Chapter VI

New Dimensions of Security After the 1997 Crisis

Since the 1997 economic crisis, most countries in Southeast Asia are in a state of flux; a continuing need for strong authority structures has emerged, the administrative bureaucracies are weak, and, ethnic, linguistic and religious differences are becoming more pronounced. To top it all, the crisis has posed new dilemmas for these countries. There is at the moment a foreboding sense of gloom and doubts are being expressed in many quarters about the future of ASEAN. Defence cooperation has receded into the background. “This despite the fact that at the Fourth ASEAN Regional Forum on 27 July 1997 just before the crisis, the ministers had reassessed that ARF became an important forum for regional security, positively contributing to further mutual understanding and trust, promoting the commitment of the member countries in the preservation of regional peace and stability.”¹ The crisis demonstrated the close relationship between economy and security. The confidence of the entire region was shattered. “It also undermined the idea that Asian countries had found a foolproof combination of political authoritarianism and state capitalism that would ensure economic growth for all time.”²

The crisis brought in its wake a number of attendant problems which are long-term, and hence these countries will continue to feel the impact for some time to come.

A number of other problems also followed the transitional phase in Indonesia; the toxic smog that engulfed Singapore, Malaysia, Brunei and southern Thailand in September 1997, illegal population flows and violence against ethnic-Chinese Indonesians.

The crisis created tremendous pressure for ASEAN as a result of which it lost the clout it enjoyed among its members, as well as in the region earlier, to a considerable extent due to the resultant economic difficulties. The greatest challenge to ASEAN was the maintenance of internal stability in the region. Most of the countries in the region are undergoing internal turmoil, as mentioned earlier, especially Indonesia, and it will definitely be sometime before all these countries are able to revert to the pre-1997 positions.

Most importantly, the economic crisis brought in its wake new questions for the security of these countries and the future survival of ASEAN. The crisis affected the politics and societies of the ASEAN states immensely. The political implications of the inflation were many and varied in almost all the countries of the region. Economic prosperity is one of the major factors for regime legitimacy in any developing country. This was a factor well realised by the founding fathers of ASEAN. However, after 1997 there was considerable decline in the authoritarian structures of some of these states. Economic weakness resulted in a corresponding weakening of the government institutions. This was mainly because the nexus between the government, bureaucracy and the banking sectors became exposed. As the weakness of these sectors became public knowledge, people began to hanker after reforms and at the same time raised questions about discrepancies in public dealing by these sectors.

The worst affected by the crisis was Indonesia followed by Thailand and Malaysia. The impact on the Philippines was marginal since it did not witness any major social and political turmoil. The new ASEAN members Vietnam, Laos and Cambodia suffered to some extent since they hoped to benefit from the rapid growth of the older ASEAN
members and hence could not escape the repercussions that the crisis had on the older members.

Those affected most strongly by the political impact of the crisis were Thailand and Indonesia. The coalitional landscape underwent a complete change in Indonesia. Relatively free and fair elections after the fall of Suharto raised new hopes of political and economic reform. However, the positive political transition in a way ushered in a greater degree of democracy as compared to past authoritarianism. However, political analysts feel that the present government may have to make certain compromises in the sense that it may have to rule over a smaller country with the dangers of separatism looming large. The Timorese independence could encourage separatist movements in Aceh, Irian Jaya, Riau and Ambon. There is wide-spread discontent in that country due to the sectarian conflicts that have rocked the country as well as a feeling of uncertainty regarding the future. The new leadership in Indonesia may not recover its earlier position. Indonesians have lost trust in the government and the military leadership especially due to the way the military handled separatist and sectarian conflicts.

In Thailand also, democratic institutions have been at the receiving end as a result of the crisis. Immediately after the crisis, a loss of confidence motion forced Prime Minister Chaovavit Yongchaiadh to resign. Elections were held with a subsequent amendment to the Constitution making it obligatory for all Thai Prime Ministers to be elected by the people. In spite of sincere efforts at economic reform, the prolonged recession and the belief that the leadership is indecisive and tolerates corruption, Chuan Leekpai’s support declined considerably and he could not stay in power for long. The military’s role in national affairs is also on a downslide. In particular, the military appears to have foregone
its leading role in Thailand’s relations with its neighbours. This has caused some short-
term problems, for example, border tension with Myanmar with whose military rulers
Thailand’s armed forces had close and connivial links. 3

There is a lot of internal political turmoil in Malaysia. Crisis looms large so far as its
leadership is concerned; this is mainly because of the style of functioning of Prime
Minister Mahathir and his attempts at stifling political dissent. The way he handled
deputy Prime Minister Anwar Ibrahim’s dismissal exhibited a lot of dissatisfaction
among the Malays who felt their icon of Islam, Anwar was being ill-treated.

In the Southeast Asian context, societal dynamics are in a state of flux. The crisis brought
about far-reaching changes in the socio-political system of these countries to the extent
that there is an increase in the number of better educated middle class which is up in arms
against the authoritarian, paternalistic order of the past. Civil societies in the region are
no longer in awe of the authoritarian regimes of the past. Rather, they are more conscious
about democracy and democratic norms and are questioning the changes initiated at the
top levels. Economic development is closely linked to regime security. A long period of
rapid economic growth just before the crisis unleashed social and political forces in most
of the Southeast Asian states. Increasing wealth made the new middle class better
educated and better informed, more self-confident and self-assertive. This new middle
class advocated human rights promotion, condemned military power in politics,
advocated democracy and demanded increased participation in decision making. This
new class has begun to challenge the status quo and as well as the ruling regimes.
Throughout ASEAN, an expanding middle class and emerging interest groups are

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creating the basis for challenge to the ruling elite's hold on power. This class is demanding increased popular participation not only in the affairs of the country but also in economic and political decision-making. The stress is on a popularly elected government with more transparency and accountability, and, better treatment of ethnic and sectarian minorities. ASEAN governments have yet to come to terms with this new realisation.

Earlier, ASEAN rulers upheld economic development as a justification for authoritarian rule. However, the political aspirations of the new middle class may not be contained by the relatively narrow authoritarian political structures. Moreover, with their economies in shambles, the authoritarian regimes will have to make better efforts at overcoming the challenges that have come their way.

Another important transformation which has profoundly influenced the societies of these countries is that large sections of the populations of these countries have reverted to pre-1997 levels of economic dependence and a larger part of the population is today living below the poverty line. It has far-reaching implications for the society since economic inequality leads to social inequilibrium and social instability. This in turn creates conditions for sectarian strifes and insurgencies.

Bilateral relations also suffered greatly during this period as a result of which bilateral cooperation lost its earlier significance. The earlier comfort levels enjoyed by these countries also disappeared. Countries facing crisis situations do not find it conducive anymore to pay attention to problems of other countries. Bilateral disputes which had earlier mitigated through the efforts of ASEAN resurfaced after the crisis as a result of which bilateral cooperation has become increasingly difficult. The regional economic
crisis has severely damaged the multilateral security cooperation processes. Hence, under the circumstances it is difficult for multilateral cooperation to succeed. Disputes which were previously discussed secretly, namely those between Singapore and Malaysia, Malaysia and the Philippines or Thailand and Burma now erupted into the open.

As mentioned earlier, there is a feeling that ASEAN is losing its clout among the member countries. This is mainly because the association has not succeeded in addressing itself to the economic crisis in a very effective manner. This affected internal political developments in Indonesia and Malaysia which in turn affected inter-state relationships between Indonesia, Malaysia and Singapore which formed the basis on which the association had been founded. There are renewed doubts over whether normalcy can be restored in Malaysia-Singapore relations. Relations deteriorated as Mahathir imposed capital control in September 1998, targeting at least in part the 10 billion ringgit held largely by Malaysians in Singapore. Malaysia-Singapore relations were recently strained over the Tanjong Pagor issue. In July 1998, the Malaysian customs immigration facilities were shifted from the Malaysian-owned Tanjong Pagor railway station in downtown Singapore to a destination near the Singapore-Malaysian border. Mahathir also prohibited Singapore military aircraft from using Malaysian airspace in the aftermath of the publication of Le Kuan Yew’s memoirs. There were mutual quarrels over Malaysian conditions for supplying Singapore with water and widespread lawlessness in Johor, as well as unpleasant items in newspapers about Malaysian Prime Minister Mahathir’s tenure.

A number of bilateral disputes also arose between ASEAN members over issues of sovereignty, human rights and pollution.
Recently there was a fresh spurt in altercations over reefs and islets in the South China Sea, notably between Philippines and China and at the same time Malaysia was accused of building structures on one of the reefs. However, Malaysia expressed serious reservations over China being dragged into the issue resulting in suspicion that Malaysia had a secret understanding with China.

Malaysia’s relations with Singapore, Indonesia, and the Philippines have deteriorated in recent times. There are signs of tension and resentment. The Philippines complained that Malaysia had violated the spirit of the Declaration on the South China Sea by engaging in construction on the Investigator Shoal island, which is also claimed by the Philippines. These incidents prove that there have emerged internal fissures in ASEAN which as a body showed only outward manifestations of unity. These constraints continue to haunt ASEAN and its development as a political and security community. ASEAN’s problems have multiplied as a result of the expansion of the association to include all Southeast Asian countries. Internal weaknesses and tensions have been exposed on the one hand as a result of the enlargement, and on the other due to the hardships faced by these countries due to the economic crisis.

At the same time, Western propaganda regarding human rights abuses related to the suppression of ethnic and religious rebellions might provide encouragement to separatist groups and threaten the stability of the region further. It is no doubt difficult to identify or rather pinpoint immediate sources of potential armed conflict in Southeast Asia. However, the consistent economic growth which underpinned regional stability in the last century has disappeared, and the possibility of serious tensions between Southeast Asian countries — over territorial disputes, refugees or natural resources have increased
manifold and have brought new dimensions of security dilemmas into focus, as mentioned earlier.

Singapore and Malaysia harbour nagging fears of a flow of refugees mainly as a result of the complete breakdown of central authority in Indonesia and the recent provincial unrest and renewed calls for autonomy by some of the provinces. With the increase in illegal immigration and the onset of the economic crisis, Malaysia imposed an abrupt repatriation programme. The understanding at the time was that the move would not be interpreted as antagonistic. But according to Indonesia, Malaysia is forcibly repatriating thousands of illegal Indonesians who had been working in Malaysia during the economic boom. Severe measures resulted in a number of deaths at detention camps prompting Indonesia and international bodies to claim human rights violations. Thailand is still suffering from refugee flows from Myanmar and Cambodia into Thailand. Muslim separatists and Myanmar and Cambodian forces are raiding refugee camps.

These developments are testing times for the credibility of ASEAN as a regional coalition body. Regional security interests in the face of the new dynamics in the region demand more stable, stronger and long term bilateral and multilateral cooperative links. There is a realisation amongst the member states that the crisis can be overcome by helping weaker partners in their hour of need. This realisation has prompted stronger members, especially Singapore to contribute developmental packages to both Thailand and Indonesia.

The decline in Indonesia’s position as the “primus inter pares” (brought about by its internal upheavals and subsequent economic crisis) and ASEAN’s de facto leader, has undermined Indonesia’s position and prestige vis-a-vis ASEAN. Despite an authoritarian rule and its resultant shortcomings under Suharto, there was a semblance of national
resilience and a stable international approach. "There is an increasing feeling that an Indonesia wracked by internal conflict and governed by a fragile democracy will be an uncomfortable bed-fellow for its Southeast Asian neighbours." \(^4\)

Faced with such a situation, and, coupled with the recent upheavals in the region, as newly empowered democratic forces struggle for control with military junta/established government and elites, the potential for regional conflict could increase. By including Myanmar into its fold, ASEAN has brought on a lot of responsibility for itself as well as criticism from many quarters. ASEAN has not succeeded in bringing about any kind of political change there. ASEAN included Burma as a member in spite of increasing international attacks on Burma’s military junta for its failure to implement the results of the 1990 elections. Despite continued pressure on the Yangon regime on human rights issues the issue has become a major embarrassment for ASEAN. "Economic desperation will cause severe pressures within many societies. In a similar vein, the very existence of some Southeast Asian states could be threatened by divisive and violent ethnic conflicts and ultra radical religious fanaticism, all these will create conflictual relationships and complications which the regional organization cannot and indeed must not ignore. Development is a long-term process and hence must be sustained over time. ASEAN has to address the need for support for democracy and the building of civil societies at the macro level." \(^5\)

In order to achieve this, an effective regional security structure may have to reject the earlier pre-conceived notions about not interfering in the internal affairs of

\(^4\) ibid

other countries, rather, a close-knit relationship has to be established between domestic
government and regional security.

Thus, the prospect of instability looms large over Southeast Asia. In Indonesia, armed
forces are returning in order to keep a check on internal security. The problems of illegal
economic migrants in Malaysia and Thailand also point to the fact that security problems
in Southeast Asia are mainly internal.

No doubt, there has been a drastic reduction in defence modernization and arms
acquisitions over the past 2-3 years. The pace of modernisation has been put on hold as
financial resources disappear. Because almost all of Southeast Asian countries are
experiencing economic setbacks together, China's unimpeded arms build-up is an issue
of serious concern since where most of the countries in the region are inducing cuts on
defence expenditure in their budgets, there is no such attempt in China. "If a disparity in
arms balances develops over time between the PLA and ASEAN armed forces, China
could be tempted to behave more boldly in the South China Sea. Offensive military
actions to occupy largely unpopulated islets against multiple potential adversaries could
lead to buck passing among the latter — one of the classic risks under multipolarity." 6

Moreover, China has been trying to take advantage of the situation and drive a wedge
between the countries of the region. ASEAN navies and air forces have not exercised
jointly in a scenario against a common adversary in the South China Sea. Nor have they
attempted to include interoperability among their services.

While most countries in the region are trying hard to revive their economies, not much
has been done to address the fundamental structural problems that made them so

vulnerable to the crisis of 1997. The key issues of banking reform, financial accountability, currency volatility, as well as corruption have not been addressed fully. Thus the region is still vulnerable to another crisis. The countries should learn from past experiences and be able to identify the nexus between economics and security in the region. The balance of power and the role of external powers should also be of serious concern to them. To quote ASEAN Secy. Gen. Rodolfo C, Severino, Jr, "members of the group must resist the temptation to turn away from regionalism at a time of economic and political stress in Southeast Asia."\(^7\)

The need of the hour is to rationalise economic projects keeping in view the economic pressures arising from the currency crisis. There is a corresponding need to establish close cooperation in defence industries also. This will lead to greater transparency since there are strategic as well as economic rationale behind such an exercise. Multilateral cooperation might not be possible in this sphere, but attempts could be made to work out bilateral or trilateral arrangements. "There are enough incentives for ASEAN to work out a possibility and chief among them are the rising costs of weapons, procurement and maintenance, maximising resources, sharing of technologies, reducing dependence on external supplies, and to build regional resilience. Each of the ASEAN countries has facilities that could provide services in the field of major repair, maintenance and overhaul of ships, armoured and other vehicles."\(^8\)

Interestingly, environmental security concerns had started gaining importance in the region in the Nineties. This was mainly because of the increase in ecologically

\(^7\) quoted in Hazi Ahmad Zakaria and Baladas Ghoshal, "The Political Future of ASEAN After the Asian Crisis, International Affairs, October 1999, p.761

unsustainable reckless development. Countries in the region realised that as ecological
damage occurs in one state, its effect transcends national boundaries leading to interstate
tension and conflict. For example, the Indonesian forest fires created air pollution in
Singapore and adversely affected the health of its citizens. Marine resources in the South
China Sea are threatened by oil and toxic waste spills. Interstate tensions and territorial
disputes also arise due to illegal fishing by poachers and overfishing. There are
innumerable fishing disputes, as we have seen earlier, between Malaysia and Thailand,
Malaysia and the Philippines, and Philippines and Indonesia. The situation is further
complicated by illegal fishing by Chinese, Taiwanese, Vietnamese, and Japanese
fishermen in ASEAN waters. The current dispute between the Philippines and China over
the Mischief Reef on the Kalayaan Islands claimed by the Philippines has become a
regional concern because of the introduction of the China factor into the power equation
into that part of the South China Sea. A number of critical environmental issues in the
global arena also assumed importance recently so far as ASEAN is concerned. The issues
are tropical timber trade regulation, green aid and the transfer of environmentally sound
technology, biodiversity conservation, greenhouse gas emissions, harmonization of
environmental quality standards, eco-labelling, transboundary movement of hazardous
waste, coastal and marine resource management, watershed management, energy
conservation and management, and pollution generated by commodity production. ASEAN stepped up efforts to engage other countries and regional bodies in constructive

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10 Manuel F. Montes and Francisco A. Magno, "Trade and Environmental Diplomacy: Strategic Options for ASEAN", Pacific Affairs, vol. 70, no. 3, Fall, 1997, p. 362
dialogue and negotiations on environmental issues in order to prevent unilateral actions from being undertaken against their interests. This was a positive action on the part of ASEAN and hence it is for the countries of the region to continue this practice in the larger interest of the environment and their own states.

After the crisis, the security scenario in the region has definitely changed drastically. In an era of prosperity and economic success, security issues, bilateral conflicts etc. had receded to the background. However, in the post-1997 era, rumblings which bothered policy makers earlier still continue — such as those in Aceh, Irian Jaya, Ambon etc. Conflicts which had earlier receded to the background are re-emerging.

So far as ASEAN is concerned, the pressing concerns today are whether ASEAN will regain the pre-1997 clout that it had earlier enjoyed. There are doubts being expressed in this regard, as also about the role that ASEAN will play vis-à-vis the ARF. In the face of increasing pressure to remove ASEAN from the “driver’s seat” of the ARF, it remains to be seen how the association will guide the ARF to bring together the various dialogue partners within a relatively neutral framework without the setting up of a separate forum focusing on Northeast Asian issues. It has been argued that “the economic crisis may well make the association more distracted, inward-looking, and less cohesive. Long-standing rivalries within ASEAN may resurface.”

The dynamics of change, the emerging challenges in face of the crisis, the growing mutual dependence of states on one another even as regional states compete with each other, are the realities that confront ASEAN today. The relatively rapid expansion of ASEAN after the inclusion of Vietnam and Myanmar could pose greater challenges to

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consensus-building and cohesion in the movement, mainly because of the added diversity and complexity it involves in terms of the strategic interests and perceptions of the members. The new members are bound to bring with them a fresh set of bilateral issues as well as active tensions into the circuit. Bilateral problems will continue to prevail between members, old as well as new, and they could occasionally cause various rifts and disputes though not all-out conflict. Other problems facing ASEAN are the result of an attempt to adjust what was in the Eighties a sub-regional association with limited functions, to a major Asia-Pacific actor with a large number of responsibilities. Hence, political analysts feel that what is important is for ASEAN to meet the challenges thrown up by recent developments in the region. At the same time they are hopeful that the security environment in the region will continue to improve in the near future as the ASEAN security structure expands to cover the entire region.

A majority of scholars feel that since a stable domestic, regional and international environment is a pre-condition for economic development, the main aim of the ASEAN states should be to resolve conflicts peacefully since both under-development and unsustainable development are a primary source of conflict within and between states. In the words of Malaysian foreign minister Abdullah Ahmad Badawi, it was “incumbent upon ASEAN to ensure that the region’s stability and security are not jeopardized by external factors in any form. We must resolve to protect and promote the supremacy of our own regional interests.”

ASEAN’s problems have increased manifold after the inclusion of Vietnam, Myanmar, Laos and Cambodia with different systems, ideologies, capabilities, levels of economic

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12 The Hindu, 21 July, 1996, ASEAN Must Put Up a Common Front: Suharto

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development and international acceptance, at a time when there is a lot of upheaval within the association's original members. Upto and including the admission of its sixth member (Brunei) internal harmony was much easier to attain, for all these six states pursued more or less similar political systems and economic development strategies and were early practitioners of economic liberalisation and integration of their economies with the global economy.\textsuperscript{13}

Increasing mutual suspicions, the dynamics of change, the emerging challenges in the face of the crisis and the growing interdependence in spite of increasing competitiveness are the realities that the ASEAN nations will have to come to terms with in the near future. The debate doing the rounds is that the relatively rapid expansion of ASEAN could give rise to greater challenges, consensus building and cohesion mainly because of the diversity and complexity it involves as regards the strategic interests of the members. Bilateral problems as mentioned earlier will continue to raise their ugly heads, spreading further uncertainty and mistrust, if not armed hostilities.

Under the circumstances, one of the important topics of debate that has emerged in recent times after the crisis is whether security cooperation is necessary for the region. A related question is whether this security cooperation can be promoted to the level of multilateralism, a process that was initiated before the crisis engulfed the region. Experts argue that despite the problems that have emerged, past experience shows that ASEAN cannot be written off as just another attempt at multilateral institution building. The ASEAN-led ARF has definitely made some progresses by promoting dialogue on the Spratlys Island dispute and Korean denuclearisation and at the same time has initiated confidence building measures, as mentioned earlier, including the publication of White

\textsuperscript{13} Zakaria and Ghoshal, n. 7, p.771
Papers on defence policy. It has also promoted high level contacts and exchanges between military establishments.

The ASEAN-led ARF could do a lot under the circumstances to instill confidence in the minds of prospective investors from the developed nations about the strategic and consequently the economic stability of the region. There is a need to concentrate on evolving economic strategies in order to restore normalcy in these countries. Regional cooperation is important especially in view of the new dimensions in security concerns of the region so as to build upon common multilateral security, political and economic interests as well as focus on bilateral, territorial, political and economic issues. For example, the assertive behaviour of large regional powers like China, is one focal point which could provide common ground for Singapore, Malaysia and Indonesia to come together in order to prevent Chinese hegemony in the South China Sea.

Defence analysts continue to hope that as the overall ASEAN security structure expands and the Southeast Asian countries try to stabilise their societies and strengthen their economies, the security environment in the region will gradually take a positive turn. Regional experts feel that confidence building is what the countries of the region need today in order to promote industrial growth and economic prosperity. "CBMs are generally understood broadly as including both formal and informal measures, whether unilateral, bilateral or multilateral, that address, prevent, or resolve uncertainties amongst states, including both military and political elements. Such measures are aimed at
contributing to a reduction of uncertainty, misperception, and suspicion and thus helping to reduce the possibility of armed conflict.\textsuperscript{14}

The need of the hour is for ASEAN to strengthen its internal structures in order to regain its foothold over regional affairs and to play a meaningful role in the security dynamics of the region. The ultimate aim should be to restore trust and transparency while reducing the importance of military force and arms and acquisitions; mutual alliances should receive greater attention so as to promote peace and regional order.

\textsuperscript{14} quoted in Soedjati J.Djiwandano, "Strategic Dynamics of Post Cold War Southeast Asia", (ed.) Denny Roy, The New Security Agenda in the Asia-Pacific Region, Strategic and Defence Studies Centre, The Australian National University, Canberra, 1997, p.179