A New History of Southeast Asia

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many. A number of them were royalist in their orientation, and those who were not found it expedient to shift in that direction. The most prominent was Kukrit Pramote, a British-educated intellectual and journalist who founded the Democratic Party, which is still in existence today. A descendant of the royal family, although not actually a prince, Kukrit was convinced that Pridi had committed regicide and remained violently opposed to him for the rest of his life. The second group was the military, many of whom were still loyal to Phibun and bitter over the turn of events after his fall from power.

Over the course of 1947 the conservatives and military formed an alliance which culminated in a military coup in November. Initially the army appointed a civilian Prime Minister, Khuang Aphaiwong (who had already held the office twice since Phibun's resignation), but a few months later they replaced him with Phibun. Although Phibun once again found himself in the seat of power, which he would hold until 1957, he now had to share it. His two most powerful allies – and at the same time rivals – were Sarit Thanarat, a colonel who rose to power in the army, and Phao Siyanon, who headed the police. This triumvirate would dominate Thai politics for nearly a decade. Thus the 1947 coup, like that of 1933, brought an end to civilian-dominated government and inaugurated a period of military rule. This time the soldiers would remain in power for a quarter-century.

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Building Nations, to *c.*1990

Political and economic dimensions

Introduction: the democratic experiments and authoritarian alternatives

The ending of colonial empires brought to Southeast Asia the challenges of independence. The new states had to establish viable political frameworks to replace the structures imposed by colonial rule. Several opted – at least on the surface – for Western-style democracy, some more completely than others, rather than seeking inspiration from their own pre-colonial and authoritarian pasts. The Philippines, Indonesia, and South Vietnam took on forms of parliamentary democracy based on a presidential form of government. Malaysia, Cambodia, Laos, and Thailand adopted constitutional monarchy with a prime minister. In several of these cases, however, power was really exercised in quite a different manner: in the Thai case there were only short attempts at real democracy during the decades after 1932. Laos and Cambodia maintained parliamentary systems with periodic elections, but their political stages were largely dominated by the elite. Brunei remained an absolute monarchy with the Sultan playing the role of Prime Minister in a ministerial structure after 1984. Burma and Singapore chose to have a prime minister as head of government with a president as formal head of state. Only North Vietnam began its existence as a Communist state. The other states' adoption of a form of Western-style democracy – the system that had actually been represented in their lives mainly by colonial oppression – requires some explanation.

The choice of democracy was not entirely surprising, given that a rudimentary parliamentary system was one of the legacies that some departing colonial powers bequeathed to their nationalist successors. Colonial powers tended to preach democracy more than they practiced it, but – as pointed out in the introduction to Chapter 9 – it had become difficult for Western democracies to deny their colonies some progress towards eventual self-rule. Thus, America and Britain left the Philippines, Burma, and Malaya with constitutional structures based on Western democratic models. France did as well in Cambodia and Laos, although many of the most prominent political figures in both countries were princes of various ideological stances. As we have seen, the American democratic experiment began almost immediately after wresting the Philippines away from Spain in 1898, with Congress passing legislation in 1902 to establish a

bicameral legislature in the Philippines, and granting Commonwealth status to the Philippines from 1934 with the promise of full independence on 4 July 1946. Upon independence, the Philippines adopted a structure of government that reflected its American inspiration. Malaya's experience with the democratic experiment was essentially a post-1945 development. Confronted with the changed political contexts after the war, an environment charged with post-war nationalism, and with a Communist insurrection to boot, the British were belatedly compelled to demonstrate to Malayans and to the world the validity of democracy as a model of political development in Malaya. By transferring power willingly Britain was able to win the trust of the nationalist elites and guide the process of parliamentary transplantation, which Malaya's new rulers embraced. In Burma the British won little trust, but nevertheless in the 1935 Government of Burma Act they granted Burma a status close to that of a self-governing dominion, with a constitution that was inaugurated in April 1937.

Democracy also had an intrinsic appeal to nationalist elites, many of whom were Western-educated and therefore exposed to democratic norms and institutions in the metropoles. In Malaya, the sons of Malay royalty, as we have seen, were schooled in the English way and many studied in England. Malaya's first Prime Minister from 1957 to 1970, Tunku Abdul Rahman, was educated at Cambridge, gaining a first degree in law and history, and later in London, where he became a barrister in 1947. Like the Tunku, Singapore's Lee Kuan Yew, Prime Minister from 1959 to 1990, also trained as a lawyer at Cambridge and was equally at home with Western parliamentary norms. During his time in the United Kingdom, Lee befriended political leaders in the British Labour Party and even campaigned on behalf of a Cambridge friend who was a Labour Party candidate. Burma's U Nu, its first Prime Minister from 1947 to 1958 and again from 1960 to 1962, also had a Western education. Like the Tunku he remained committed to the democratic framework. 'Democracy,' he declared, 'is one of the noblest ideas created by man, and there can be no compromise in its application to human society anywhere in the world.'[1] Dutch-educated Indonesian nationalists like Sukarno and Mohammad Hatta also professed their commitment to democracy, but this case is a revealing one. Hatta was the only one of the two to have studied in the Netherlands and thus to have seen what democracy actually was in practice – which may explain the strength of his, and the weakness of Sukarno's, commitment to the idea. Democracy was one of the five principles of Indonesia's *Pancasila* state ideology, but Sukarno understood this more as an extension of the traditional Indonesian methods of *musyawarah* and *mufakat* (deliberation and consensus) rather than the free political contest of Western parliaments.

The new nationalist leaders were also influenced by their experiences during the struggle against foreign rule. Burmese nationalist leaders had not always been impressed by Western democracy and some were attracted to the Fascism of the 1920s and 1930s. In a speech in 1930, U Nu declared: 'I dislike democracy

1 Quoted in Richard Butwell, *U Nu of Burma* (Stanford, CA: Stanford University Press, 1963), 75.

where much time is wasted in persuading the majority and in trying to get the consent of the majority. Democracy is good in name only. It cannot be used effectively. It cannot work in this period of dictatorship of Hitler and Mussolini … . I like dictatorship where things can be done quickly without any interference.'[2] But wartime experiences changed many such views. The Burmese nationalists' experience with Japanese rule – its brutality and sham Japanese-sponsored independence – dampened their enthusiasm for Fascism and totalitarianism. This was reflected in the very name of the Anti-Fascist People's Freedom League. Now U Nu was of the view that a 'one-party dictatorship' would be intolerable, for Burma had just emerged from an 'evil system in which political power [was] derived from the top few'. 'We must take particular care', he said in a speech in 1958, 'not to allow the exploitation, the tyranny and the oppression that are inherent evils in Communism … to become any part of the … state we wish to create.'[3] Such sentiments were also expressed by Indonesian nationalist leaders like Hatta who said that 'Experience with the colonial autocratic government in the form of a police state had given rise to the ideal of a democratic constitutional state in the minds of the younger generation of Indonesia.' Such a state, he added, should be 'based on the sovereignty of the people'.[4]

Accepting democratic norms was also an important tactical weapon in the nationalists' battle for independence. By doing so they hoped to attract Western sympathy and diplomatic support for their struggles against undemocratic colonial rule. Indonesian nationalists, who depended heavily on international support to compel the Dutch to decolonize, realized that their chances of maintaining such outside support were better if they emphasized their democratic nature. In the drafting of the 1950 provisional constitution, Indonesia adopted Western constitutional forms. Such international considerations probably informed Ho Chi Minh's declaration of the independence of the *Democratic* Republic of Vietnam (DRV) on 2 September 1945, which began with a quotation from the American Declaration of Independence of 1776. In Vietnam's case, however, the Americans chose not to recognize the DRV or support its struggle for independence led by the Communist Party. In a few cases, holding elections was a supportive step, for a strong electoral mandate strengthened nationalists' hands in dealing with the colonial powers. In Aung San's inaugural address as President of the AFPFL in 1946, he called for elections to be held so as to demonstrate to the British the strength of the AFPFL's support. Malaya's political elite also sought to impress the British with their ability to lead Malaya's diverse population through favorable election outcomes.

Democracy's emphasis on consensus – rather than authoritarian – politics was also valuable to nationalist leaders who needed to mobilize all social groups not only during the anti-colonial struggle but also in the post-independence

2 Quoted in ibid., 19.
3 Quoted in ibid., 74, 77.
4 Quoted in Herbert Feith and Lance Castles (eds), *Indonesian Political Thinking, 1945–1965* (Ithaca, NY: Cornell University Press, 1970), 35.

nation-building phase. The AFPFL, for example, accepted liberal democratic norms in order to win the support of the minority ethnic groups, and to assure them that democratic safeguards would be written into the constitution to ensure their representation. In Indonesia, democracy's emphasis on consensus and consultation offered the best hope of persuading Indonesia's varied social and political groups to support the central government.

Finally, World War II boosted the democratic cause. The Allies claimed that the war was fought to defend the democracies of the world against the onslaught of Axis totalitarianism. Nazism and Fascism had been defeated and discredited by 1945. In Southeast Asia the post-war mood was for greater freedom, not a return to authoritarian rule. The ascendancy of American power in the post-war order was another factor that both colonial powers and their opponents needed to take into account. American favor for newly independent regimes that presented a democratic face and were willing to resist Communism was noticed by all. With democracy apparently in vogue, and upheld by American power, it was not surprising that so many of these new states embraced the democratic experiment, for it would have seemed unfashionable and unprogressive to have done otherwise – except, of course, in the case of elites who were persuaded that Communism was even more up-to-date than democracy, even more the wave of the future.

As will be seen below in the context of particular nations, already by the mid-1950s it seemed increasingly that the democratic fashion had run its course. In 1955, South Vietnam established a republic under the authoritarian rule of Ngo Dinh Diem. In 1957–59, Indonesia abandoned its liberal democratic system when Sukarno declared martial law and introduced 'Guided Democracy'. That year also saw a strengthening of military rule in Thailand when a coup by Marshal Sarit, the Army chief, toppled the newly elected government of Phibun. In 1958 Burma's decade-long experiment with parliamentary democracy under U Nu faltered, and brought the army under General Ne Win to power in a two-year caretaker government. Civilian rule returned for another two years before the army stepped in again in 1962, this time seizing power by force; it has continued to rule Burma down to the present. In 1969, Malaysia's democracy was suspended for two years when communal riots led to the establishment of a National Operations Council which ruled under emergency regulations. In 1970 Cambodia's government under Sihanouk, which had been increasingly dominated by him and his followers within the constitutional framework, was toppled by a coup led by his Prime Minister, General Lon Nol. In 1972 President Marcos of the Philippines, citing threats to the security of the state, imposed martial law and suspended democracy. In 1975, Laos – which had never really established a durable political system – became a Communist state. Only in Singapore has democracy carried on essentially unchanged, but there the island-state's leaders took the view that their parliamentary democracy must be modified to suit local conditions, an approach which produced in effect a predominantly one-party democracy with the PAP always in power.

Where the democratic experiment failed, Southeast Asian states turned instead to military regimes or civilian-led authoritarian rule as alternative structures of governance. By the mid-1970s four states in Southeast Asia were governed by military-dominated regimes: Burma, Indonesia, South Vietnam, and Cambodia. South Vietnam, Cambodia, and Laos were taken over by Communist forces in 1975. Thailand's government had been military-dominated for three decades by then, except for a brief, and in the end bloody, experiment with real democracy, as will be seen below.

Burma

We have seen above how the military's dominant role in Burma had roots in the colonial period and World War II. By 1935, the *Dobama Asiayone*, the university student union, religious organizations, and even a few members of the older generation of politicians formed *tats* (armies) to protect their followers in demonstrations, elections, and other public functions. This contributed to the insertion of military ideas, structures, terminology, and symbols into political life. The group of *Thakins* who sought foreign assistance, who were trained by the Japanese – the famous Thirty Comrades – and worked with them, and then turned against the Japanese in 1945, formed the core of what would eventually become the national army or *Tatmadaw*. Out of the war emerged the Anti-Fascist People's Freedom League (AFPFL), but profound differences about the future remained within the organization.

Factionalism in the AFPFL and among Communist politicians, generational rivalries among the educated elite, and distrust among politicized ethnic groups weakened the state before it could even be assembled. Returning British civil servants and army officers were reluctant to forgive members of the former BIA for initially chasing them out of the country, while Burmese were in turn reluctant to believe that the British would simply grant independence. Supporters of the returning British and followers of the BIA prepared for another struggle. Pro-British battalions, originally recruited from minority ethnic groups, worried about where they would fit in a new national army whose officers had a different educational, social, and religious background.

In September 1945, members of the Allied forces, Aung San, Communist leaders, BNA officers, and British Civil Affairs staff convened the Kandy Conference to determine how to reorganize the army in Burma. They agreed on a two-winged army: one wing for the ethnic minorities and another for the former BIA/BNA. Neither wing trusted the other – reflecting the legacy of the British idea of 'two Burmas', one consisting of the majority Burmans and the other of the ethnic minorities. For Aung San and the AFPFL, keeping their military units intact in this way was essential to preserving their power base. The two-winged army also perpetuated the separate interests of ethnic minorities. Much of this 'two-Burmas' vision was reflected in political cleavages, particularly in the loosely unified AFPFL. Aung San's leadership was crucial; his assassination in July 1947 contributed to fragmentation on both military and political fronts.

Communism was one of the political ideologies circulating among nationalist activists in Burma from colonial days onwards. The first Communist Party cell was formed in 1939, followed in 1943 by an underground Party Congress organized by *Thakin* Soe and six others. The Communists were linked to the

Dobama Asiayone and introduced Marxist-Leninist concepts into the leading nationalist groups, but Communism as an ideology found little support. Key leaders such as *Thakin* Soe and *Thakin* Than Tun shaped the way that Communism was understood, traveling to peasant communities and teaching revolution within the context of an anti-colonial agenda. Each leader had his own vision of Communism's place in the future of the country and, like other figures, won a following based in large measure on personal charisma and patronage. Out of shared animosity towards Japanese Fascism and militarism, the Communist Party-Burma cooperated with the British and (later) BIA forces against the Japanese.

Than Tun won leadership of the Communist Party in competition with Soe in 1946, which caused a split in the Party. *Thakin* Soe's minority 'Red Flag' group thereupon went into rebellion. The appeal of the Communists' agrarian reform programs forced the AFPFL and the colonial authorities to enact similar legislation to undercut the Party's support. The 1947 Tenancy Standard Rent Act redirected tax burdens from peasants to landlords, while the 1947 Agriculturalists Debt Relief Act cancelled all pre-war debts. Although Than Tun was Aung San's brother-in-law, he was unable to gain a significant role for the Communists in the new nation. They were squeezed out of the AFPFL by non-Communists and returning British officials who were wary of Communism's following both in the countryside and within the army. Following independence and the realization that they would not have much influence over the future of the country, three 'White Flag' Communist battalions left the army in 1948; thus, under the leadership of *Thakin* Than Tun began one of the longest Communist insurgencies in Southeast Asia. The 'White Flag' Communists never, in fact, had any prospect of taking over the state. Although the Party in rebellion had considerable support from peasants and workers, it was short of funding, organizationally weak, and without significant military support. The government – for all of its inadequacies – was superior in its military capabilities, infrastructure, and economic resources. Communism in Burma thus never had the prospects of power that it had in Indochina or even Indonesia; nor did it have the capacity to launch an insurrection as serious as in Malaya or the Philippines.

Other battalions defected from the Burmese army in 1948 to join the Karen National Defense Organization rebellion, so that within three months of independence the new government army was falling apart. Aung San's successor, U Nu, could not recreate the loyalty and commitment that his predecessor could claim. From 1948 to 1962 the Rangoon government and its armed forces faced insurgency in nearly every major city and township. This period accustomed the army leadership to making independent decisions, since civilian authority was weak and only the army could keep the insurgencies at bay. Indeed, the weakness of the civilian government and its tumultuous politics were almost as much a security liability as the ethnic and Communist enemies. The AFPFL broke into two main factions in 1958, which also created divisions between field commanders and staff officers. At the same time, it strengthened the military's general view that only it could hold the country together. Prime Minister U Nu's policy of making Buddhism the state religion galvanized ethnic insurgents

and exacerbated national divisions. His attempt to placate ethnic demands by creating a Mon State and an Arakan State further worried the military leadership, fearing fragmentation of the country. Finally, when U Nu attempted to meddle in army affairs, in September 1958 three staff generals took over government on behalf of General Ne Win, intending to maintain civil order and forestall conflict between factions within the army. Between 1958 and 1960, this 'caretaker government' ran the state, providing the army with both experience and confidence that it was able to run the nation.

In 1945, the economy had been nearly destroyed by the war. Transport routes, communication lines, factories, distribution centers, capital investment, and key personnel had all been disrupted or destroyed. Returning civil servants, angry at Aung San and the BIA for chasing them out of the country, attempted to assert their authority in the countryside by declaring on 1 March 1945 that all currency issued by the Japanese was worthless. This move directly affected farmers and poor villagers because they had sold their crop to the Japanese army and did not have any British or Indian currency to purchase new seed. Former district officers attempted to collect taxes, conscript labor for rebuilding the infrastructure, and impose curfews, just as touring Communist leaders promised to relieve peasants of such obligations. For many rural communities, the situation between 1940 and 1950 was dire. Income levels were worse than during the Depression.

The social and political instability that followed independence in 1948 compounded the challenges of rebuilding the economy. What economic strategies to adopt, how labor should be organized, and how new industries could be developed were among the more pressing questions facing the new government. Establishing a coherent economic policy required a stable, unified leadership – something hardly visible in 1948. Although unified loosely under the AFPFL umbrella, government stakeholders competed with one another in the economic interests of their various constituencies, stymieing economic advancement. Key businesses were slowly nationalized, including those in banking, transport, agriculture, and heavy industry. There were some joint government-private ventures in the oil industry, but their profits were channeled to the state rather than to foreign shareholders. In the 1950s the Defense Services Institute, whose purpose was to provide discounted consumer goods for the armed services, emerged and, during the military 'caretaker government' (1958–62), became the country's largest economic enterprise. Thus did military influence continue to penetrate deeply into the socio-economic foundations of society. The nationalization of businesses and an attempt to develop import-substitution enterprises between 1948 and 1962 were the keystones of a policy intended to create an economy less dependent on foreign capital.

In 1960, after elections were held, Ne Win (Figure 25) returned the government to U Nu, but the restored civilian government was short-lived. In March 1962, Ne Win led another coup that ushered in a new political order. His Revolutionary Council blended military hierarchy with socialist ideology. Within a few days, the Council concentrated judicial, legislative, and executive power in Ne Win's hands, eliminating the institutions established at independence in 1948. Ne Win announced the nationalization of both foreign and

Figure 25 Ne Win, 1962

AP/Press Association Images

domestic trade, steering Burma along a new path called the 'Burmese Way to Socialism', an explicit rejection of U Nu's ideology of 'Buddhist Socialism'. The Revolutionary Council also took greater interest in activities once considered private: gambling, beauty contests, and art competitions were banned while new holidays that celebrated peasants, martyrs, the military, and the Union of Burma were instituted. U Nu's religious polices were reversed, ethnicity was rejected as a constitutional category, and the regime attempted to promote symbols and ideas to articulate a new national identity. In 1965, the Academy for the Development of National Groups opened: its aim was to encourage students from border areas to appreciate symbols of national heritage and to pursue leadership roles in provincial governments upon graduation. Legislation that was ethnically specific was replaced with laws that applied across all ethnicities. The Revolutionary Council began to isolate Burma from the outside world, so as to cultivate a purer form of 'Burmeseness' that would contribute to the integration of the newly reconceived nation.

Army personnel were key figures in linking the state to rural society, merging state administration and participatory structures with the military hierarchy. Mass and class-defined bodies were established for workers, peasants, and youths. The Revolutionary Council provided rural communities

with participatory opportunities by allowing direct voting for the *Pyithu Hluttaw* (People's Assembly). A new constitution in 1974 confirmed Burma as a one-party state dominated by the military and its Burma Socialist Program Party (BSPP). Modernization of the army was meant to support the newly established BSPP as it sought to reach down to rural communities. Many senior BSPP members of the Revolutionary Council were influential military men or their close relatives. A military career was now sufficiently promising to attract talented young people. Thus did Ne Win's regime move still farther away from the kind of state envisaged at independence. Ne Win's closeness to Aung San and experience with the BIA during World War II gave him a standing that few could rival. He was one of the Thirty Comrades, held senior military appointments, and helped to restore order during the 'caretaker government' of 1958–60. He now led the Revolutionary Council, and was the President of Burma from 1974 to 1981 and Chairman of the BSPP until July 1988. He was thus one of the most decisive figures in the post-colonial history of Burma and is given a place of honor next to Aung San in the *Tatmadaw's* Defense Services Museum in Rangoon/Yangon.

While the distinction between the military and the BSPP leadership was blurred, the army did have its own distinct priorities. Military delegations visited a wide range of foreign countries to assess what innovations might be applicable in Burma. Yugoslavia, Israel, and Germany were among the nations that provided military tours for Burmese. In some respects these missions acted as diplomatic exercises, while providing officers with international perspectives that might assist in dealing with Burma's internal challenges. While the state's official ideology claimed to be socialist, military influence remained significant. Government documents, state-sponsored events, and official communiqués employed the military's vocabulary, evoked its battle-field experiences, and projected images of it as the apolitical protector of the nation. Even local infrastructural projects were conducted like small military operations. To some extent the military in Burma became something of a political party in uniform. Like a political party, the military had its own agendas, factions, ideologies, slogans, symbols, and lobbies. As a political entity it penetrated deeply into Burmese society, competed for constituents, and attempted to convince the public that its image of Burma represented the people's vision as well. Yet it is also true that the military differed from most political parties in having leaders who were battle-hardened soldiers, conditioned by experience and training to view the world around them as a series of crises and emergencies. At heart, these men were not politicians but 'war-makers' whose view of the world was filtered through the lens of military operations, maintaining security, and defending the nation from internal and external threats.

The military government attempted to detach the economy from world trade. The economy's integration with the global market was calculated at 40 percent of total trade volume in the 1950s, but dropped to 26 percent by the next decade. Within a year of the 1962 coup, banking, manufacturing, and trade were nationalized. In 1963, for the first of several times, the government declared certain currency notes invalid, in an attempt to control inflation, to destroy the profits of black marketeers (who constituted an ever-larger sector

of the economy), and/or to deal with the infiltration of counterfeit *kyat* notes into the economy. These policies had immediate consequences. Most of the remaining Indian business interests were forced out and their enterprises were taken over by nationalized trading corporations. Approximately 125,000 to 300,000 Indians and Pakistanis left the country over 1963–65. Economic control became centralized in the hands of the state managers, which reduced the diversity of the business sector on the one hand, while reducing income disparities within society on the other. Scholars have shown that from 1963 to 1974, industry grew at an annual rate of only 2.6 percent due to governmental intervention in the economy and managerial incompetence. Strict economic policies also limited the ability for private wealth to develop, which served the regime by inhibiting the growth of countervailing political forces.

Twenty-six years of BSPP rule brought the economic collapse of the supposedly socialist state. During the 1970s, the average citizen found meeting basic subsistence levels increasingly difficult as the cost of living rose considerably. Here, as in other societies, the poorer the family, the more income had to be spent on food. In 1961, the average family spent 48 percent of its total income on edibles. In 1975, this had risen to 65 percent in urban areas, while in the countryside it ranged from 72 percent to 79 percent. For the majority of the population, standards of living clearly declined under BSPP leadership. As a result of nationalizing the private sector, general mismanagement, and deliberate isolation from the global market, black-market activity became a major – but unrecorded – part of the Burmese economy. Black-market trade across the borders with Thailand and southwest China was particularly significant. As a result, official statistical calculations reflect only a part of actual economic activity. By the late 1980s, import costs had increased (reflecting a severe trade imbalance), foreign debt was at an all-time high, and lending partners (such as Japan) warned that economic reform was a precondition for further assistance. In December 1987, the United Nations placed the country on its 'least developed nation' list, allowing it to receive loans at a more favorable rate. By now, the country was effectively bankrupt.

In March 1988, a brawl between students at the Yangon Institute of Technology (YIT) and other youths resulted in the police arresting an individual who was then released. YIT students protested, believing that the accused was let go because of connections to a government official. The police responded with gunfire, killing one student. As matters escalated, more students took to the streets. Now the army stepped in with force and at least 41 protesters died from suffocation in a police van. Between July and September 1988, public dissatisfaction grew, with more public demonstrations, violence, and civil disobedience. On 23 July 1988, Chairman Ne Win announced that he and several top officials of the government would resign. He raised with the BSPP itself the issue of whether a referendum should be held on reverting to a multi-party system, which the BSPP Congress rejected. Indecision amongst members of the BSPP only fueled public disorder as protesters shifted from local issues to more fundamental economic and political ones. Burma approached anarchic collapse as the army and police used lethal force to quell the violence and arrested numerous persons. It has been claimed that as many as 10,000 died in the unrest. Thousands left Rangoon out of fear of being arrested and many left the country, particularly for Thailand, to join insurgent groups. New contenders for power also emerged in the chaos, among the more successful being the National League for Democracy (NLD) led by two former generals and, most prominently, by Aung San Suu Kyi, the daughter of Aung San. Civilian leaders proved unable to restore public order in the following weeks, while demonstrations and strikes escalated and the threat of fuel and food shortages loomed, whereupon the military again imposed order and dissolved the BSPP in the name of a new State Law and Order Restoration Council (SLORC).

The new SLORC military government soon dominated all state institutions, assigning officers and loyal civil servants to key positions, and purging officials who were still loyal to the now-defunct BSPP. SLORC leadership claimed, improbably, that it would only hold power until order was re-established. As will be seen in the following chapter, in May 1990 a constituent assembly election was held in which the NLD, led by Aung San Suu Kyi, won 59.9 percent of the vote. But the military regime had no intention of actually handing power to a democratically elected government. The results of the election were ignored and Aung San Suu Kyi was put under house arrest. These events merely confirmed to the international community and opposition parties that the generals intended to hold on to power.

Two groups figured prominently among those who opposed Burma's military regimes, just as they had in the 1920s and 1930s: students and monks. Students mounted strikes and set up underground groups, but were often forced to flee to Thailand for safety. A network grew among dissident students, opposition groups across the eastern border in Thailand, and international networks opposing the Burmese regime. Such student groups became particularly prominent in the years after 1988. They also built links with ordained Buddhist monks. Buddhism was favored by U Nu's government, although he sought to keep monks out of the secular spaces of politics. Ne Win's regime, however, faced protests from monks on several occasions, which were put down with force. Monks were prominent along with students in the 1988 anti-government protests and hundreds of monks were among the thousands who were killed by government forces.

Thailand

In Thailand, the 1947 coup inaugurated a period of military rule that lasted for more than four decades, except for a three-year civilian interlude in the 1970s. The Phibun-Phao-Sarit triumvirate survived until 1957, when Sarit (now a Field Marshal) staged a coup and held power until his death in 1963. The first decade of military rule after 1947 saw the preservation of a certain degree of press freedom, along with a brief period of open speech in the mid-1950s modeled after London's Hyde Park. When it came to explicitly leftist ideology, however, the regime tended to crack down fast and hard, and there were periodic arrests of those accused – rightly or wrongly – of being Communists. In the 1950s the CPT had yet to launch its insurgency, but the strength of Marxist

Figure 26 Sarit Thanarat, 1957

AP/Press Association Images

beliefs among some groups of intellectuals posed a serious threat from the government's point of view. After Sarit (Figure 26) took power in 1957, space for political dissent grew progressively smaller until the final months of the military dictatorship in 1973, when the groundswell of opposition was simply too strong to be suppressed.

Sarit was succeeded by his two chief lieutenants, Generals Thanom Kittikachon and Praphat Charusathien, whose military dictatorship survived until 1973, when they were overthrown by a student-led uprising which brought hundreds of thousands of people into the streets of Bangkok. Between October 1973 and October 1976 Thailand experienced a period of unprecedented openness, with multi-party elections, civilian prime ministers, and the growth of union activism among farmers and workers. Marxist classics were openly sold in bookshops, and radical ideology was widespread among students and intellectuals, including many professors who had recently completed graduate studies at American and European campuses. The three-year-old democracy came to a violent end in 1976 with a police massacre of students on the grounds of Thammasat University, in conjunction with a military coup. Several years of factional rivalry within the army were followed by the stability of 'Premocracy' between 1980 and 1988, so called because of the leadership of General Prem Tinsulanond. Elections were held, and the composition of parliament changed, but Prem remained Prime Minister. The clampdown following the October 1976 coup brutally stifled the voices of dissent, but under Prem in the 1980s the restrictions were gradually relaxed as the threat of a Communist takeover faded. Public discussion of Prem's future plans and other political issues was widespread by the time he stepped down in 1988. Over the long term, the two most potent weapons against opposition were the anti-Communist statutes and the *lèse-majesté* law protecting the monarchy from criticism; both of these could easily be wielded against critics of the government and/or the military.

Coups were now established as a salient feature of modern Thai history. Between 1947 and 1957 several coups were staged under the military, and several more were attempted by dissenting factions. The coup became a convenient way to eliminate rivals, to nullify democratic reforms, and simply to put the entire parliamentary system on hold. Sarit, for example, governed with no parliament and with only a 'temporary' charter instead of a constitution. Thanom and Praphat experimented with a return to a parliamentary system in 1969, but overthrew it with an internal coup three years later. The main victim of these developments was constitutionalism itself, since constitutions were rewritten or scrapped completely with each successive coup.

At the root of the problem was the fundamental tension between two groups of elites: those who advocated a parliamentary system modeled along Western lines and those who favored what they considered to be 'Thai democracy', which could survive nicely with a strong man in power and without allegedly dysfunctional trappings such as elections and parliament. This tension had existed since the People Party's seizure of power in 1932, but it became more acute as time went on, and the conflict between the two sets of values grew more violent. Pridi Phanomyong, who was the most radical among the civilian politicians, was driven from power in 1947, after which he remained an influential and inspirational figure in exile, but was unable to effect political change within the country. More moderate royalists such as Kukrit Pramote and his brother Seni were prominent figures on the political scene, although they did not share the same ideological stance; both had a turn at the prime ministership during the democratic interlude of 1973–76.

The most prominent advocates of 'Thai democracy' were in the military. Like their counterparts in Indonesia, Burma, and elsewhere, they came to see themselves as the most faithful guardians of Thailand's core institutions: nation, religion, and monarchy. The Cold War buttressed this role by providing a menace to all three in the form of Communism. Although the Communist Party of Thailand (CPT) did not initiate armed combat until the early 1960s, leftist ideas were present among some intellectuals by the late 1940s, and Communist insurgencies were active in Burma and Indochina as well. Almost immediately, Phibun and the coup group of 1947 allied themselves with the United States and became a key American partner in the region. This relationship proved tremendously lucrative, bringing millions of dollars in military aid and extensive American support in terms of training and development programs, as well as the construction of highways through the strategic northeast.

The military possessed a fundamental contempt for civilian politicians, who were seen as corrupt, incompetent, and ineffective in protecting the country from the Communists. For opponents of Western democracy, the chaotic years between 1973 and 1976 seemed to prove this point. Thailand always had a plethora of political parties, so that governments had to be constructed from fragile coalitions since no single party ever enjoyed a majority. The mid-1970s saw an explosion of activism among students, workers, and farmers, as well as the proliferation of radical ideas, particularly Maoism. The CPT made considerable inroads in the rural areas, particularly in the impoverished northeast and

parts of the north. The combination of Leftist political forces and the growing insecurity provoked a backlash from the Right, targeting both activists and the elected government, and civilian paramilitary groups joined the police in attacking the students at Thammasat in October 1976.

The period between the massacre at Thammasat and Prem's assumption of power in 1980 was a time of major crisis for Thailand. The CPT insurgency was at its peak, its ranks having been swelled by hundreds of students and other activists who fled to the jungle in the final months of the democratic period in 1976. Although the government was never directly endangered, there were patches of insurgent-controlled territory throughout the country. It was the decision of two military prime ministers – first Kriangsak Chomanan and then Prem – to offer amnesties to those who abandoned the revolution which began to reverse the situation. The CPT itself was split by internal debates over strategy and the effectiveness of the Maoist model. By the early 1980s, the Communist threat was fading away, and Prem's eight years in power became a relatively peaceful time of transition between military and civilian rule. Prem himself faced two coup attempts by dissident army officers, but his close ties to the royal family ensured his political survival. In 1988, under increasing pressure to re-establish an elected prime minister, he made a graceful exit and turned power over to an elected successor, Chatichai Choonhawan. For the time being, at least, the military remained in their barracks, and Thailand was back on the democratic path.

Throughout these years Thai economic policy, like that of most of its neighbors, focused predominantly on the twin engines of growth and development. The latter concept was particularly emphasized beginning in Sarit's time, when government policy zeroed in on the need for infrastructural development, especially in the rural areas, and five-year government development plans began to appear in the early 1960s. That decade also saw the promotion of industrialization, first for import substitution and then, on a larger scale, to produce goods for export. Agriculture remained a key economic activity, but many people from farming families shifted to factories and the service sector over the course of time. Beginning in the late 1980s, tourism was also promoted as a major source of income.

Neither economic growth nor development has, however, been consistently strong or evenly distributed. Beginning in the 1950s, the United States and other countries provided extensive development aid which achieved an overall improvement in rural infrastructure. Some of the benefits of this aid were diluted by corruption, however, and poverty remained widespread, particularly in the northeast and among the highlanders in the north – precisely the two areas where the CPT insurgency found the widest support. Moreover, at least some of Thailand's growth during the 1960s and 1970s was linked to income from US military bases, which obviously brought significant social costs as well and which ended abruptly with the closure of the bases in 1975.

By the 1980s, political and economic stabilization combined with the government's emphasis on rural development as a counter-insurgency strategy brought more substantial improvements in many people's lives. Development projects sponsored by the monarchy and the activities of NGOs played an important part in attempts to alleviate rural poverty. The northeast in particular remained poor and underdeveloped, however, and it furnished the lion's share of the many migrants who flocked to the cities to find jobs as factory and construction workers, domestic servants, or taxi drivers. The gap between rich and poor remained prominent, as the rising middle class concentrated in the cities benefited more directly from industrialization and foreign investment than the farmers and workers. In many respects Thailand enjoyed a boom, but the chickens would come home to roost in the 1990s with the Asian financial crisis, discussed in the following chapter.

Indonesia

The political structure established in the Dutch-Indonesian agreement of 1949 was a federal nation, within which the Republic of Indonesia was one state, the others having been set up by the Dutch during the Revolution. Within a year, all of those states had collapsed for a variety of reasons and been absorbed within the unitary Republic of Indonesia – the goal that had inspired Indonesian nationalists for a quarter of a century. But what sort of state was this to be? Everyone who mattered said that it would be democratic, but how would Indonesians create a functioning democracy where none had existed before? The vast majority of Indonesians were still illiterate, hard-pressed by the destructive and violent years they had just gone through, still responsive to the influence of local authoritarian figures and entirely without experience in how to run a democracy.

For the successful revolutionaries, the key to the new democratic Indonesia would be political parties. Those that had emerged during the Revolution remained. Masyumi and PNI were presumed to have the largest constituencies, while the Socialist Party carried on. The 'national Communists' inspired by Tan Malaka formed the Murba Party. PKI was brought back to life in the early 1950s by a new, young leadership team led by D. N. Aidit. In a bitter parting of the ways, the Traditionalist Nahdlatul Ulama withdrew from Masyumi in 1953 and became a party in its own right, leaving Masyumi as the political vehicle of urban-based Modernists, led by Mohamad Natsir. Catholic and Protestant Indonesians also formed their own parties.

PKI under Aidit faced a hostile political climate. The Communists were regarded as traitors for their 1948 Madiun uprising, were suspected by religious interests of being atheists determined to destroy religion, had to endure the implacable hostility of the military, and faced competition for the support of Leftists from the Murba Party's 'national Communists'. In this environment, Aidit argued that Indonesia remained a 'semi-feudal' and 'semi-colonial' country; the former raised the prospect of social revolution against the established elite, while the latter suggested a means of tapping nationalist sentiment. But Javanese society – where PKI's greatest strength was to be found – was increasingly polarized on lines of religious identity and practice between *abangan* and *santri*. So PKI, which in theory had an ideology based on class analysis, had to fit into a society in which vertical distinctions of religious identity mattered more than horizontal distinctions of class. In practice, PKI became a party of

the *abangan* (as was PNI), and prospects for class-based revolution were much attenuated. PKI not infrequently was supported by village leaders who brought the whole village with them into the Party.

The Party recognized the hostility of the Republic's political leadership and concluded that its only defense lay in numbers. So it began a vigorous campaign of recruitment, with remarkable results. By the end of 1952 PKI claimed nearly 127,000 members, by 1954 over 165,000, and by 1955 1 million. Its peasants', intellectuals', women's, and youth organizations added many more adherents. The Communist union organization SOBSI grew rapidly. By mid-1965 PKI claimed that the Party and affiliated organizations had 27 million members. Allowing for overlapping memberships, this probably meant something like 20 million persons. This figure was almost certainly greatly inflated. Perhaps PKI believed it, but perhaps it was a political ploy, for the membership number was itself one of the means the Party had to intimidate its opponents. Nevertheless, it was true that PKI had much more grass-roots organization than any other party and was thus playing the democracy game better than parties whose main interest was distributing the spoils of power in Jakarta (to which PKI never gained access). In fact, however, PKI's extraordinary membership numbers did not make it invulnerable to attack. Instead, it made the Party a greater threat to its enemies and thus a more prominent target.

The military – including the army, air force, navy, and police – was dominated by the army. Throughout the 1950s the army grew increasingly coherent ideologically. Its Islamist wing defected or was purged as a consequence of the Darul Islam rebellion, which spread from its West Java heartland to Aceh and South Sulawesi during the 1950s. The army's Leftist officers were purged after Madiun. So the army was a body characterized by two ineradicable convictions: that it alone was the savior of the Republic and the expression of the people's will, and that civilian politicians in general – and especially Communists because of Madiun and Islamists because of Darul Islam – were not to be trusted.

The civilian politicians were committed to holding general elections, but in practice postponed them until 1955 while playing complicated political games in Jakarta. The election campaign exacerbated social tensions and inter-party rivalries at the village level. The outcome of the elections surprised the political elite. The general expectation was that Masyumi, with its Islamic appeal in a society in which the vast majority was Muslim, would emerge as the largest party. PNI was expected to do well because it was seen as the party of President Sukarno. Sjahrir's Socialist Party was also thought to be important. 'Traditionalist' NU, having recently broken away from Masyumi, was not expected to be particularly large. When the votes came in, Masyumi and PNI were nearly tied, the former with 22.3 percent of valid votes, the latter with 20.0 percent, and both with the same number of seats in the parliament. NU surprised many by being in third place with 18.4 percent of the vote. But the greater shock was that PKI was in fourth place with over 6 million votes, representing 16.4 percent of total valid votes and 15.2 percent of parliamentary seats. From these 'big four' parties it was a long drop to the next nearest party, with just over 1 million votes (2.9 percent of total valid votes). The Socialist Party won only 2.0 percent of valid votes and Murba was behind that with only 0.5 percent of votes. When provincial elections were held in 1957, PKI's vote increased still more. So the political landscape of democratic Indonesia had delivered a major role to PKI and looked like it might even deliver power in the end. There was also an ominous geographical distinction: Masyumi was by far the strongest party in the outer islands, whereas PNI, NU, and PKI had their main strength in Java.

After the economic difficulties of 1930–42 and the chaos of 1942–50, the country's new leadership faced formidable difficulties in producing the prosperity that Indonesians expected of independence. Plantations, transport infrastructure, and factories had all been seriously damaged. Foreign enterprises were still strong in the economy – which stimulated much political animosity – but the indigenous middle class was economically and politically weak. Chinese were often better-placed to develop business enterprises, but faced unpopularity and could count on little or no political support. So it was hard to find adequate investment sources for national recovery. To make the challenge even greater, population growth again took off, increasing pressure on domestic resources. From an estimated population in 1950 of 77.5 million, the number of Indonesians grew to 97.0 million by the time of the 1961 census, 119.2 million in 1971, 147.3 in 1980, and 179.2 million in 1990. This generated domestic demand, particularly for oil, thus undermining efforts to restore oil exports. By 1957 oil output had returned to 1940 levels, but during that same time domestic demand for gasoline rose by two-thirds and for kerosene by some 200 percent.

Nor were world prices for Indonesia's products favorable. Of all the governments of the first parliamentary period, the coalition led by Mohammad Natsir (September 1950–March 1951) faced the most favorable economic circumstances. The Korean War created a boom in commodity prices which led to increased export earnings and government export duties until mid-1951. At this time, rubber was Indonesia's leading export, but its price fell by over 70 percent between early 1951 and September 1952. Thereafter, in the absence of any other commodity boom, the country's economic story became increasingly one of inadequate export revenues or growth, accompanied by increasing political interference in the economy, corruption, smuggling, and black marketeering.

As the 1950s passed, democracy itself came under increasing criticism. Corruption was widespread, although utterly insignificant when compared to what was to come later. The army was disgusted with the doings of the civilian politicians and alarmed at PKI's growth. Sukarno as President was increasingly critical of the self-interested politicking of the parties, and sympathetic to the general disillusionment with the democratic system. Outer island regions were dissatisfied with the trend of the Republic: centralizing, increasingly Leftist in rhetoric, and Java-dominated. The rupiah, Indonesia's currency, was overvalued as a means of subsidizing net-importing Java and the politically volatile residents of the nation's main cities – all located on Java. This disadvantaged the net-exporting outer islands and led to the emergence of various smuggling arrangements, linking outer-island exporters to markets in Singapore and Malaya in particular. These smuggling operations often involved local military commanders, whose resources and incomes were inadequate to sustain their

own troops. Many were dissatisfied with the Jakarta commanders' centralizing tendencies and happy to succumb to the temptations of ready money.

These discontents led to a series of regionally based rebellions from 1956 onwards. National politics in Indonesia meanwhile drifted leftwards, as a response both to PKI's increasing influence and to Sukarno's insistence that the Indonesian Revolution remained unfinished. The main evidence that this was so was the refusal of the Netherlands to negotiate the transfer of sovereignty over Papua (Netherlands West New Guinea) to Indonesia. This was consistent also with PKI's view of Indonesia as being still semi-colonial, so Sukarno and PKI moved closer together and the Communists stopped denouncing Sukarno for his role in crushing the Madiun uprising. Sukarno began to say that a new political system was needed to replace '50 percent plus one democracy', which he depicted as an alien Western import into communalist, consultative Indonesia. Non-Communist, anti-Sukarnoist, Masyumi, outer island, and factional military dissatisfactions coalesced in the 1958 rebellion of the Sumatra-based PRRI (*Pemerintah Revolusioner Republik Indonesia*, Revolutionary Government of the Indonesian Republic). This rebellion was quickly crushed in the Sumatran cities by combined military operations. It was thereby reduced to guerrilla action in the countryside which carried on, with little effect, until 1961, when the main rebel leaders and their followers surrendered. Masyumi and Socialist Party leaders were prominent in PRRI so these parties were declared illegal. The American Eisenhower administration had been clandestinely supporting these dissident movements in an effort to counter the Sukarno regime's leftward tendencies. So had Taiwan, Singapore, Malaya, the Philippines, and South Korea. But the downing over Ambon of a plane flown by an American pilot and the Indonesian government's rapid repression of the PRRI rebellion persuaded the United States and others that it would be wiser to deal with the Sukarno regime than to attempt to undermine it.

In the midst of this dissidence and impending collapse of the nation, Sukarno announced a new form of politics, which came to be called 'Guided Democracy' (1959–65). This called for the diminution (but not abolition) of the role of political parties and greater involvement of 'functional groups': women, youth, peasants, and such-like and, crucially, the military. Ideological slogans were manufactured so as to make Guided Democracy seem a uniquely Indonesian contribution to world revolution and radicalism, led by its unique 'people's spokesman' Sukarno (Figure 27). In style, Guided Democracy was a curious combination of the Fascist modes of the Japanese occupation, Soviet-style Socialist Realism, and folksy Indonesian symbolism. While Sukarno stood as the central figure, much of the political dynamism of Guided Democracy came from the increasing competition between the two irreconcilable enemies, the army and the PKI. Indeed, Sukarno was pressed into abandoning the old political system in part to avoid the risk of a military coup under the leadership of General Nasution. In the increasing radicalism of the age, Dutch enterprises were nationalized and their administration taken over by the military. Thus Indonesia's military became an independent economic power as well as monopolizing the use of armed force. The PKI also grew, at least in numbers, but

Figure 27 Sukarno, October 1965

Beryl Bernay/Hulton Archive/Getty Images

never managed to create a significant armed force loyal to itself, despite some success in infiltrating the military. If it came to a physical contest, the military was thus best-placed to win.

In a nation as large and diverse as Indonesia, a multiplicity of views and aspirations is the normal state of affairs. During the 1945–49 Revolution there was much diversity and disagreement, much violence, and next-to-no means of managing dissent. Under the democratic system that prevailed from 1950 to 1959, political differences became increasingly bitter, as implacable hatreds coalesced. The outcome of the PRRI and other regional rebellions was the imprisonment of several major figures, including some who had been instrumental in Indonesia's struggle for independence, notably Sjahrir and Natsir. These political hatreds reached a peak in the Guided Democracy period. Sukarno and the PKI adumbrated a political orthodoxy from which opponents dissented at risk to their freedom. The PKI called for the 'retooling' of government and political figures, major intellectuals were intimidated and/or forced from their jobs, and the hounding of political opponents became common. *Santri-abangan* animosities were hardened by political competition. These hatreds would culminate in the violence of the mid-1960s.

Political chaos, with massive demonstrations and revolutionary posturing, became the order of the day. Just when the 1963 settlement of the Papua issue seemed to remove the basis for radical politics, the creation of Malaysia in September 1963 provided new grounds. Indonesia denounced Malaysia as a neo-colonial plot and announced a policy of 'confrontation'. As it became painfully clear, however, that radical slogans could not feed people, disaffection grew. Islamic organizations joined the military in doubting the radical drift, believing particularly that if this radicalism were to deliver power to PKI, they would suffer. Finally the ramshackle edifice of Guided Democracy began to disintegrate. In 1963 PKI launched a unilateral land-reform campaign, to

distribute land to landless peasants. This directly threatened the interests of land-owners, who included military men and, particularly in East Java, prominent NU figures. PKI's opponents began to fight back and, as the violence spread, PKI was put on the defensive, which suggests that its claimed numerical strength was chimerical.

Meanwhile the economy was approaching complete collapse, and was being conventionally described by economists as a 'basket case'. The degree to which radical politics undermined real economic planning was suggested by the eight-year development plan of 1960, which was constructed of 17 parts, 8 volumes, and 1945 clauses to symbolize the date of the independence declaration. From 1961 to 1964, inflation remained at around 100 percent per annum. But by 1965 it was at least 500 percent.

On 30 September 1965 a coup attempt took place in Jakarta. The intrigues of the period were so complex and have generated so much disinformation as well as information, that it is unlikely that the full truth about the plotting will ever be known. The coup group of 'progressive' military officers had links with PKI. Both PKI women's and youth organizations were involved. In the course of that night, six generals and one other military man were murdered. Out of this chaos General Soeharto (Figure 28) emerged from relative obscurity and took charge of the military.

Under Soeharto's leadership, the military recognized an opportunity to be rid of its arch-enemy the PKI and to purge those parts of the military that the Communists had influenced or infiltrated. The Party was outlawed. With the support of the major Islamic organizations and student activists, a slaughter of PKI leaders and members began, while the military purged itself of Communists and their sympathizers. It is not known how many were killed

Figure 28 Soeharto, 1980

across the country in 1965–66, but the figure is generally thought to be of the order of 500,000. Thousands more were arrested, tortured, and held without trial for years. Because political party affiliations had followed *abangan-santri* religious identities in Java, so did much of the killing, with *abangan* victims falling at the hands of *santri*. Sukarno tried to mobilize mass support to maintain his leadership, as he had so often in the past, but his threadbare charisma no longer worked. Over a period of months, Soeharto again and again outmaneuvered Sukarno and his supporters. In 1966 he effectively took charge of the country, with Sukarno reduced to being an ineffectually furious figurehead President. In 1967 Soeharto became Acting President and in 1968 President (until 1998). Thus began what is called Soeharto's New Order.

Under Soeharto, the army clamped down on all dissent, restrained only by the limitations of Indonesia's ramshackle bureaucratic structures. The military had no compunction about banning publications and imprisoning, torturing, or murdering opponents. Regime violence was particularly unrestrained in the outlying areas of Aceh, East Timor (discussed below), and Papua (at the time called Irian Jaya), where there were separatist sentiments and guerrilla resistance. The non-Communist alliance of student activists, Islamic leaders, and the military lasted only briefly. The military created a condominium over the country relying on itself and the bureaucracy. Student activists and Islamic leaders were soon alienated by their exclusion from the core of the regime and by its increasingly obvious corruption. Indeed, it was the regime's ever more extravagant corruption that did most to undermine its legitimacy as years went by. Ethnic Chinese entrepreneurs built mutually lucrative alliances with members of the military elite, thereby exacerbating widespread anti-Chinese feelings in the country.

The role of Islamic groups in the bloody killing of 1965–66 seems to have contributed to some alienation from Islam, which goes far to explain the rapid spread of Christianity and the (more limited) revival of Hinduism and Buddhism among previously Islamic communities, particularly former PKI supporters. In 1933, 2.8 percent of Indonesians were Christians. In 1971, however, Christians were 7.5 percent of the population – nearly 9 million people. In 1990, the Christian population totaled 17.2 million, 9.6 percent of Indonesians. Christianization embittered Islamic leaders, who had assumed that with the demise of PKI, Islam would at last claim its rightful place as the arbiter of the nation's affairs. There were episodes of anti-Christian violence, which the regime put to an end by making it clear that it was prepared to shoot perpetrators. As will be seen below, however, in the end the New Order provided circumstances favorable to deeper Islamization.

One measure taken by the regime with far-reaching consequences was the destruction of the previous political parties. Elections were held periodically, but they were carefully managed and were always won at national level by the government organization Golkar – which claimed to be a working organization of 'functional groups' and thus not really a party, rather like the Sangkum movement in Sihanouk's Cambodia. The old political parties that had not previously been outlawed were forced to merge into two unwieldy coalitions in 1973, which had the effect of emasculating all of them. Thereafter there was

Figure 29 Istiqlal mosque, Jakarta, opened 1978

nothing to threaten the regime except its own corruption and human rights abuses, which gradually rotted it from within. The destruction of the old political parties, however, meant that the institutional frameworks that had supported *abangan* interests were destroyed. This in fact facilitated deeper Islamization at grass-roots level, a social change reflected in the rapid increase in the number of mosques and prayer-houses (Figure 29), as well as in an increasingly religious public style, including among the rapidly growing and prospering urban middle class.

The regime's most difficult challenge came in 1975 when Portugal granted independence to East Timor, where the Leftist group Fretilin was dominant. Indonesia had no intention of tolerating a Leftist regime within its own archipelago, so the Indonesian military invaded, with the tacit approval of Western governments. For 23 years Indonesia – whose self-identification as a nation relied heavily on its successful anti-colonial revolution – ruled East Timor as, in effect, a colonial power itself. Its human rights abuses there did much to undermine its international standing, but in the context of the Cold War this was another anti-Communist measure and thus congenial to Western political interests.

Similarly welcome to Western governments was Indonesian domestic policy towards Islam, whereby religious radicals were uniformly suppressed in the early years of the regime. Soeharto's New Order was favored by Western nations in

part because it was seen as successful in domesticating Islam, as well as being pro-development and pro-Western. This was even more true in the wake of the Iranian revolution of 1979, which made both the Jakarta elite and its Western analogues nervous. As a part of the increasing Islamization of society, however, radicalism and fundamentalism also grew underground. There were occasional outbreaks of violence in which the government invariably prevailed. But seeds were already being sown for the terrorist violence that would follow from the later years of the century. In 1991 Soeharto and his family went on the pilgrimage to Mecca for the first time, an event that symbolized a pro-Islamic turning that marked the last decade of the New Order.

Soeharto's greatest achievements were in the economy, and therefore he was often dubbed *Bapak Pembangunan*: the 'father of development'. From the chaos of Sukarno's 'old order', the New Order regime constructed a rapidly growing and modernizing economy. Foreign investment first came into the most profitable industries, particularly extractive industries in the outer islands. In order to fight inflation, domestic interest rates were high, which damaged indigenous (often *santri*) entrepreneurs while favoring those with access to cheaper funds overseas – mainly overseas investors and local Chinese business people. From the early 1970s rising oil revenues and general economic development made possible major investments in welfare measures. Levels of education and welfare began to rise, although Indonesia remained a country with very many extremely poor people. Average food consumption rose as rice production increased. Medical facilities increased dramatically, but remained well behind the level of other ASEAN countries. Indonesia's family planning program, however, was among the most successful in the world. The rate of annual population growth fell from 2.3 percent in the 1960s to 1.97 percent in the 1980s. Literacy went up dramatically, finally addressing a problem that had been beyond the capacity of the former colonial or independent regimes. In 1930 the adult literacy rate was 13.2 percent for men and 2.3 percent for women. In 1980 the rate for males over the age of 10 had risen to 80.4 percent and for women to 63.6 percent. In 1990 those figures were 89.6 and 78.7 respectively.

But corruption by the regime from top to bottom poisoned this economic growth. There were various estimates of how much foreign investment or aid funding went into the pockets of corruptors. A common figure was 30 percent, but of course there was no way of really measuring this. Demonstrations against corruption by students – allies of the New Order regime at its inception in 1965–66 – began as early as 1967. In January 1974, when the Japanese Prime Minister Tanaka was visiting, the worst riots Jakarta had seen since the beginning of the New Order broke out, protesting the Japanese role in the economy. Such demonstrations and protests were always, in the end, suppressed, many activists went to jail or disappeared, and critical newspapers were closed down.

Still the economy grew impressively. From 1971 into the 1990s the real GDP annual rate of growth averaged around 7 percent. Oil was the key export. By 1981 Indonesia had also become the world's largest producer of liquefied natural gas. But the regime could not shake off the criticisms of corruption from both domestic and international sources. The national oil company

Pertamina – run virtually as a personal fief by an entrepreneurial ex-military officer – was one of the world's largest corporations in the early 1970s but it rested on a combination of excessive overseas debt, chaotic management, and corruption. In 1975 it found itself unable to repay overseas debts and had to be rescued by the government at a cost of at least USD10 billion. By the 1980s the Soehartos' six children were coming into their own as entrepreneurs. They made money in almost unimaginable quantities. Legality was somewhere well beyond the horizon of this sort of development and governance. People began to speak of a 'kleptocracy' – government by thieves.

New Order economic development led to a change of crucial significance for the unity of Indonesia. Colonial economic arrangements had diminished the trade interconnections that, in the pre-colonial era, had helped to bind the archipelago (along with the Malay Peninsula) into a regional economic entity. Now, as Indonesian manufacturing developed, particularly in West Java, it began to draw in raw materials from elsewhere in the archipelago and sell finished products back to other areas. For the first time in at least a century, a community of economic self-interest – a national economy – was thereby being recreated in Indonesia. This accompanied rapid urbanization and a reducing role for agriculture in the economy. By 1990, 30.9 percent of the population was classed as urban and in the early 1990s for the first time agriculture accounted for less than 50 percent of the work force. Signs of modernization – electric lighting, motorbikes, televisions, paved roads, schools – were spreading across the country. There remained, however, regional disparities. Java and Bali (where tourism produced much wealth) were ahead of Sumatra on most measures, while eastern Indonesia trailed all the rest of the country.

The Philippines

Magsaysay's death brought about a frenzy in Philippine politics, epitomized by the mudslinging and vulgarity of the 1957 elections. After devising elaborate ruses to secure the support of the Church, candidates learned that the idea of a 'Catholic vote' was a myth. The well-oiled NP propaganda machine propelled former Vice-President Carlos Garcia to the presidency (1957–61). As an old-time *politico*, Garcia admired forerunner Manuel Quezon but allied with nationalist colleagues Jose Laurel and Claro Recto. Garcia opposed the Bell Act and the Military Bases Agreement and was elected without American endorsement. His presidency was anchored in his 'Filipino First' policy, advocating economic independence by setting import and currency controls and promoting Filipino businesses. Association with corrupt Nacionalistas, local warlords, and strongmen, however, damaged Garcia. Protests from middle-class organizations coalesced with those of marginalized foreign and local businessmen; rumors circulated that military officers who lost their positions in executive agencies were plotting a coup. In 1959 Liberal Party (LP) senatorial candidates, led by Ferdinand Marcos, resoundingly defeated their ruling NP counterparts. Two years later Garcia failed in his re-election bid, trounced by LP rival Diosdado Macapagal (g. 1961–65). Macapagal pledged to open the economy to world trade and foreign investment.

In post-independence Philippines, the pursuit of economic development has been consistently dominated by oligarchic control of production and ties with the United States, through both trade and aid. Presidents Roxas, Quirino, Macapagal, Garcia, and Magsaysay attempted to help the peasantry by expanding agricultural productivity through technological inputs, credits, and social welfare plans but stopped short of displacing landlord power through a land redistribution program. The Bell Trade Act gave Americans the same rights in land ownership, natural resources exploitation, and other fields of economic activity as Filipinos. The Americans pegged the release of war rehabilitation funds for the Philippines to the passage of the Military Bases Agreement that allowed long-term American military facilities in the archipelago.

The Roxas administration only gave access to the rehabilitation funds to its allies: affluent families who invested in land and commerce. The so-called 'special' relationship between the Philippines and the United States benefited American businessmen and Filipino exporters. Free trade proved to be a boom for the landed elite who met American market demand for plantation products like sugar, coconut oil, and abaca. It facilitated the continued dominance of landlordism, even though the newly established Republic in principle stood for democratization and modernization. The flood of American goods into the domestic market hampered small-scale industries, fueled pervasive corruption and overpricing, and precipitated a balance-of-payments crisis that led to capital flight, inflation, and massive unemployment.

With the support of Washington, the Philippine government passed policies favoring import-substitution industries. Imports were limited, while local production was allowed to flourish in a protected environment. The Central Bank prevented unathorized imports and controlled access to the country's USD reserves. Under its supervision, a manufacturing sector that met domestic consumption and export demands developed. By 1953 these policies had stabilized the economy, producing about PHP 655 million in tax revenue and the first budget surplus since 1946. The Central Bank remained committed to implementing technocratic reforms, resisting most of the patronage interests that plagued the Quirino, Garcia, Magsaysay, and Macapagal presidential terms.

Graft and corruption thrived nonetheless. The Quirino government witnessed the rise of cronies called 'ten percenters', officials who demanded bribes from importers and businessmen for licenses in the import substitution business. Magsaysay provided the military with the opportunity to be directly engaged in governance. Garcia's presidency was associated with traditional politics that relied on local warlords and strongmen, and with state corporations known for corruption, bribery, fraudulent transactions, and favoritism. Macapagal outrageously spent millions on unnecessary expenditures, contradicting his pledge to be frugal. He was accused of agreeing to compromises with legislators that allowed American agricultural firms to rent lands for pineapple and banana production cheaply.

To realize his vision for the economy, Macapagal employed US-trained technocrats who were favored by the World Bank, IMF, and the American State and Treasury Departments. After securing pledges for external aid, his administration lifted exchange controls and freely floated the peso. These policies allowed

unrestricted exports and led to massive repatriation of profits overseas which depleted the country's reserves. To regain liquidity the government turned to international funding agencies which provided 'stabilization loans' with attached conditions that ensured a hospitable investment climate for multinational corporations but hampered local infant industries. Prices of basic commodities soared, depressing the standard of living. The state pursued a land reform code, riddled with more than 200 amendments, without allocating a budget for its implementation. Amidst growing poverty, Macapagal was accused of wallowing in extravagance, being vindictive towards enemies, practicing nepotism, and compromising the policy agenda. By the 1960s, the policy of import-substitution industrialization had proved inadequate. The stress on commercial cultivation had displaced basic food crops, increased the prices of goods, and caused increasing rural unemployment. A wave of unskilled and unorganized labor entered the cities, forming a new urban proletariat.

In 1965 Macapagal tried to convince his fellow LP member Marcos to join his re-election bid, but the latter was determined to run for the presidency himself. Following a common pattern among Filipino politicians, Marcos changed parties and campaigned as the NP candidate. Extravagance, treachery, disinformation, and chicanery featured in the subsequent contest. Supporters whose personal fortunes hung on the election of their candidate deployed various strategies to win votes and contributed to an increase of criminality and violence. Candidates scrambled to involve religious institutions in the race. Catholics were torn between LP candidate Macapagal and Progressive Party nominee Raul Manglapus. Marcos took another path: he obtained the endorsement of the indigenous church *Iglesia ni Kristo* (Church of Christ), consolidated his northern Luzon bailiwick, secured a tactical alliance with the Lopez sugar-media-energy dynasty and strategically utilized his large war chest of campaign funds. With the prominent support of his beauty-queen wife Imelda Marcos, he proclaimed, 'This nation can be great again.' He won the presidency by a landslide.

Marcos began his first term (1965–69) at a disadvantage. The state – saddled with PHP 400 million of domestic debt – was nearly bankrupt and could hardly afford essential services. The delivery of justice could not keep up with the rapid rise of crime – some 80,000 cases were pending in the courts. Liberals, who felt betrayed when Marcos became a Nacionalista, dominated Congress and stood in the way of legislation intended to improve the grim state of the nation. But Marcos knew that Filipinos yearned for stability, not for more speeches and procastination from Congress. He was also aware of the vast resources and powers that the presidential office wielded, including discretionary funds that could be used to persuade legislators to pass laws. Like Quezon before him, Marcos used public sentiment and the powers of the presidency to control Congress. His executive authority prevailed through the deployment of technocrats working for presidential agencies and the army, which was tasked with the implementation of development programs.

Marcos embarked on an ambitious rural development strategy. Using funds from domestic and external loans and developmental aid, he pumped millions into new irrigation systems, technological innovation, road systems, and social development. The development of high-yielding varieties of rice by the International Rice Research Institute at the University of the Philippines at Los Baños boosted hopes of achieving rice self-sufficiency. Farmers were given access to financial and technical assistance. In 1967 Marcos pushed Congress to pass the Investment Incentives Act which encouraged foreign investors to contribute to the country's industrial development through export production. Despite this export-oriented industrialization policy, and over the objections of technocrats, protection of domestic industries such as food processing, tobacco, and retail continued.

Public discontent rose. Marcos was criticized for assisting the United States in its war in Vietnam. Rampant crime continued, as did the criminal complicity of law officers and politicians. In May 1967, public indignation spiked after 32 members of the millenarian group *Lapiang Malaya* (Free Party) who demonstrated at Malacañang Palace were mowed down by the Constabulary. In Central Luzon the Huks surged back to life and acted as an ersatz government by providing protection from robbers, rustlers, and abusive military. The *Partido Komunista ng Pilipinas* found allies among University of the Philippines and Lyceum University students who later established the militant organization *Kabataang Makabayan* (KM, Nationalist Youth) led by Jose Maria Sison (known as Joma). In 1968, the Communists split between an 'old guard' and a more Maoist 'new guard'. After being expelled from the *Partido Komunista*, Sison and his young 'new guard' comrades established a new Communist Party of the Philippines (CPP). The international context was favorable: the Vietnam War's international unpopularity, the 'continuing revolution' by Mao Zedong, and the rise of the youthful New Left in Western Europe and the United States worked to the advantage of the young comrades at the CPP. They made alliances with workers' unions and peasant organizations, 'national democratic' organizations in schools throughout Manila, and the influential University of the Philippines Student Council. The anti-Marcos legislators Benigno Aquino Jr. and Jose Yap acted as go-betweens in a meeting between Sison and the Huk commander Bernabe Buscayno which led to the establishment of the New People's Army (NPA) as the CPP's armed wing, which trained urban recruits for armed combat. For CPP Chairman Sison, the 'semi-colonial' and 'semi-feudal' economy and the 'bourgeois-dominated' state could only be broken by a protracted war in the rural areas. The NPA advanced across the archipelago, mobilized peasants and workers and built up armed units. In northern Luzon, in traditional strongholds of the landed elite, the NPA established base areas for encircling the cities, where the bourgeoisie remained paramount. In these bases, rebels kept peace and order and earned the reputation of being polite, patient, and helpful in agricultural production.

With Marcos's re-election in 1969, the country plunged further into chaos. Clashes between the military and NPA filled the news. In January 1970 workers, peasants, and students were beaten by the police when they staged demonstrations to protest the death of democracy. Known as the First Quarter Storm, these encounters touched off a year of violent street battles which spurred Maoist revolutionary zeal among the youth. Marcos's discarded allies – the Lopez and Laurel families – used their media consortia to depict him as a

'puppet' of imperialism, feudalism, and bureaucratic capitalism. In the convention that reviewed the 1935 Constitution, delegates redesigned executive power to prevent Marcos from seeking another term. In 1971, after the bombing of an LP rally for which Marcos was blamed, even Nacionalistas joined the opposition in Congress. In response, Marcos suspended the writ of *habeas corpus*, paving the way for the arrest and detention of suspected subversive and Communist academics, students, and professionals. With the support of foreign governments still behind him, Marcos was unfazed by the worsening domestic situation. In September 1972 he signed Proclamation No. 1081 which placed the country under martial law. The President thereby carried out a coup against his own elected government.

Overnight the military subjugated thousands of anti-Marcos forces. They jailed politicians and neutralized their patronage machines and private armies. They arrested activists, forcing those who escaped to join the CPP underground. All media outlets and vital public utilities were seized. Soldiers imposed a daily curfew and an overseas travel ban on citizens. Marcos pronounced the advent of his ideal *Bagong Lipunan* (New Society). Being a trained lawyer, he found it important to inject legality into his rule. He called a convention that promulgated the 1973 Constitution and the tame National Assembly later elected him as both President and Prime Minister. Marcos appointed close associates to the Supreme Court and declared that all subsequent executive decrees and orders had the force of law. Throughout his dictatorship he issued 1941 presidential decrees, 1331 letters of instruction, and 896 executive orders. His party *Kilusang Bagong Lipunan* (KBL, New Society Movement) replaced the two-party system and decorated the dictatorship with a façade of electoral politics. Although some opposition politicians won seats in the countryside, the KBL dominated elections in Manila.

In the Martial Law period the CPP's Yenan-style bases proved disastrous. Seeking to capture Bernabe Buscayno (Ka Dante) and his troops, the army attacked mountain bases in Tarlac and Isabela, causing numerous casualties and destroying what the CPP had spent nearly two years to establish. Under the rubric of 'centralized command, decentralized operations' the CPP Central Committee responded by enforcing a policy of creating autonomous regional organizations, which allowed local members to apply strategies appropriate to their areas and to survive the capture of their leaders. Buscayno and Sison were captured in 1977. The Party still found recruits among detained students and labor leaders and among peasants who were tortured and brutalized or whose families were killed for allegedly supporting the NPA. By 1981 the Party had 48 guerrilla fronts in 43 provinces with 5600 full-time NPA fighters and some 23,000 combat support members (activists and part-time militia). In urban areas it mobilized students through the League of Filipino Students and labor unions through the *Kilusang Mayo Uno* (KMU/May First Movement). Cadres cooperated with Nationalist senators Jose Diokno and Lorenzo Tañada who had sufficient moral authority to be able to publicize Marcos's human rights violations. Nevertheless, the CPP was now on the defensive.

The military and civilian technocrats were the key factors that engineered Marcos's state – a parallel with Soeharto's Indonesia is to be seen here. Freed from legislative constraints and media scrutiny, the Philippines military took over regional political and police networks and launched brutal campaigns against the secessionist Moro National Liberation Front (MNLF) in the southern Philippines and the CPP-NPA. Through able technocrats, Marcos addressed structural problems in the countryside and monitored the budget process and economic planning. He subjected all lands to agrarian reform, providing the landless and tenants with access to land. To compete with the private sector, state corporations engaged in oil production, electric power, mass transportation, and fertilizer production. New investment was fostered through financial institutions and the state-run Philippine National Bank and Development Bank of the Philippines, working closely with the Central Bank. American financial aid further solidified Macros's dictatorship. For 12 years the Philippine economy recorded annual growth of some 6 percent.

From 1972 to 1982 Marcos staved off crisis by eliminating the landlord-dominated legislature and employing technocrats who coordinated economic planning and development. The latter administered a land reform program that included the transfer of lands to tenants occupying rice and corn farms. The self-sufficiency program *Masagana* 99 (Prosperity 99) allowed farmers to borrow from rural banks, the Philippine National Bank, and the Agricultural Credit Administration to purchase 3-hectare farms and necessary implements. Technocrats also established state corporations that competed with private counterparts in critical areas like oil, mass transportation, power, fertilizer production, and banking. The government stimulated industrial growth by encouraging foreign investments in designated export-processing zones.

Sustained economic progress, however, remained elusive. Marcos had essentially continued his predecessors' formula for development: economic liberalization, promotion of productivity over land reform, and deployment of executive and military agencies. The promotion of other crops failed: sugar, coconut, and forestry products alone – all subject to global market fluctuations – comprised 70 percent of exports. This narrow export base could not balance the rising cost of imports. Taxes remained unchanged, despite structural changes in the economy. Legislators refused to tax the sugar industry and indirect taxes remained the main source of revenue. This distorted tax structure, weak collection apparatus, and leakages due to corruption depleted state resources which then had to be secured through more borrowing. Government corruption and inefficiency caused the decline of American development assistance and foreign investment. The government deficit thereby reached PHP 1.13 billion.

The early success of the dicatatorship ended in decline. Wealth from the economic success remained concentrated in the hands of the Marcoses and their cronies. Their 'crony capitalism' rested upon monopoly powers, special access, and brute force. A crony network that included the Marcoses profited handsomely thereby. Soon after their founding, however, most crony corporations in sugar, automotive, hotels, and entertainment faltered because of mismanagement. From 1981 to 1983 the government bailed out these corporations through 'equity investments', contributing to the decimation of the state's scarce resources. Meanwhile the administration's continued plunder finally emptied the treasury. The country's balance-of-payments worsened; high

import costs could not be covered by the declining value of exports. The state resorted to expensive, short-term borrowing to service past debt and went deeper into deficit spending to pay for its ambitious development programs. By 1983 the Philippines was saddled with USD 25 billion in total debt. Real wages dropped, forcing numerous Filipinos to work abroad. Disenchanted by the dictatorship, local and foreign businesses fled as the international lines of credit were cut.

Still Marcos retained political dominance. The military, whose internal conflicts also drained state resources, supported him. Opposition forces remained divided, and Marcos co-opted some through cushy positions. He also courted the Catholic Church and held the radicals at bay. It was principally the Marcoses themselves who undermined the dictatorship – not unlike the way in which Soeharto and his family undermined his rule in Indonesia, as will be seen in the following chapter. On 21 August 1983 opposition leader Benigno Aquino Jr. returned from exile in the United States, despite warnings that his life was at risk. Within minutes of his arrival at Manila airport, he was assassinated. His lifeless body lying on the tarmac of the country's international airport galvanized political opposition across the nation; even some allies turned their backs on Marcos. Technocrats – whose dreams of transforming the Philippines into a market economy had been shattered by rampant cronyism – were among the first to leave. Dissident elements in the military organized a group called the Reform the Armed Forces Movement and readied for their time to strike.

In 1986 the embattled Marcos inexplicably called for snap presidential elections. Anti-Marcos forces consisted of moderate and elite oppositionists, the Church, left-leaning organizations, and thousands of citizens. They enthusiastically threw their support behind the opposition candidate: Benigno Aquino's widow Corazon 'Cory' Aquino (Figure 30). The opposition won despite limited

Figure 30 Corazon Aquino and Diosdado Macapagal, 1989

AP/Press Association Images

resources, intimidation, and cheating by the Marcos side. Marcos demanded that Congress declare him victorious. His position weakened when election observers publicly walked out in protest over irregularities. The military reformers sought to break the impasse by mounting a coup, only to be thwarted by pro-Marcos loyalists. On 22 February 1986 the presidential security command cornered the rebels and forced their leaders, Defense Secretary Juan Ponce Enrile and Armed Forces Chief of Staff Fidel Ramos, to retreat to two military camps along Epifanio de los Santos Avenue – known forever after as EDSA, the focal point of Philippine street politics. Here, during 'EDSA I', Aquino supporters, the Catholic Church, and millions of citizens gathered; the air force and Manila police force defected to their side. American President Ronald Reagan withdrew his support from Marcos, who was persuaded that he had no choice but to flee the country. On 25 February, Cory Aquino and her supporters declared an end to the dictatorship; the bloodless 'People Power' revolution had won.

After toppling the dictatorship, the Aquino government sought to halt the downward slide of the economy it inherited by honoring the country's debts, dismantling import controls and monopolies, and initiating trade reform. From USD 564 million in 1987, foreign investment rose to USD 2.5 billion in 1992, while export value rose to USD 8.8 billion. But the international debt servicing (equivalent to 10 percent of annual GDP) forced the government into heavy domestic borrowing and deficit spending. The government's failure to enforce land reform perpetuated the continued dominance of landlords, causing persistent unrest among the peasantry. The 1991 reduction of remittances from overseas workers due to the Gulf War and the loss of yearly rental from the American military bases that were closed further strained the economy, precipitating a recession which lasted until 1994.

The CPP was now being bypassed by mainstream politics. It failed to unify the upper- and middle-class factions that were politicized by the Aquino assassination. Its boycott of the 1986 elections isolated the Party from the power-sharing deals that Cory Aquino later made with her allies. NPA commanders Conrado Balweg and Buscayno defected from the movement and denounced armed revolt. Members of the Party's legal organizations were targeted for harassment and assassination. Suspecting spies within their ranks, commanders authorized the torture and execution of fellow members. In 1987 the Aquino government declared 'total war' against the CPP. The Party, for its part, launched a nationwide offensive against the state. It sanctioned political assassinations, including foreign advisers connected with the counter-insurgency measures. But the state was indomitable. By 1988 numerous CPP leaders had been arrested. The party was also beset with internal problems, fast losing members who established 'cause-oriented groups' or chose to work through NGOs. The Party came to be seen widely as following an outmoded form of struggle, an inept player in contemporary radical politics.

Malaya/Malaysia

We saw in the previous chapter how a combination of British and local interests led to the independence of Malaya in the hands of conservative elites whom the

British felt they could trust. Essential to this trust was the fact that these elites proved resistant to any Communist alternative, which in Malaya was represented by the MCP uprising known as the Emergency. Communism failed in Malaya for many reasons, but prominent among them was the inability of the MCP to create a genuine united front that bridged ethnic differences. For that reason, its history has remained something apart, outside the 'mainstream' of Malayan and Malaysian history.

Communism was not the only threat perceived by the Malay leadership, so Malaya/Malaysia maintained preventive detention without trial, perhaps the most significant government weapon for managing dissent. Such powers were first legislated by the British in 1948 during the Emergency and, although the laws were repealed in 1960, their detention powers were retained thereafter under the new Internal Security Act (ISA). This was ostensibly for use against remnants of the Communist insurgents but also applied to anyone considered a security threat to the state. From 1960, the pattern of preventive detention was repeated and fine-tuned as part of the state's repressive apparatus. In 1971 the ISA was amended to cover threats to the essential services and economic life of the country. A further amendment in 1975 imposed a mandatory death sentence for arms possession. In 1989 another amendment removed the court's jurisdiction to hear writs of *habeas corpus* from ISA detainees. ISA arrests had the effect of not only depleting and weakening opposition ranks, especially just before elections, and other challenges to the ruling bloc's hegemony but also served as a tacit warning to the population at large. Among those detained were students, academics, trade unionists, journalists, members of opposition parties, and also members of the ruling bloc. Hopes that Malaysia's fourth Prime Minister, Mahathir Mohammad (g. 1981–2003), would abolish the ISA – as he earlier indicated he might – died in 1987 when he used the ISA instead to detain 106 of his political opponents, both from within and outside UMNO, as well as trade unionist, educationists, and social activists, apparently in order to defuse a challenge to his leadership. Total ISA detentions reached 1199 between 1960 and 1969, rising to 1713 from 1970 to 1979, before falling to 559 between 1980 and 1989.

Apart from the ISA, the state's powers to curb dissent were further supplemented by other laws like the Sedition Act (1948, amended 1971) that restricted public debate on 'sensitive issues'; the Printing Presses and Publication Act (1984) giving the Home Minister 'absolute discretion' in granting annually renewable printing permits; and the Official Secrets Act (1972, amended 1986) which provided a mandatory prison sentence for the collection, possession, and dissemination of state secrets. Under Mahathir's premiership, steps were also taken to curb the independence of the judiciary. After Malaysia's courts ruled on a number of cases against the government, and with several other politically sensitive cases still pending before the courts, Mahathir publicly criticized the judiciary and took precipitous action in July 1988 that culminated in the suspension of five Supreme Court judges and the removal of the Lord President.

The economic rehabilitation of Malaya's economy after the war proceeded relatively swiftly; after grappling with some initial food supply problems, the

productivity was restored to the pre-war level by 1949. Malaya's economic priorities remained largely unchanged, relying as before on the export of primary products, especially rubber and tin. By 1947 the rubber industry had surpassed its pre-war output. The rush to stockpile raw materials during the Korean War (1950–51) lifted rubber and tin prices for a time and boosted Malaya's growth. After that war ended, however, there followed a slump, which demonstrated that reliance on a limited range of exports could not sustain long-term economic development. Stiff competition from synthetic rubber depressed the demand for natural rubber, while the tin industry also suffered from fluctuating demand.

With an eye towards independence, from the mid-1950s the Malayan government decided to retain the open, private capital-driven free enterprise system that had served the country well, but to supplement this with more government-interventionist five-year development plans, beginning in 1956. The government's attempts to promote alternative cash crops and encourage import-substitution industries yielded only limited success, in the latter case because of the small domestic market. Plantation agriculture and extractive industries continued to dominate the economy. Investments in rubber still led the way, in large part because of the need to replant existing trees which were nearing the end of their economic life. Palm oil, however, was fast emerging as a new commodity, offering faster returns. Rubber trees and oil palms thus became the main plantation crops.

A fundamental rethinking of Malaysia's economic policies took place after the 1969 riots (discussed below in the context of ethnic and religious issues) underlined the dangers of ethnic distinctions coinciding with socio-economic patterns – a coincidence that had been a principle of British colonial rule. Most Malays found employment in the public and low-income primary sectors, while the high-income private and secondary and tertiary sectors were dominated by Chinese. Seventy-five percent of those living below the official poverty line in Malaya were Malays, who in principle were the 'sons of the soil' with a priority of interest in the Malay state. Predictably, Malays were discontented that the economic fruits of independence had eluded them and benefited the Chinese instead. The launching of the New Economic Policy (NEP) was the result. Vigorous government intervention through four five-year plans beginning in 1971 aimed within 20 years to eradicate poverty and raise living standards in general so as to give Malays in particular a fairer share of the economy. The aim was to do this by creating new sources of wealth through sustained economic growth, but not at the expense of the non-Malays. The NEP also aimed to increase Malay ownership of equity capital from 2 to 30 percent within 20 years. That of 'other Malaysians' would be raised from 35 to 40 percent, while foreigners' share would be reduced from 63 to 30 percent over the same period. Primary production continued to be supported, but the main emphasis of the NEP shifted to export-oriented industrialization. Foreign investment was courted with tax concessions and other incentives. It was, however, initially difficult to attract investment in the wake of the 1969 violence, so the state was obliged to furnish much of the funding through government companies run by Malays.

By 1990, the restructuring of the economy had resulted in a substantial fall in foreign wealth ownership from 63.4 percent in 1970 to 25.1 percent in 1990. The share of 'other Malaysians' exceeded its target – from 34.6 percent to 54.6 percent respectively. Malay ownership saw a substantial jump from 2 percent in 1970 to 20.3 percent in 1990, but this fell short of the 30 percent target. More significantly, the percentage of Malays employed in both the secondary and tertiary sectors rose markedly – from 30.8 to 48 percent, and 37.9 to 51 percent respectively, showing that the NEP was having an effect in shifting Malay employment patterns. Overall, by 1990 Malaysia had successfully made the transition from an economy dependent on the export of primary products to one in which manufacturing – relying largely on foreign enterprise and technology – was the major growth sector. The export value of Malaysian rubber and tin meanwhile tumbled from 54.3 percent of exports in 1970 to only 4.9 percent in 1990.

In North Borneo (Sabah) and Sarawak, direct British rule after World War II facilitated more intensive economic exploitation. From 1959 timber became North Borneo's major export. After 1963, both economies were tied more closely to West Malaysia's, and the discovery of oil off the Sabah coast from the mid-1970s boosted growth. The primary sector, however, remained the most important, absorbing some 80 percent of the workforce, against only 4 percent in manufacturing. Progress was steady, if not spectacular, and well behind peninsular Malaysia's.

Singapore

Independence for Singapore in 1965 was as sudden and sobering as it was cathartic. Separation from Malaysia freed Singapore to pursue its own ideals as an independent state, but it also exposed the infant state to the new politics of survival. Singapore had no natural resources. Other than two infantry battalions, manned in fact largely by Malaysians, its armed forces in 1965 were almost non-existent and grossly inadequate to safeguard its political independence. Adding to its security predicament was the shock announcement in 1967 of Britain's military withdrawal from positions east of Suez (to be implemented in 1971), which Lee Kuan Yew estimated would lead to a loss of some 20 percent of Singapore's GDP and 30,000 jobs at British military bases. Faced with daunting prospects of survival, the PAP government led by Lee, and backed by an able and virtually corruption-free civil service, galvanized Singaporeans to support its pragmatic programs. Compulsory national service for males was introduced in 1967, and a credible citizens' defense force was created from scratch with initial Israeli assistance.

Separation from Malaysia in 1965 destroyed the premises upon which Singapore had based its economic strategy after the war. It had intended to switch its emphasis from the declining entrepôt trade to import-substituting manufacturing, relying upon access to a Malaysia-wide common market. Without that access, Singapore's domestic market was too small to sustain such a strategy. The Singapore government shifted its emphasis to export-oriented industrialization and became one of the first countries in Southeast Asia to make major use of multinational corporations as agents of economic development. It also adopted a more interventionist role in the economy through government-related corporations and statutory boards.

By the early 1980s, increasing competition from lower-wage countries and a tight labor market at home drove Singapore to make yet another radical shift from its low-wage, labor-intensive industries to high-wage, capital-intensive industries. By the 1990s, after having reached the limits of its manufacturing capacity, Singapore embarked on developing a 'second wing' by investing abroad. By combining private enterprise with state participation and attracting foreign and local capital, Singapore defied the odds to create an economy that achieved one of the highest GDP per capita figures in the world, but with a relatively uneven distribution of wealth across its society, as measured by its Gini coefficient – a widely used but hardly perfect measure of wealth distribution – of around 47 in 1990, exceeding that of the United States at approximately 43 and of more egalitarian societies like Sweden, Denmark, or Japan at around 25.

With its popular support at the time of independence further bolstered by its strong economic record and extensive public housing program, the PAP romped home to six more electoral victories before Lee Kuan Yew (by then the longest-serving Prime Minister in the world) stepped down in November 1990 in favor of Goh Chok Tong, a long-simmering process of leadership renewal that Lee had initiated to prepare a group of second-generation leaders to take over. Despite the loss of its parliamentary monopoly from 1981 – an indication of some dissent against the PAP's 'soft authoritarianism' – no serious political alternative to the PAP emerged. Instead, the political longevity of the pro-business PAP remained a stabilizing force in Singapore's political and economic systems. By its third decade of independence, Singapore had been spectacularly transformed into one of the most stable, safe, cosmopolitan, and prosperous countries in Asia, a First World 'oasis' in a Third World region. It had proved wrong those skeptics who believed that a small city-state could not survive in the modern world.

Indochina

The successive Communist victories in Cambodia, South Vietnam, and Laos in 1975 brought an end to the civil wars that had torn these countries apart, but delivered neither the hoped-for prosperity nor, in many respects, the unity necessary to build a socialist future. The brutality of *Khmer Rouge* policies and Pol Pot's decision to attack Vietnam quickly destroyed any remaining revolutionary solidarity with Cambodia's Lao and Vietnamese comrades, and in late 1978 Hanoi mounted an invasion which drove his regime from power and plunged the country into another civil war. The Vietnamese and Lao parties were able to begin the transition to a socialist economy in the areas now under their control, but this proved to be a more difficult and less economically beneficial task than they had anticipated. Vietnam in particular became bogged down with its occupation of Cambodia and suffered from the effects of an international embargo – a consequence of the American position of opposing Vietnam, which now led it bizarrely to defend the idea that the *Khmer Rouge*

were still the legitimate rulers of Cambodia. By the mid-1980s, both the Vietnamese and Lao regimes began to abandon the more hardcore aspects of socialist policy and to move towards a market economy.

The short-lived Democratic Kampuchea regime, which was in power from April 1975 until December 1978, oversaw the most tragic and violent period in Cambodia's history. Phnom Penh was evacuated, and the inhabitants forced to join a mass exodus to the countryside. The vision of Pol Pot and his fellow leaders was to turn the entire country into one large worksite, with collective agriculture and construction projects on a scale that rivaled Mao's policies under the Great Leap Forward in the 1950s. Large numbers of people died either of hunger or as victims of the regime's paranoia, which saw enemies everywhere and particularly targeted ethnic minorities such as the Vietnamese and Cham. The Party was also weakened by internal purges and disagreements over the wisdom of pursuing an aggressive policy against Vietnam. These problems caused numerous defections across the border by *Khmer Rouge* cadres, thus providing Hanoi with a critical mass of loyal Cambodians when it invaded the country in December 1978. In January 1979 the People's Republic of Kampuchea was established, marking a return to a Cambodian Communist movement closely linked to Vietnam. Although many Cambodians initially welcomed the Vietnamese as liberators, over time old animosities re-reappeared, and there was growing support for the rural insurgency organized by the *Khmer Rouge* and forces loyal to Sihanouk or a former Prime Minister named Son Sann. This conflict would drag on until the early 1990s, when United Nations intervention brought first a transitional government and then the re-establishment of the Kingdom of Cambodia with Sihanouk on the throne.

In Vietnam, the Lao Dong Party (renamed the Communist Party of Vietnam in 1976) faced the challenge of reuniting a country which had not been ruled under a single government since 1859. The Party's main objectives were to consolidate their power in the South and convert its economy to the socialist model which had been followed in the DRV for more than two decades. This was easier said than done. Culturally, politically, and economically South Vietnam had evolved in a very different direction from the North since the time of partition, particularly in the urban areas. There had also been more widespread physical damage in the South, the destructive bombings in the North notwithstanding. The Party cracked down on what it viewed as the contaminating effects of two decades of Western culture, while also attacking the economic system built on a combination of foreign aid, imported consumer goods, corruption, and a powerful role for the ethnic Chinese minority. The victors also relocated large numbers of urban residents to 'New Economic Zones' in the countryside where they were meant to take up farming.

The fundamental problem – which the leadership only came to realize gradually – was that many South Vietnamese had supported the revolution for various reasons, but few of them were ideologically committed to socialism, at least in terms of collectivized agriculture and a planned economy. Land reform under both the NLF and the Saigon government had put more land into the

hands of poor farmers, and they were understandably reluctant to give it up for collectivization. Moreover, imports of agricultural equipment, motorbikes, and other consumer goods had created a certain standard of living in parts of the country which was higher than what the socialist system had to offer. The new government's attack on the 'capitalist' infrastructure in the South, particularly the Chinese, destroyed much of the potential for economic development, as did the flight of many business people in April 1975 and after.

All in all, the first decade of the Socialist Republic of Vietnam was difficult and often painful. The invasion of Cambodia together with the regime's treatment of the ethnic Chinese provoked a destructive, but brief punitive incursion by China in early 1979. Vietnam's costly occupation of Cambodia and the resulting international embargo also severely hampered its growth by restricting aid largely to the socialist bloc allied with the USSR. Internally the various gaps between North and South were proving difficult to bridge. It is difficult to assess just how many of the Southern supporters of the Communist side had really believed that South Vietnam would remain a separate entity for any significant length of time after the Communist takeover. What is clear, however, is that the combination of an influx of Northerners into positions of authority in the South and the sidelining of many non-Party members in the new unified government caused considerable resentment, as did the incarceration in 'reform camps' of many thousands of people linked in one way or the other to the former regime.

By the mid-1980s the economic situation in the country was quite desperate. The transition to socialism in the South was largely halted, and even in the North the end of the war had reduced many people's willingness to make sacrifices and submit to the demands of a collectivized economy. A series of bad harvests only made the situation worse and brought widespread hunger. Prominent voices in the Party began to speak out for change, and in 1986 the policy of *doi moi* – usually translated as 'renovation' – was launched at the Sixth Congress of the Communist Party. This policy began the shift to a more market-oriented economy.

The Lao People's Revolutionary Party faced challenges in integrating its 'liberated zones' with the areas under the control of the Royal Lao Government. It was largely a matter of incorporating the cities into a predominantly rural zone of control, rather than an entire region as in the case of South Vietnam, but the Lao Party confronted many of the same problems as their Vietnamese comrades. The cities and towns were more Westernized and constituted culturally and ethnically alien islands within the new Communist-ruled Lao People's Democratic Republic. Many of the Chinese and Vietnamese residents fled to Thailand, along with many Lao – roughly 10 percent of the population in the early years after the takeover. Laos had few resources to begin with, and it now lost much of its economic dynamic.

Despite the relatively smooth takeover in 1975, the Party remained concerned about possible dissent and opposition, and a number of civil servants and military officers were packed off to 'seminar' camps in the remote northeast. They were later joined by the royal family, who had initially been allowed their freedom after the abdication of King Savang Vatthana (r.

1959–75) but came under suspicion for alleged plots to regain power. The king, queen, and crown prince died in the camps sometime in the late 1970s. The new government also faced sporadic resistance from remnants of the Hmong forces trained by the United States; many Hmong had fled the country, but a number remained in the mountains and continued to resist the Communist regime.

While the Pathet Lao had generally been successful in governing their liberated zones, the transition to governing an entire country was not easy. They worked to shift the Lao economy to a more socialist footing, with very mixed results. Attempts to collectivize agriculture were fairly quickly recognized as failures and were abandoned within a few years of the foundation of the regime. While a Marxist ideology usually required socialist agriculture, it did not seem particularly necessary in Laos, where there had always been plenty of land and a relatively small population. By the mid-1980s, the Party was pursuing 'new thinking', their equivalent of Vietnam's *doi moi*, which involved opening up the country to more foreign trade and investment and gradually cutting back on central planning and government subsidies.

The 1980s represented a major time of transition and change for all three countries in Indochina. Cambodia spent the decade trying to recover from the *Khmer Rouge*, yet the ongoing civil war, the political and economic requirements of the Vietnamese occupation, and the continued international embargo against the Vietnamese-sponsored regime left little room for substantive recovery. The country would not begin to experience any real stability or growth until the 1990s, when the resolution of the conflict and the establishment of a non-Communist regime would pave the way for Cambodia to open its doors to trade and investment.

As has been noted, Vietnam and Laos began this process roughly in step with each other. Laos had the double advantage of not being subject to the international embargo and of having well-established economic links with Thailand which had never been completely severed, and could now be revived. Having only partially socialized its economy, Laos was less far down the path than Vietnam and thus was able to shift directions somewhat more easily. Conversely, when it did so, it had considerably less to work with than its neighbor in terms of both natural resources and human capital. *Doi moi* in Vietnam got underway more haltingly, partly because there was less consensus within the leadership on the desirability of such reforms. Once the government began to take down the barriers on private trade and agriculture and on the movement of goods between different areas, however, the die was cast, and the transition to 'socialism with a market orientation' was irreversible.

The social dimension: managing ethnicity and religion

For the new nations of Southeast Asia, achieving social integration was often as great a challenge as devising a stable and viable political and economic framework. Two major social forces made this task particularly challenging: ethnicity and religion. These were the source of much diversity in Southeast Asia – indeed, often the cause of a divisive and threatening form of diversity.

Indonesia

Ethnic issues were at the very heart of Indonesian identities as they evolved during the colonial period. It was generally agreed that the indigenous ethnicities of the archipelago – Acehnese, Minangkabau, Sundanese, Javanese, Dayak, Madurese, Balinese, Timorese, Ambonese, Papuans, and many more – were without exception 'Indonesians'. Dutchmen were not: the colonialists must go home, regardless of whether they had been born in Indonesia. But what about other minority groups, particularly Indo-Europeans, Arabs, and Chinese?

Indo-Europeans had long lived in the interstices between Dutch colonial masters and their Indonesian subjects. They were mostly Christian in religion and in colonial times had tended to seek equality of status with the higher-up Dutch rather than the lower-down Indonesians. But circumstances were different in independent Indonesia. Indo-Europeans who could claim Dutch citizenship sometimes chose to relocate to the Netherlands. But many others chose to identify with Indonesia and stay in the archipelago, a decision generally accepted by Indonesians. Arabs were Muslims and even though they had a reputation as exploiters of Indonesians in trade and money-lending, they also received much respect, especially the *sayyids* who were descendants of the Prophet. Most Indonesian Arabs were of Hadhrami descent (from modern-day Yemen) and some thought of themselves more as Hadhramis than as Indonesians, but many chose to identify themselves with the new Republic. Several indeed played major roles in the new nation.

The major ethnic issue concerned the Chinese. In 1930, Chinese were a mere 1.9 percent of the archipelago's population. By the early twenty-first century, this group had grown to 8 million, about 3 percent of Indonesia's total population. This small minority was particularly visible because of its concentration in urban areas and its prominence in business affairs. In colonial times they often operated as economic middle-men for Dutch interests and were frequently accused of being contemptuous of 'indigenous' (*pribumi*) Indonesians. They consequently attracted considerable animosity. In independent Indonesia, the position of the Chinese was complicated by PRC policy that claimed all Overseas Chinese as its citizens. This left Indonesian Chinese with a poorly defined dual citizenship status. In 1955 Indonesia and the PRC signed a dual-nationality treaty which obliged Indonesian Chinese to choose either Indonesian or PRC citizenship, but under conditions making it more difficult to choose the former. Because of governmental suspicion and popular hostility to Chinese entrepreneurs, many chose to set up businesses with Indonesian front-men. These were the so-called 'Ali-Baba' firms, with the Indonesian 'Ali' as front-man for a company in fact run by the Chinese 'Baba'.

In the Sukarno period down to 1965, the military remained suspicious of the Chinese, regarding them as being mostly supporters of PKI which, indeed, was overtly supported by Beijing. In 1959 the army decreed that from 1960 onwards non-citizens would be banned from rural trade. This was done mainly to weaken Sukarno's growing friendship with the PRC and to undermine PKI, while also pandering to anti-Chinese sentiments in the general populace. In the end the army forcibly repatriated some 119,000 to the PRC. But since rural