*, Oxford University Press, Singapore, 1989.

- [42.](#) *Ibid*, p. 176.
- [43.](#) P. Lubeck, *op.cit.*, p. 292.
- [44.](#) E.T. Gomez and Jomo K.S., *Malaysia's Political Economy: Politics, Patronage and Profits*, Cambridge University Press, Cambridge, 1997.
- [45.](#) *Ibid*, p. 67.
- [46.](#) A. Bowie, "The Dynamics of Business-Government Relations in Industrialising Malaysia," in A. Macintyre (ed), *Business and Government in Industrialising Asia*, Allen & Unwin, Sydney, 1994, p. 182.
- [47.](#) *Ibid*, p. 96-97.
- [48.](#) E.T. Gomez, *Political Business: Corporate Involvement of Malaysian Political Parties*, James Cook University Press, Townsville, 1994, p. 131.
- [49.](#) Bowie, *op.cit.*, p. 183.
- [50.](#) *Op.cit.*, p.37-39.
- [51.](#) The Hong Leong Group was reported to have supported the former Finance Minister Anwar Ibrahim's successful 1993 bid for the UMNO Deputy Presidency. Refer to E.T.Gomez and Jomo K.S., 1997, *op.cit.*, p. 129.
- [52.](#) For an analysis of the 1995 general elections, refer to Lily Rahim, "The 1995 Elections and the Politics of Pragmatism," *Current Affairs Bulletin*, Vol. 72, No. 4, December 1995/January 1996.
- [53.](#) For example, no charges were brought against former Chief Minister Rahim Tamby Chik for the enormous amount of wealth he amassed during his tenure as Malacca's Chief Minister. Ministry of International Trade and Industry Minister Rafidah Aziz similarly did not have to answer to the charge of chairing a committee that approved special share allocations to her son-in-law. Refer to "The New AntiCorruption Act: Missed Opportunity," *Aliran Monthly*, August, 1997.
- [54.](#) Cited in *Asiaweek*, 5 May 1998.
- [55.](#) Under the new bill, sentences for those found guilty of corruption has been significantly increased. The maximum fine rose to RM100,000 with a jail sentence of up to 20 years (*op.cit.*).
- [56.](#) In Thailand, these declarations have been publicised in the press. *Asiaweek*, 20 May, 1998.
- [57.](#) Not surprisingly, the EPF dividend of 6.7% in 1997 was the lowest in 20 years. Refer to G. Rajasekaram, "Lowest EPF Dividend in 20 Years," *Aliran Monthly*, April, 1998, p. 9.
- [58.](#) S. Husin Ali, "Economy in Crisis," *Aliran Monthly*, April 1998, p. 17.
- [59.](#) Walden Belle, "The Malaysian Enigma," *Focus on Trade*, No. 13, November/December, 1998.
- [60.](#) KPB's debt was RM 1.6 billion by the end of 1996 or triple the value of its capital. Refer to "The Bailout Business," *Asiaweek*, 27 March, 1998.
- [61.](#) "Thailand Gets the Bill," *The Economist*, 9 August, 1997, p. 21.
- [62.](#) Senior bureaucrats are also subject to financial scrutiny. J. Spragur and J. Gearing, "Will the Diet Work?: The Thai Charter Takes Graft Off the Menu," *Asiaweek*. 20 May, 1998.
- [63.](#) M. Vatikiotis, "The Reform Tango," *Far Eastern Economic Review*, 5 Nov. 1998.
- [64.](#) As a publicly listed company HPL was in breach of the Stock Exchange of Singapore rules when it failed to get the the permission of its shareholders before granting generous discounts to numerous members of the Lee family.
- [65.](#) Goh Chok Tong appointed the Finance Minister Richard Hu and the Deputy Managing Director of the Monetary Authority of Singapore Koh Beng Seng to investigate the HPL discounts granted to the Lees. It is particularly noteworthy that the Goh had not directed bodies

such as the Commercial Affairs Department (CAD) or the Corrupt Practices Investigation Bureau (CPIB) to investigate the matter. The CPIB have in the past investigated corruption allegations against the former Ministers Teh Cheang Wan and Wee Teen Boon.

66. Opposition MPs have argued that Ministers should declare their assets. This was rejected by Goh who argued that such requirements were not needed as it would make public office less desirable. Refer to W. Fernandez, *HPL Condo Sales: Questions Answered*, *Straits Times* (Weekly Edition), 1 June 1996.

67. *Ibid.*

68. In Singapore, top ranking bureaucrats earn US\$34,571 per month compared to their US counterparts who earn US\$7,224 per month. Refer to John Quah, "Singapore's Model of Development," in Henry Rowen (ed), *Behind East Asian Growth*, Routledge, London, 1998, p. 110.

69. *Straits Times*, 23 March 1985.

70. These professions were identified as banking, accounting, engineering, law and senior positions in local manufacturing companies and multinational corporations. Nominated Member of Parliament Lee Tsao Yuan asked why the annual salary of S\$600,000 for a Minister was not enough to meet their needs whilst Kanwaljit Soin warned that the proposal might have the effects of "inviting cynicism and devaluing the worth of Ministers." Refer to Kwok Kian Woon, "Singapore: Consolidating the New Political Economy," *Southeast Asian Affairs* 1995, Institute of Southeast Asian Studies, Singapore, p. 301.

71. Junzi are honourable men in high public office who have a duty to do right for the people, and who in turn have the trust and respect of the population.

72. Refer to S. Huntington, "Will More Countries Become Democratic?," *Political Science Quarterly*, Vol. 99, No. 2, 1984 and S.M. Lipset, "Some Social Requisites of Democracy: Economic Development and Political Legitimacy," *American Political Science Review*, Vol. 53, 1953.

73. H. Crouch and J. Morley, "The Dynamics of Political Change," in J. Morley (ed), *Driven by Growth*, M.E Sharp, Armonk, 1993.

74. The two opposition parties were Islamic United Development Party and Indonesian Democratic Party.

75. Over half of the 1,000 members of the MPR were appointed. Many of them were relatives of Golkar leaders and senior officials in the military.

76. *Ibid.*

77. *Ibid.*

78. To qualify as a candidate, a person must have no less than 3 years experience as a cabinet minister or a chief executive officer of a company with a paid-up capital of more than S\$100 million. They must be at least 45 years of age, not insane or bankrupt and must not serve more than one year in jail or been fined more than S\$2000 in the last 5 years. Refer to L. Rahim, "Consent, Coercion and Constitutional Engineering in Singapore," *Current Affairs Bulletin*, 70(7), 1994, p. 24.

79. Khoo, *op.cit.*, p. 206.

80. Cited in DM. Jones, *op.cit.*, p. 51.

81. Khoo, *op.cit.*, p. 292.

82. "World Lawyers Call for IJC Intervention," *Aliran*, April 1998, p.23.

83. Craig Skehan, "Anwar Warns of Evil Conspiracy," *Sydney Morning Herald*, 7 September, 1998.

- [84.](#) *United States Department of State, Singapore Country Report on Human Rights Practices for 1997, Bureau of Democracy, Human Rights and Labor, 30 January, 1998.*
- [85.](#) *"Singapore: Party Rules the Courts, Jurists Warn," Sydney Morning Herald, 4 October 1997.*
- [86.](#) *For an insightful account of the treatment of ISA detainees refer to Francis Seow, To Catch A Tatar: A Dissident in Lee Kuan Yew's Prison, Yale Centre for International and Area Studies, New Haven, 1994.*
- [87.](#) *A December 1998 opinion poll by the Suan Dusit Institute revealed that Prime Minister Chuan Leekpai was the most popular politician. "Chuan is Thais Favourite Politician," Straits Times, 1 January 1998.*
- [88.](#) *Quoted in Straits Times Interactive 22 January 1998.*
- [89.](#) *"Riots Not a Call for Democracy," Straits Times 16 June 1998.*
- [90.](#) *Quoted in Anders Uhlin, "Transnational Democratic Diffusion and Indonesian Democracy Discourses," Third World Quarterly, Vol. 14, No. 3, 1993, p. 531.*
- [91.](#) *Mark Thompson, "Late Industrialisers, Late Democratizers: Developmental States in the Asia-Pacific," Third World Quarterly, Vol. 17, no. 4, 1996, p. 6.43.*
- [92.](#) *Poverty was reduced from 64% in 1975 to 11.4% in 1995. Refer to Asiaweek, 29 May 1998.*
- [93.](#) *It is worth noting that the failure of reformist movements in one country can also have the effect of discouraging reformist movements in other countries. Additionally, the demise of an authoritarian regime could well result in its replacement with another authoritarian regime.*
- [94.](#) *Khoo Boo Teik, The Paradoxes of Mahathirism, Oxford University Press, KL, 1996, p.324.*
- [95.](#) *The Malaysian Indian Congress President has warned the Indian community to stay clear from the reformasi movement. Refer to Aliran, December 1998, p.21 and Straits Times Interactive 16, November 1998.*
- [96.](#) *More than 10 major Chinese association has come out in support of Dr. Mahathir and the Malaysian Chinese Association. Refer to B. Ferreira, "Chinese Malaysians Behind Government." Straits Times, Jan. 4, 1999.*
- [97.](#) *Francis Seow, op.cit., p. xxv.*
- [98.](#) *Chan Heng Chee, "Democracy: Evolution and Implementation," in R. Bartley et al, Democracy and Capitalism: Asian and American Perspectives. ISEAS, Singapore, 1993, p. 21-24.*
- [99.](#) *Straits Times Interactive, 21 July 1998. 100. Straits Times Interactive, 25 June 1998.*
- [101.](#) *B. Pereira, "Mahathir Raps Oppost on Parties," Straits Times Interactive, 21 July 1998.*
- [102.](#) *S. Jayasankaran, "Read the Signs," Far Eastern Economic Review, 18 June 1998.*
- [103.](#) *Ibid.*
- [104.](#) *Straits Times Interactive, 29 June 1998.*
- [105.](#) *Some UMNO party leaders have apparently been jeered by grass-roots members when they attempted to explain Mahathir's actions against Anwar Refer to S. Jayasankaran, "The Ringmaster," Far Eastern Economic Review, 15 October 1998.*
- [106.](#) *Cited by Walden Bello, "The Malaysian Enigma," Focus on Trade, No. 31, November/December 1998.*
- [107.](#) *By postponing the UMNO general assembly elections, Mahathir has helped to shield the newly appointed Deputy Prime Minister (DPM) Abdullah Ahmad Badawi from any attempts to unseat him as DPM.*
- [108.](#) *P. Ramakrishnan, "The Fear Is Gone," Aliran, December, 1998, p. 10.*

109. *The Attorney General Mohtar Abdullah in January 1999 acknowledged that the Royal Malaysian Police was responsible for Anwar's physical assault while in their custody.*
110. *Surveys conducted for UMNO reveal that 7 out of 10 Malays are unhappy with the way Anwar was sacked and subsequently treated. Refer to M. Hiebert and S. Jayasankaran, "A Single Spark," Far Eastern Economic Review, 2 October, 1998. Calls for Mahathir to resign were made by opposition parties and non-government organisations after an outbreak of rioting in October 1998 (Straits Times Interactive, 26 October 1998).*
111. *They include Gerak (Malaysian Peoples Justice Movement), Gagasan (Coalition for Peoples Democracy) and ADIL (The Movement for Social Justice).*
112. *W. Bello, op.cit.*
113. *Refer to Martin Khor, "Turning the Tide Against Financial Liberalisation," New Voice of Asia, Vol. 1, Issue I, 1998, p. 41.*
114. *Straits Times Interactive, 18 July 1998.*
115. *Chua Lee Hoong, "MPs Call for More Moves to Stimulate Economy," Straits Times Interactive. 10 March 1998.*
116. *Violators can be fined up to \$90,000 or jailed up to two years. A political film has been broadly defined as any moving image made by or on behalf of a political party, directed towards any political end, or which contains partisan or biased comments on an issue of public controversy. The government has argued that the bill was necessary to prevent the "McDonaldisation" of political campaigning Refer to C. Lydgate, "Government Crackdown on Political Films Angers Opponents," Sydney Morning Herald, 7 March, 1998.*
117. *A. Hamilton, "A Question of Censorship," Asiaweek, 27 March 1998.*
118. *Straits Times Interactive, 29 June 1998.*
119. *Chiang has asserted that the current family-community-state formula may not be adequate in the future because of the aging population There are also too many small welfare groups providing similar services, lacking in economies of scale and run by volunteers who lack experience. The current problems require more centralised and coordinated welfare, services. Refer to Chua Mui Hoong, "Many Helping Hands May Not Be Enough," Straits Times Interactive. 12 August 1998.*
120. *A. Hamilton, "Lets Talk About Openness," Asiaweek, 26 June, 1998.*
121. *Refer to Lily Zubaidah Rahim, "Costly Fight for Democracy in Singapore," The Nation (Bangkok), 3 March, 1999.*
122. *Noted Lee, "The market was disturbed by [Suharto's] criteria for the Vice-President that required a mastery of science and technology. They believed that this pointed to a Minister whom they associated with Indonesia's high-cost projects. If the market is uncomfortable with whoever is the eventual Vice-President, the rupiah would weaken again." Quoted in Sang Won Suh, "Neighbourhood Relations," Asiaweek, 4 September, 1998.*
123. *Edward Tang, "Lee's inappropriate comments upsets Thais," Singapore Window, <http://www.singaporewindow.org/>.*
124. *Cited in The Alternative ASEAN Network on Burma (Altsean-Burma) Press Release, 27 July, 1998.*
125. *Lee Kuan Yew, "Tide Rising for East Asia," Straits Times Weekly Edition, 8 June 1996.*
126. *An Indonesian Joint Fact-Finding Team on the May 1998 riots has linked the riots to an "elite political struggle." The Team noted that much of the rioting was instigated rather than spontaneous and confirmed that Indonesia has a political elite willing to cause social turmoil for its own interest. Refer to J. Manuel Tesoro, "Assessing the May Riots," Asiaweek. November 13,*

1998. 127 Quoted in M. Vatikiotis, "The Reform Tango," *Far Eastern Economic Review*, 5 Nov. 1998.

~~~~~

By Lily Z. Rahim, Department of Economic History, University of Sydney

---

Copyright of Journal of Contemporary Asia is the property of Journal of Contemporary Asia. Copyright of PUBLICATION is the property of PUBLISHER. The copyright in an individual article may be maintained by the author in certain cases. Content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.

Source: Journal of Contemporary Asia, 2000, Vol. 30 Issue 1, p17, 29p

Item: 2782895