

Economic and political problems of Asia, with reference to the ASEAN situation

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Several countries in Asia are now facing very serious economic and political problems. They can be said to be at important crossroads in their own history. The coming new millennium seems to promise some great changes. What will be the final outcome or nature of these changes is hard to predict.

I do not wish to indulge in any predictions in this talk, but instead will confine myself to examining in a rather general manner some of the present economic and political trends and problems in these countries that can certainly influence their future development. I shall confine my remarks mainly to certain countries in the ASEAN region.

Economy

Starting from mid-1997, Thailand, Philippines, Indonesia, Malaysia and also Korea were swept by an economic crisis manifested primarily in the decline in local currency against the US dollar and depreciation of stocks and shares.

The crisis started in Thailand where there was overproduction in property development, which depended heavily on foreign loans that could not be paid back when the property market fell. Owing to loans as well as imports of machinery and materials required for the development, was a large accumulation of the foreign account deficit. This helped to exacerbate depreciation in the value of the baht. Speculators took advantage of the situation to reap huge profits. After the baht, the value of the peso and the rupiah followed the fall against the dollar.

When the problem reached Malaysia and the ringgit began to depreciate in July 1997, Prime Minister Dr Mahathir Mohamad blamed unscrupulous and selfish foreign speculators as the cause. He named George Soros, an American national of Jewish descent, as the culprit.

Although nobody really took seriously the contention that Soros was solely to blame, yet the undermining role of international speculators cannot be brushed aside. Actually, speculation for the purpose of making large profits is a well-known feature of global capitalism. It is said that every day

something to the tune of US\$2.5 billion circulates in the world market, out of which about 95 percent is for speculative purposes, leaving less than five percent for trade.

Beginning this decade, most of the ASEAN countries had already been widely opened to globalisation. While, on the one hand, globalisation stimulated the process of economic development and modernisation, on the other hand, it exposed many Third World countries, including those in ASEAN, to a new type of neo-colonial domination.

With globalisation these countries became more exposed to global capitalist exploitation and speculation. At the same time, a few of these third world countries were also drawn into speculative activities, but not with much success. For instance, in 1992 Malaysia, through its Central Bank (Bank Negara), was involved in currency speculation over pound sterling that resulted in the loss said to be more US\$5 billion.

Speculation is like a virus that can spread easily in a weak body. During the last decade the countries that are now experiencing serious economic downturn were showing structural weaknesses resulting largely from globalisation and the adoption of LDP (liberalisation, deregulation and privatisation) policies. They sought foreign capital, which together with local capital, was thought to be necessary for massive development of projects that were being carried out.

During the eighties and a couple of decades before it, much of the foreign loans or debts were in the form of direct foreign investment (DFI) for developing the industrial and manufacturing sectors. Indeed this generated growth and increased job opportunities, but at the same time it also increased foreign ownership and a large outflow of profits.

In a sense the DFI was quite stable because it could not be suddenly pulled out. But during the late eighties and nineties in particular, most capital of the capital inflow was in the form of portfolio investment, concentrating mainly in stock shares, and short term loans. Portfolio capital is very speculative and the possibility almost instant withdrawal can and have had disastrous consequences on the share market. As for short-term loans, their burden becomes much heavier because of the decline in local currency value, which can cause great strain on borrowers, both public and private.

Besides wastefully spending billions of dollars on a number of largely unproductive projects (for example, Malaysia spent about US\$40 billion), these countries privatised several of their most profitable public sector enterprises. Many of the projects as well as the privatised enterprises were awarded to individuals or groups known to be close to the government or top government leaders. Many children, relatives and associates of the powers that be have been given the opportunity to own or control megaprojects and privatised enterprises. They were also given easy access to loans, with government guarantees and minimal own security, from local and foreign banks and financial institutions.

Most of the companies they owned or controlled were public-listed with special shares allocated to them and many others close to the government leaders and parties. In this way, crony capitalism became strongly rooted, and together nepotism corruption and mismanagement spread. The emergence of a small number of crony capitalists further increased socio-economic inequity between a very small privileged group and the majority of deprived and underprivileged people, especially from the lower and middle income categories.

It is clear that external as well as internal factors are the root of the present economic problems in the Asian countries faced with the economic crisis now. Some of the external factors are: economic domination by leading imperialist powers (especially the US); strong currency position; the manipulation of unscrupulous international speculators; economic uncertainty (eg in Japan) and

political instability (eg in Indonesia) of countries and so forth.

As for the more important internal factors, they are related to various policies adopted by the countries concerned, which have helped to create a core of crony capitalists from among the hand-picked close family members and friends, control the mega-projects and privatised enterprises, extensively borrow capital and import materials from foreign sources, indulge in waste and corruption, reap profits by manipulating shares and accumulate extensive wealth. They have now caused structural weaknesses in the economy.

In such situation when the economy declines, public confidence also falls, despite claims of strong fundamentals, and this causes the crisis to become more acute. While recognising the negative roles and consequences of global capitalism, it is also clear that to a great extent, the governments are not free from blame for the economic ailments their countries are suffering today.

To overcome their economic problems, Thailand, Indonesia and also Korea have decided to turn to the International Monetary Fund (IMF) but on the other hand Malaysia has refused to follow suit. In many ways the IMF is dominated by the superpowers, particularly the United States, which can and has often tried to control nations indebted to the organisation.

Further, IMF is not a certain guarantee for rescuing any country suffering from economic crisis; in fact it can even work against the interests of the latter. For example, the Philippines has been under IMF for about 30 years, yet it has not been able solve its basic economic problems; in fact it is burdened with heavy annual debt service and even greater US imperialist economic and political domination.

There are certain groups which claim that the IMF, through conditionalities it imposes on recipient countries, can ensure that those countries will strive to widen democratic space and fight against nepotism and corruption. History has shown that the IMF was not able to do anything to the corrupt Marcos regime in the Philippines or the autocratic Algerian military regime, although both of them received IMF funds.

It is hard to foretell to what extent the IMF will be able to successfully pressurise President Suharto to effectively eradicate rampant corruption and nepotism perpetrated by him and his close family members in Indonesia.

Although Malaysia has refused the IMF loan, yet it has implemented many of the conditionalities normally attached by the IMF to its loan program, excepting eradication of corruption and nepotism, the government leaders have yet to prove that they are willing to go beyond mere rhetoric and take firm action against these malpractices. Unfortunately, recent events have shown that in Malaysia, as in Indonesia too, the leaders are always much quicker and more efficient in bailing out certain crony capitalists closest to them rather than carrying out effective programs to help improve the plights of the common people adversely affected by the economic crisis.

In Malaysia, towards the end of September 1997, following serious decline in the ringgit and share values and large losses suffered by the corporate figures, Prime Minister Mahathir announced the formation of a RM60 billion fund (about US\$16 billion), sourced mainly from the Employees Provident Fund (EPF). It is most outrageous to use workers' savings, meant for old-age security, to bail out selected groups of crony capitalists. No wonder there is a public joke that Malaysia does not have to borrow from IMF because it has EPF (whose assets are valued at about US\$40 billion).

Actually, it is not just the crony capitalists who have suffered from the economic crises. The ordinary people have not been spared and, in fact, their conditions are more severe, especially in countries

like Indonesia.

Prices of goods, particularly daily essentials, even for babies, have shot up. Inflation has become almost uncontrollable. More seriously, large number of workers have been retrenched; and it is expected that the number will increase should the economy continue to slide down.

At the same time, less financial allocations are available to help the poor and underprivileged, especially in terms of subsidies or loans for key social services like health, housing and education, not only because there is less money in the kitty now, but also the IMF would not favour any recipient country to implement policies that is not considered by it as being based on free market principles.

The various governments concerned do not seem to have either the will or the ability to stem these problems. Indeed it is not surprising at all that the pro-capitalist government leaders would always give greater priority to their own interests and those of their crony capitalists, rather than the interests of the people at large.

Politics

ASEAN countries have different social and political systems, but they are essentially authoritarian and undemocratic in nature. Brunei is practically an absolute monarchy and for a long time there has been no election there. The Sultan, who was the richest and now the second richest individual in the world, is also Prime Minister and Minister of Finance of this little but wealthy kingdom.

Some of the world's longest political prisoners, a number being detained without trial for more than 20 years, hail from Brunei. Most of them are from the People's Party of Brunei (Partai Rakyat Brunei) who were arrested after the party won almost all seats in the first and last election held there in the mid-sixties.

Indonesia is under military rule; General Suharto has been president for more than 30 years, and was reinstalled recently for the seventh term. His family has been identified as being one of the richest in Asia. Although elections have been held quite regularly there, only 425 out of 500 members of Parliament are elected, while the remaining 75 are appointed, mainly from the armed forces. In addition, another 500 are nominated by the government to form a 1000-member People's Consultative Council (MPR) and it is this body that elects the president. With 575 nominated members always guaranteed to, be on his side, Suharto can easily continue to be president for life, whatever be the outcome of the election for the 425 members.

Singapore prides itself with a highly developed economy and an efficient administration. Although elections are held regularly about once every five years, they are often one-sided. The government leadership is authoritarian and does not tolerate the opposition, some of whose members have been detained for long periods. Chia Thye Poli, a leader of the now defunct Barisan Sosialis (Socialist Front), was robbed of his freedom since before the mid-sixties and was only very recently permitted to travel overseas. Those not detained have been known to be hounded and bankrupted through legal suits, even after they had been defeated in elections.

Both the Philippines and Thailand have known many military regimes before, which had been guilty of several bloody onslaught on their own people. They are now striving hard to practice their own versions of parliamentary democracy, with all its shortcomings.

In Malaysia, since 1955, two years before she attained independence, general elections have been

held regularly, almost five years once. This is consistent with her claim of practicing parliamentary democracy. But there are four emergency declarations which are still in force, besides many laws and regulations that violate human rights (as explained later). There is also a tendency for the executive to dominate over the legislature, judiciary and the media. Authoritarianism is on the rise.

Among the new members of ASEAN, Burma is notorious for her blatant breach of democratic principles and basic human rights. The military regime refused to give up power despite the fact that in May 1990, the National League for Democracy (NDL) won a sweeping victory in Burma's national election, collecting 82 percent of the votes and 90 percent of the seats.

Since then many newly-elected members of parliament from the NDL have been detained or forced into exile; it is believed that some have died under very suspicious circumstances. The NDL leader, Aung San Suu Kyi, is still under house detention. As a result of repressive policies of the Slorc, thousands from the minority groups (like Rohingyas) have been forced to flee the country as refugees. Many, including women and children, have been driven into forced labour in certain government-sponsored projects.

As for Vietnam and Laos, they had not in the past shown much respect for civil and political rights because, under communist regimes their countries were closed and their people controlled. Now they are slowly opening up and beginning to recognise some aspects of basic human rights, although, for historical reasons, the Vietnamese approach and practice are quite different from those of many of the old members of ASEAN.

To untrained eyes, elections that are held by the ASEAN states give the impression that there is full freedom and democracy in this region, as often claimed. It should be noted, however, that more often than not these elections are neither clean nor fair. The ruling parties often blatantly take advantage of their control over government machinery.

The period for campaigning in the snap elections that they call is usually very short, between nine days to two weeks, as in the case of Singapore and Malaysia. During this period, in fact, at all time, public political rallies cannot be held without police permits or supervision. It is difficult for opposition parties to hold public rallies or talks, while ministers and leaders from the governing parties can easily address massive crowds under the pretext of opening schools or hospitals and launching projects of all sorts.

There is also the widespread use of money politics and other forms of corruption, particularly by government candidates, who are often rich and well-financed. In some cases, like in Indonesia, the army and police are blatantly used as constant threat to remind the people to return the government back to power.

While the ruling parties are able to make full use of the television to spread their propaganda, opposition parties are denied access to them, not only during elections but all the year round. Daily newspapers are controlled or owned by parties in government or their nominees. throughout the year, and more so during election time, they are manipulated to boost government parties and discredit those in the opposition.

In some instances, the printed and electronics media would not give space for opposition manifestoes to be published, even as paid advertisements. At the same time, a number of publications (including dailies) have had their permits withdrawn or banned, the moment they appear to assert their freedom and begin to be critical of government.

Over and above all these, there are also several laws and regulations that are undemocratic and

constitute violations of basic human rights. In Indonesia and the Philippines, there are so-called anti-subversive laws that can carry maximum death penalty, while in Malaysia and Singapore there is the draconian Internal Security Act, which allows for detention without trial.

Besides, there are also various other repressive laws, such as the Printing Presses and Publications Act (PPPA). The ISA empowers the Minister for Home Affairs to detain a person without trial for indefinite periods, renewable every two years, and does not allow for habeas corpus. As for the PPPA, among other things it provides for all publications to obtain permits from the Home Ministry annually, and that the permit may not be renewed or revoked at any time if conditions stipulated are breached. Quite often the ISA and the PPPA have been abused to curb the lawful political opposition.

In Malaysia and Singapore, for example, there are numerous other laws, which seem to cover every sector and every group, such as workers and students. Many of these laws are legacies of the colonial past, although they have been amended or consolidated after independence, but a few have been recently introduced. For instance, there is the Police Act, which prohibits assembly without permit; the Official Secrets Act, which provides for mandatory jail for publishing any document classified as secret; the Societies Act, which controls and regulates societies and organisations (both political and non-political); the University and University Colleges Act, which restricts activities and movements of students and staff at institutions of higher learning; and the Trade Unions Ordinance and Industrial Relations Act, which regulate and restrict movements and actions of workers (to form unions or to take industrial actions).

The different laws, regulations and conditions mentioned above demonstrate the extent to which democracy and human rights have been marred. Actually, democracy and human rights are also very much related to the question of wealth and distribution; they will be undermined whenever there is gross concentration of wealth.

In almost all developing countries, the elites left by the withdrawing colonial forces have continued to accumulate wealth. They are now joined by others who have become the new rich. ASEAN is a fast growing part of the world where more wealth and power are concentrated in the hands of a smaller number of people.

As we have described above crony capitalism has become very entrenched in most of the ASEAN countries. The present political and economic elites, who are increasingly merged into one, seem to be grabbing everything.

As a result of concentration of wealth, the gap between the rich and the poor becomes wider. The gap grows even wider the longer such ruling elites remain in power. A root cause of concentration of wealth is nepotism and corruption; for the ruling elites, corruption is the main source of wealth. These elites normally try to distribute a bit of what they have accumulated in order to win elections rather than go through the use of force.

Nevertheless, quite often, on failing in elections some of them resort to the use of the army and police. Conflict is sharpened whenever the side which wins uses state machinations to suppress, bankrupt and ruin the losing side.

For the poor and exploited, democracy and human rights must be translated into rights to have balanced and enough food, adequate shelter, health care and education for the children. If we deny these rights by raising the prices of social services through privatisation or corporatisation, for example, then we will in fact be denying them their fundamental rights. Poor people cannot afford lawyers or take time to demonstrate. There are families who have to struggle to have a decent living even when both husband and wife are earning or when the head of the family has to do two types of

job in a day.

There is a rather unhappy state of democracy and human rights in ASEAN. It is well known that democracy and human rights issues have been used by the West, especially the United States, to put pressure on certain Third World countries. They have also linked up trade and aid with human rights. Many Third World countries, including those in ASEAN, have felt such pressure and oppose it.

Their leaders argue that western standards of democracy and human rights cannot be applied to developing countries, which have their own specific needs and realities. Furthermore, they contend and quite rightly too, that the US itself suffers from certain questionable human rights records. One of the worst violations of human rights is against Blacks, a large number of whom live in dire poverty and under serious discrimination. The US also practices double standards, being punitive towards Iraq, for example, but protective towards Israel; just as in the same manner, it is highly critical of SORC, but well-disposed towards Suharto.

The superpowers, and the US in particular, tend to manipulate human rights issues to undermine governments that they dislike. They tolerate feudal monarchs or military rulers who chop off heads of political dissidents or exploit women so long as they are regarded as friends.

On the other hand, they impose prolonged economic sanctions which cause death and disease among innocent children and women in countries where the defiant leaders are considered enemies. Fortunately, there is now emerging in the US and other western countries, those who are sincere in their efforts to establish democracy and human rights. These are our true friends.

For ASEAN and the rest of the Third World, genuine human rights should be striven for on our own accord, as something good and necessary for human dignity. It is a great shame if we are forced to improve our human rights record only as a result of Western superpower pressures.

Security

At the international level, there is concentration of economic, political and military power in the hands of the Western superpowers, the US in particular. Economic plunder and exploitation in the past and present, by colonialists and imperialists, have perhaps been most important factors contributing towards poverty and underdevelopment, which is still rampant in many parts of Asia, Africa and Latin America. With quite successful development and modernisation program launched since two or three decades back, incidence of poverty has been reduced substantially in many countries; but now, owing to the economic crisis and the consequent uncontrolled inflation, urban and rural poverty is on the rise again. This can be a dangerous root of social and political unrest.

In the present world, the US-Anglo international oligarchy still continues to politically dominate many parts of the world, by the use of economic sanctions as well as military aggressions, especially over countries and people that dare to stand up against it. The US imperialists arrogate to themselves the role of policemen of the world; and following the fall of Soviet rule and the defeat of Iraq, it has become more committed in its endeavour to cripple, and indeed eliminate if possible, certain Third World countries (like China, Cuba, Iraq, Iran and Libya) and movements (such as the radical Islamic movement) that it considers as threats to itself and its allies (particularly Israel).

As illustrated in the case of Iraq, the US-Anglo oligarchy does not hesitate to use all its military might to achieve its political objectives. In other cases (like Cuba, Iran and Libya) the weapon of economic sanction is used. The present structure of global capitalism enables them to undermine the economy of countries it dislikes. Further, the imperialists always make their military presence felt

wherever they have their own economic interests to protect.

The present economic crisis in Asia (and ASEAN in particular) can have far reaching political consequences. In Korea it has been largely responsible for helping Kim Dae Jung, a well-known human rights fighter, to be elected as the new President of South Korea; but he still appears to be hamstrung by continued US and now RAF dominant roles over the country.

In Indonesia, President Suharto is still entrenched in his position, but opposition against him is mounting daily owing to deteriorating economic conditions that have befallen the people and also because he continues to protect the interests of his crony capitalists, especially his children and close associates. There are growing movements that demand Suharto to step down.

Growing opposition against him is met by Suharto and his military cohorts with increasing repression. Every student demonstration is followed by a severe crackdown, shooting and beating of demonstrators, and detention and kidnapping of political activists. More and more human rights violations are committed. Politically Indonesia has become more unstable, and this political instability not only renders the prospect of Indonesian economic recovery more gloomy, but also threatens to prolong the economic crisis faced by the neighbouring countries, like Malaysia.

In the southeast Asian region, particularly in the Philippines, Indonesia, Thailand and Korea, the US economic interests, in terms of investment and trade, have been further increased following IMF intervention. Certainly the US considers the need to protect these interests have become more urgent now in view of the uncertain and unstable political development in Indonesia.

It is not surprising therefore that many high level delegations have been sent by the US government to this region. Perhaps the most important being the one led by Secretary of Defence William Cohen in January 1998. In a press conference on January 11, 1998, he told reporters that the US wanted to arrange joint military exercises and make deals for US ship access to ports in the region as part of a strategy to broaden its military presence in the Pacific. Three days before, Kurt Campbell (US Dept. Asst. Sect. of Defence) stated in the US Foreign Policy Agenda: ``It has been said that security is the oxygen of the engine of dynamic economic and commercial growth in the Asia-Pacific region. And unlike Europe, where we have intricate and sophisticated security architecture that maintains peace and stability, the most important determinant of peace and stability in the Asia-Pacific region has been and continues to be the presence of large and substantial US forces.''

Malaysia has been having joint military exercises with the US since 1970 and this was formalised by a secret agreement signed by PM Mahathir Mohamad and Casper Weinberger, the then US Secretary of Defence, on January 20, 1984, in Washington. Under this agreement not only programs for bilateral training and education have been made, but joint air force exercises have been carried out more regularly, and US warships carrying nuclear weapons are also allowed into the Naval Base at Lumut, at the north western part of Malaysia.

The existence of this agreement has been denied, even in Parliament when a question was raised, perhaps because it would embarrass the Malaysian government since it goes against the principles of ZOPFAN (Zone of Peace, Freedom and Neutrality), which was initiated by Malaysia and accepted by ASEAN members in the Kuala Lumpur Declaration of 1971. Furthermore, it would expose the hypocrisies and double standards of the Malaysian leaders who constantly pose as being anti-US and anti-neocolonialist by their rhetoric, which have often gained praise and admiration in many a third world country.

In the Philippines, it has now been revealed that a Visiting Forces Agreement (VFA) has been signed, which allows for joint military exercises to be resumed between the Philippines and US, and US

warship visits to the Philippines. The VFA contains many of the provisions of the 1947 agreement which allowed for the establishment of the notorious Clark Air Base and Subic Naval Base in the Philippines that were closed a few years ago following long and intensive campaigns by the people. Among other provisions, it also allows for the US to conduct military combat operations throughout the country, violate Philippines laws and judicial procedures, and entry of nuclear weapons. Under the VFA the Philippines would serve as a jump-off point in support of US fleets or military missions all over the world.

During Cohen's visit, the Singapore government announced that it will open the Changi Naval Base to US' warships. The full content of the agreement between the US and Singapore governments is not known yet, but it may be safe to assume that it contains provisions that are similar to those found in the VFA and the agreement signed between the US and Malaysia. Around the same time there was a news report that the Thai government has allowed for the establishment of a floating base to be used by the US Navy, especially for storage of weapons and ammunition and so forth. All these agreements that allow for greater US military presence will not guarantee security, but in the long run have the potential of threatening peace and stability in the region. Ample evidence have shown that the US military might has always been used to support local regimes in suppressing people's movement for freedom, liberty and justice.

Conclusion

The economic crises facing several countries in Asia now have undoubtedly caused difficulties among the people, but at the same time it provides them with both challenges and opportunities. There is no doubt that repressive regimes have acted severely on the people who fight for change.

Violations on democracy and human rights have become more rampant. US imperialist role through military presence and IMF intervention threaten to undermine the sovereignty of some governments in the region, it has become more dominant for the purpose of protecting the interests of the imperialists as well as for propping up regimes that guarantee to support them.

The people's movements for progressive change have to face the might of the local reactionary regimes that are supported by US and other imperialists in order to achieve their objectives. To ensure ultimate victory, we, the people have to heighten our revolutionary consciousness, determination and sense of sacrifice; and we also have to be more disciplined, dedicated organised and united. More and more it has become clear that we have to mobilise the people against their own repressive state/regime, and also to strengthen our international solidarity in order to be effective in our fight against US imperialism.