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Rethinking the Cold War and the American empire

Soravis Jayanama

Abstract

The end of the Cold War has renewed interest in Cold War historiography, leading to an explosion of academic literature in this field. A “new Cold War history” seems to be emerging, promising to offer a more international and less “orthodox” perspective, tapping on multi-archival sources. A spate of new works on the crucial and formative period of the Cold War (1945–52) has appeared, on the one hand, shedding a new light on the emergence of the postwar American empire and its foreign relations, and on the other hand, re-examining the role of the Soviet Union and its allies in the origins of the Cold War. This paper provides a general overview of this new trend in Cold War historiography, arguing that several dimensions of the Cold War are still present in the post-Cold War world, and that they could be understood by rethinking the Cold War and the American empire.

Introduction

This article examines some of the dominant trends and contentious issues in Cold War historiography; that is, the different ways of narrating the Cold War, which contribute to divergent ways of understanding the past and present and of envisioning the future. It focuses on some positivistic debates between traditionalist and revisionist historians on the origins of the Cold War and on the emergence of the American empire (euphemistically called American “internationalism”) in the post-Second World War world; positivistic, that is, because both schools of thought insist that their respective picture of the past is closer to the truth, to the big picture. Where applicable, it also points to the “consensus” historians have inter-subjectively reached on various issues. The discussion is limited to the period 1945–52, when most of the fundamental structures and institutions of the Cold War were conceived.

The approach is thematic as opposed to chronological. Also, the approach is to challenge the hegemonic discursive economy of Cold War
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historiography and adopt a peripheral view, which seeks to “challenge the abstract assumptions, such as progress, modernization, destiny, and internationalism, upon which dominant systems of power have rested.” In other words, it challenges the American triumphalism or smugness radiating since the end of the Cold War. Here is a typical example: “The world today would not be a better place if, after 1945, the United States had been unwilling to maintain its military might and global presence or to help its allies and former enemies rally and rebuild.” The author not only “rejoices in America’s Cold War success, but sees in it proof of the practical strengths as well as the moral virtues of the American regime.” This triumphalism is in part related to the answer to the question: Was the Cold War really “the long peace” or was it really “nasty, brutish, and long”? And the answer to this question requires a close and critical examination of the postwar American empire: its role in the peace and violence of the Cold War. Suffice it to say here that the Cold War was not peaceful: there were 149 wars and 23.1 million related deaths. The Cold War was also fraught with tension and crises and its peace was not permanent.

Traditionalist and revisionist debates on the Cold War

American historians of the so-called “orthodox school” (such as Samuel Flagg Bemis, Herbert Feis, and Thomas Bailey) dominated the early Cold War historiography. They wrote diplomatic histories based on researches in (largely American) archives, focused on the state as the primary actor, and assigned the blame on the Soviet Union for initiating the Cold War. In other words, they reflected and co-constructed the American official line. The US was merely reacting to real (as opposed to perceived, exaggerated, or constructed) Soviet aggression: external factors drove US Cold War policy. The Cold War marked a drastic shift in US foreign policy; the Soviet threat forced the US to abandon isolationism and reluctantly embrace internationalism. At the same time they emphasize the benevolent nature of the US, which sought to protect democracy, freedom, prosperity, openness, geopolitical balance, and universal justice. They tended to draw the connection between the domestic political system and foreign policy: democracy at home led to a peaceful and democratic foreign policy. The totalitarian Soviet Union in contrast was expansionistic and thought in terms of spheres of influence. Thus the USSR was an affront to American ideology and interest. Moreover, Stalin suffered from paranoia; he could never be appeased in
any way. Nothing the US did could have accommodated Stalin. Stalin was in a better position to accommodate the US than the other way around because of the totalitarian nature of the Soviet political system. Postwar American leaders were acting responsibly, wisely, prudently, and even heroically by containing the USSR. Containment was right. This consensus began to break in the 1960s, in part because of the Vietnam War, a situation wherein the US was not only not winning but its soldiers were revealed to be committing massive atrocities and its politicians were caught chronically lying. Revisionism questioned the assumptions of the traditional school. Instead of seeing the Cold War as a sharp break in US foreign relations, revisionist historians began to search for continuities. And they also turned inward, looking for internal or domestic factors or forces that helped determine American expansion and foreign policy. Walter LaFeber is representative of this view:

The most durable and productive key for unlocking the motivations of US foreign policy since the 1890s has been Washington officials' belief that a global system based on the needs of private capital, including the protection of private property and access to markets, could best protect the burgeoning American system and its values, including its own version of democracy at home.

The revisionist school spearheaded by William Appleman Williams argued that the American quest for foreign markets and Open Door Policy at the end of the Second World War “committed [the US] to policies which hardened the natural and inherent tensions and propensities into bitter antagonisms and inflexible positions.” At the very least the Open Door Policy and foreign markets were deemed necessary for the US to avert an economic depression: the US had to constantly expand its market to survive and prosper. More important, capitalism was an international system. Being the stronger party, the US was in a more favorable position to explore various alternatives to accommodate the USSR; unlike traditionalists, revisionists argued that the US had a preponderance of power at the end of the Second World War. That it did not do so was largely because of its economic and imperial interests. In other words, the US would still have been expansionistic even without the Soviet threat. The reasons include the desire to restructure the postwar political economy of the world (to restructure international capitalism), to secure strategic resources (most notably oil), to expand military bases and a “defense” perimeter based on a new conception of “security,” to achieve a
preponderance of power, and to counter Third World nationalism and movements that threatened the American design of the world. In this light, postwar American leaders were not wise and prudent. Rather they exaggerated the Soviet power in order to legitimize America's aggressive expansion, to rally the world's peoples around the American empire. Instead of heroism the revisionists saw tragedy.

John Lewis Gaddis has shown how each postwar US administration interpreted containment differently, therefore coming up with different strategies of containment. Gaddis is right to show that containment was not unchanging and over-determined. However, containment was rooted in false and problematic assumptions which “contained” knowledge about the USSR. Many revisionist historians have pointed to the flaws in George Kennan’s reasoning. First, Kennan depicted the USSR as both weak and expansionistic. Kennan knew that the USSR was weak but still exaggerated its power. Containment was a policy reflecting the weakness of the USSR. Because the USSR was weak, the logic went, it would suffer from an implosion or undergo a mellowing of the system when contained. Second, Kennan failed to logically explain why the USSR was compelled to expand. Third, Kennan saw Soviet foreign policy as deriving solely from internal factors (history, Marxist-Leninism, Stalin’s paranoia, etc.) He made no effort to evaluate how US goals and policies might have impacted on the USSR as if to say that Soviet leaders were autistic. If the USSR was weaker than the US, might not American foreign policy objectives shape the conditions of Soviet foreign policy making? A resounding “no” was Kennan’s answer. Based on Kennan’s reasoning the US could do whatever it wanted, and its action would always be interpreted as defensive.

The exaggeration of Soviet power and threat during the Cold War became increasingly irrefutable as the USSR retrenched in the 1980s and eventually imploded in 1991. Michael Cox sums up well:

The problem was that those who stressed Soviet expansionism appeared oblivious to other facts: that the Soviet reach was never great; that Moscow frequently exercised great caution; that it sometimes retreated voluntarily; and perhaps, most important, that for an inefficient and uncompetitive system like the Soviet Union, expansion was an extraordinary burden and one likely to grow as the economy began to slow down.

The tension between traditionalism and revisionism eventually contributed to a new synthesis known as post-revisionism, which has
benefited from the use of new archival materials. The most renowned representative of this school is probably John Lewis Gaddis.\textsuperscript{13} Post-revisionism is closer to the orthodox school than revisionism however. For instance, it focuses on the elite policy-making process, on the state as the principal actor, and on strategic and geopolitical determinants of foreign policy—e.g., the “national interest,” balance of power, and national security. Economic considerations are relegated to secondary roles. Furthermore, whenever economic interests do matter, they are treated as driven by broader geopolitical concerns rather than domestic pressures. And post-revisionism maintains that the US was by and large reacting to Soviet aggression and foreign policy: the US might have constructed a postwar empire (as the revisionists argued), but it was defensive in character or was “invited” from abroad. Post-revisionism maintains the heroic narrative of American expansion after the Second World War. As such, some have called post-revisionism “traditionalism with archives.”

Revisionism and post-revisionism are still the dominant trends in Cold War historiography, and the tensions between these two broad schools of thought have not been or could not be easily resolved\textsuperscript{14} despite the surfacing of new archival materials (especially from the Chinese and Russian archives) as historical debates are often over narrative interpretations as opposed to facts. Nevertheless, it seems that the Cold War is increasingly being studied and interpreted in the form of international history.

Demise of the Grand Alliance

When studying the origins of the Cold War, one of the very first issues to explore is the demise of the Grand Alliance. The traditional view argues that the USSR was largely responsible for the breakdown of postwar cooperation between the Big Three, particularly for refusing to uphold the Yalta commitments on holding democratic elections in Poland, and for aggressively carving a sphere of influence in Eastern Europe. In other words, Soviet actions in Poland and Eastern Europe served as the test cases of Soviet postwar ambitions, of the Kremlin’s expansionism. US President Franklin Roosevelt was to blame for refusing to stand up to Stalin at Yalta.\textsuperscript{15} Yalta is—and has long been—depicted as a sellout.

New scholarships tends to move away from these simplistic assessments. Although a varied lot, many historians are pointing to the
fact that “spheres of influence” had more or less been formed prior to the outbreak of the Cold War. The Yalta agreements merely reflected or were the culmination of the military situation in Europe and other prior understandings between the great powers—for example, the Italian and Rumanian precedents of 1942 and the secret Tolstoy meeting (percentage deal) between Churchill and Stalin in 1944. Stalin’s dictum of whoever militarily controlled an area would determine its politico-economic future was recognized by the Anglo-American side as well. After the Red Army’s victory in the battle of Stalingrad in 1943, the Nazis were more or less considered defeated in Europe; the Anglo-American landing in Normandy in 1944 (D-day) was executed in order to gain a foothold in Europe and in order to determine its postwar politico-economic orientations. William Hitchcock suggests,

...[T]he Yalta conference revealed the dominating position of the Soviet Union in Eastern Europe, a position won after four years of brutal war; and it revealed the limited ability of the Americans and British to challenge that dominance. Roosevelt sought to make a virtue of necessity: instead of opposing the Russians, he hoped to work with them in bringing peace and stability to a war-torn continent through a great-power compromise. Unfortunately, FDR gave a hostage to fortune by declaring after Yalta that the agreements reached there would “spell the end of the system of unilateral action, the exclusive alliances, the spheres of influence, the balance of power, and all the other expedients that have been tried for centuries and always failed.” Yalta had achieved nothing of the sort.

However, as Fraser Harbutt contends, Roosevelt might have hoped to mobilize public opinion in the West to force Stalin to accept the idealistic version of Yalta. Or he may have lied to himself that he had succeeded in working out a diplomacy based on idealism.

Roosevelt’s untimely death in April 1945 left matters in the hands of his inexperienced successor Harry Truman. FDR’s secretary of state Edward Stettinius writes in his diary that Truman admitted that he was “very hazy about Yalta matters” and “that the agreement on Polish political as well as territorial questions was very hazy and he [Truman] was amazed that it wasn’t more clear cut.” As fuzzy as he was on the Yalta agreements, Truman felt that the Russians were simply treating the accord in bad faith.

Put differently, the understanding and agreements (however tacit or oblique) reached during the Second World War and the way the war ended were conducive to the advent of the Cold War. This also includes
the general political swing to the left in Europe triggered by wartime devastation and political and social changes—trends which were beyond the control of Stalin. Gabriel Kolko has pointed out, and it is worth quoting at length, that

The decision of much of Europe’s middle class and traditional ruling classes to compromise with Nazi Germany, or to actively support it in the case of Italy and France, greatly weakened the major institutional barriers to the triumph of the forces of change and radical renovation that flourished in the wake of Allied military successes. Millions of new converts believed that only the Left, with its identification with patriotism, could pretend to fill the massive moral, political, and organizational vacuum that the elites’ collaboration had created, and the Communists were the principal beneficiaries of this mood. In Greece, France, and Italy, this transformation posed a basic question about the political and economic future of these crucial nations—but elsewhere the war’s consequences gave the Left both nationalist legitimacy and those appeals essential to making it far stronger than it had ever been.  

Thus as J. Garry Clifford nicely concludes, “Perhaps if it [the Cold War] had started differently, it might have truly constituted a ‘long peace.’” We can also add that perhaps if the Second World War had ended differently, the nature of the Cold War would also have been different.

Roosevelt did not simply write off Eastern Europe to Stalin as often alleged. Here we need to understand Roosevelt’s conception of peace. To Roosevelt, peace was a “process,” and not an end in itself. Postwar peace thus depended on the cooperation between the Four Policemen (though actually between the Big Three). Opposing the Soviet “sphere” from the outset would not be conducive to postwar peace. Roosevelt hoped that through personal diplomacy and economic and atomic leverages, he could induce Eastern Europe to be more open; of course, he accepted that in terms of foreign and military relations, Eastern Europe must be subordinated to the Kremlin, but he envisioned Eastern Europeans being granted a longer leash in terms of domestic socioeconomic organizations. Only trust between the great powers would realize this vision, Roosevelt surmised.

In fact, Stalin valued postwar cooperation with the United States and Britain. Initially, Stalin perceived Germany and Japan as having the greatest potential for posing as future threats, not the U.S. It was hoped that the US would help rein in these two former enemies. He wanted
American aid and technical assistance as well as a fairly “long breathing space” for the USSR to recover from wartime devastation. In other words, there were good reasons to maintain postwar cooperation with the US, including credits and time for recuperation. After a loss of 27 million people, at least 20 to 30 years were needed to rehabilitate the USSR as some top-level subordinates suggested to Stalin. Moreover, the USSR had to be strong since it was the base of world revolution according to Leninist ideology. The Yalta and Allied wartime agreements showed Stalin that cooperation might be quite beneficial for the USSR. Stalin might have been paranoid, and a “monster” as Robert Conquest elaborately detailed his crimes. But Stalin recognized the USSR’s weaknesses. He was no Hitler. Melvyn Leffler convincingly writes thus:

At the end of World War II Stalin realized that the achievement of his goals—territorial gains, national reconstruction, and control over the revival of German and Japanese power—depended on cooperation with the United States. He was inclined to be agreeable because in the short run he was operating from a position of weakness, and he was altogether aware of it.

Promoting communist revolutions worldwide was not a priority—in fact had not been since the “socialism in one country” policy of the 1920s. Stalin’s restraint (containment of communist expansion) in Greece, France, and Italy is particularly noteworthy. As Kolko incisively writes:

In a word, there was ample reason to believe that had the armed left been ready to take power in these three nations it would have succeeded in part, if not in entirety, for at least an indefinite period. Its prospects were at least as good as those of the Bolsheviks in Russia in 1917. If it had failed in France, it would have been due primarily to the continuing viability of French conservatism mobilized around de Gaulle; elsewhere the traditional ruling classes had neither military resources nor political legitimacy—above all in the north of Italy and most of Greece.

Similarly Melvyn Leffler writes, “To the great dismay of the communists in France, Italy, Spain, Greece, Stalin discouraged revolutionary action in 1944 and 1945, just when they felt their prominent role in wartime resistance movements and their people’s genuine desire for thoroughgoing reforms afforded them a unique opportunity to gain power.”

But as two historians have observed, “However much he hoped to
avoid postwar confrontation with the United States. Stalin...could not make up his mind how to achieve his aim.”

In other words, Stalin’s inept diplomacy might have added to American/Western fear or might have enabled them to exploit or exaggerate the Soviet threat to pursue their interests.

According to a recent study by Marc Trachtenberg, by early 1946 the Truman administration wrote off Eastern Europe (at a time when the situation in the region was still quite fluid). Influenced by the new secretary of state James Byrnes, in 1946 (that is, after the failure of atomic diplomacy during the Potsdam Conference in 1945) the new and inexperienced president was willing to settle for the status quo in Eastern Europe; for Soviet domination of the area: Eastern Europe would be your garden, while the world would be mine. There would be two worlds, not one—a departure from Rooseveltian peace. Thus Eastern Europe was not the real issue that caused the end of the Alliance.

What the real issue was remains an open debate. However, as one historian observes, “the administration of Harry S. Truman realized that its earlier and largely unfruitful contest with the Soviets over Eastern Europe could be turned to advantage in its quest to win public support for its policy of economic and military aid to Western Europe.” Bluntly, “Washington’s occasional outbursts over Russian policy were basically a ruse for justifying its own policies of consolidation.”

The “writing off” of Eastern Europe, including the Soviet zone in eastern Germany, by the Americans was of course far from a cordial process. In fact, it exacerbated tensions between the US and the USSR. Arnold Offner points out that

Trachtenberg’s argument ignores critical factors, however, not least the significance of the atomic bomb for American diplomacy. The record is clear that the readiness of the atomic bomb inspired Byrnes and Truman to take an aggressive negotiating stance with the Russians and to believe that they could impose their will.... Moreover, Trachtenberg misleadingly implies that negotiation over German reparations was amicable.

US visions of the postwar world

Though the Big Three apparently valued postwar cooperation, they also had postwar aims that seemed quite incompatible. As such, they were quite unwilling to compromise for the sake of cooperation. They tended to value unilateral concessions above compromise. The argument
that the Cold War emerged because of the misunderstanding between the great powers thus overlooks this point.

The more nuanced or complex advocates of mainstream scholarship argue that the Cold War spiraled out of the security dilemma\(^35\): both the US and USSR were acting out of fear and reacting to perceived threats. Though useful, the security dilemma obscures more than explains the dynamics of the origins of the Cold War. For instance, would not American action or reaction have a greater impact on Soviet foreign policy, as Washington was by far the more powerful party?\(^36\) On this view, during the Cold War, the USSR was powerful, but a “distant second”\(^37\) compared with the US. As Thomas Lairson nicely put it, hegemony better advances our understanding of the impact of the international system on policy choices. The concept of hegemony neither requires nor implies a unipolar system. Hegemony sees a world in which one power is significantly stronger than the rest and acts to establish an international order to its liking, but such a world does not preclude a challenger. Hence, post-1945 Europe was bipolar but in a very limited sense... At all points in the Cold War the Soviets were inferior to the United States, and the difference is even more pronounced when we add in various allies... [N]either the Americans nor the Soviets acted as if they saw such an equality. The United States was constantly augmenting and applying its military, economic, and political superiority; the Soviet Union was constantly backing down, shrinking from any real risk of war, and trying to catch up.\(^38\)

This is not to say that the US could not care less about the USSR, did not seek to contain Soviet power. In this light, the American postwar project was not only to contain the USSR. It was more than that. It was also to contain America's own allies, and above all to consolidate and perpetuate its hegemony. Thomas Paterson is right to suggest that, “Americans preferred to call their anti-Communism mission containment. But when it comes to expansion and containment, you can’t have one without the other.”\(^69\) Similarly, as Bruce Cumings points out, “the Cold War consisted of two systems: the containment project, providing security against both the enemy and the ally; and the hegemonic project, providing for American leverage over the necessary resources of our industrial rivals. Both the hegemonic project and the allied-containment system survive today.” Therefore, Cumings continues, it is no surprise that “the United States can now be seen to be what it always has been since the 1940s—the only hegemon, the Great Britain of our time.”\(^40\) In other words, the security dilemma fails to
explain the fact that both sides recognized each other’s sphere of influence and, at times, even tacitly collaborated to “double-contain” any rising third power.

While professing postwar cooperation, the Big Three had fairly divergent postwar aims. Here the security dilemma theory, focusing on reaction and self-defense, shrouds the imperial ambitions of the great powers, especially the contributions of the United States and Britain to the origins of the Cold War. For example, when elite US policymakers like Dean Acheson used the rhetoric of “world responsibility” and talked about “power” they did not mean balance and diversity, rather a “preponderance of power” and hegemony. Acheson’s Policy Planning Staff insisted, “The United States and the Soviet Union are engaged in a struggle for preponderant power... To seek less than preponderant power would be to opt for defeat. Preponderant power must be the object of US policy.”

Richard Barnet neatly captures a striking shortcoming of the mainstream approach: “most analyses of American foreign policy consider how to make the outside world safe for America... rather than how to make America safe for the world.”

The exception was of course George Kennan, who envisaged a world with three independent and counterbalancing poles: the US, the USSR, and Europe. After expressing the elite Cold War consensus in 1946 (i.e., containment espoused by the “long telegram” and the “X” article), Kennan’s influence in the Truman administration began to decline gradually. Thus, contrary to orthodox scholarship, Kennan is not the father of containment. Rather he merely helped make official the elites’ declaration of the Cold War. It is worth pointing out that “six weeks before Kennan would send to Washington his famous ‘long telegram’ with its scathing analysis of Soviet behavior, and two months before Churchill would deliver his ‘Iron Curtain’ speech in Missouri, Truman had made his personal declaration of the Cold War.”

If we use the concept of American hegemony to narrate the Cold War, the Americans sought to integrate “core” and “periphery” as world system theorists argue, and thus the latter has to be stabilized. By reorganizing the world’s political economy, the United States acted like other hegemons in the past. “The global unit of analysis,” Thomas McCormick argues, “helps overcome our often myopic preoccupation with Soviet-American relations and locate them inside a larger framework.” McCormick continues,
The stress on long-term time and long-term process helps divest the Cold War of its mystique of uniqueness, so we can view it as part of the historical cycle of centering, decentering, and recentering that has been a patterned feature of the global system. The appreciation of hegemony as a rare yet recurring phenomenon of the system helps us understand, for example, the historical imperatives that led to the fight by the United States, as hegemon, to keep Southeast Asia inside the global market economy, less to serve America’s own marginal interests than to serve the major interests of Japan and the larger systemic interests of world capitalism.46

Continuing with this logic, Immanuel Wallerstein contends that American hegemony during the Cold War rested on four pillars. The first was the reconstruction of the major industrial powers: the world economy needed the re-entry of these states as producers and as consumers of US goods; a network of associates to maintain the global political-economic order was needed; and a prosperous “Free World” was needed for ideological reasons—e.g., to serve as hope for developing states, drawing them from communism. The second pillar was the military arrangements with the Soviet Union (e.g., peace in Europe, double containment of each bloc, tacit acceptance that each bloc was territorially fixed, etc.). The third was the recognition of US responsibility in the world system, which had to rely on anti-communism at home and abroad. And the fourth was the slow political decolonization in the Third World followed by the promotion of modest economic development there.47

Melvyn Leffler argues that the periphery had to be stabilized and integrated into the American/Western orbit because otherwise the Kremlin might absorb the resources of this area to build a position of strength vis-à-vis the US. It was thus a “prudent” policy in reaction to potential or perceived Soviet threats. Leffler admits that, “For US policymakers, the problem in the aftermath of World War II was not so much Stalin’s diplomatic behavior, which was contradictory and ambivalent, as an international system that appeared beyond the control of any government.”48 Among other important factors, he points to the rise of leftist movements in various parts of the world, the demoralization of Japanese and German leaders, and the rise of nationalist impulses in Southeast Asia, the Middle East, and North Africa.49 But he is reluctant to portray the Cold War also as a North-South conflict—the Cold War as an American war against the Third World—as opposed to being merely an East-West one. Third World revolutions during the Cold War
may also be interpreted as anti-systemic struggles against the American politico-economic multilateralism, an order that was not infrequently maintained by the barrel of the gun.\textsuperscript{50} An illuminating example is Central America, where the American support of repressive regimes, maintenance of a system that perpetuated socioeconomic injustices, and willingness to employ counter-revolutionary means to squash radical movements contributed to short term American interest but ultimately made revolutions inevitable.\textsuperscript{51}

Though often depicted as America’s “loyal lieutenant,” Britain was also not coyly and passively waiting on the sidelines, seconding and buttressing US Cold War objectives. Some historians have argued that the British adopted the policy of containment well before the Americans; that is, that Britain gave impetus to the origins of the Cold War. For instance, Sean Greenwood contends, “The exposed position of Britain and its global possessions which engendered a heightened sense of anxiety drove them towards what was to be called containment before this had become settled policy in the United States and even to precipitate action before the purposes of the Soviet Union had been finely discerned.”\textsuperscript{52}

Furthermore, up until 1949, Britain envisioned itself as the organizer of a “third force” (comprised of the Middle East, Western Europe, Africa, Britain, and its dominions) that would be independent of both Moscow and Washington.\textsuperscript{53} Britain and France would act as the nucleus of this third force. Since the end of 1945, Foreign Secretary Bevin had been talking about the world being divided into “three Monroes,” with the British occupying the third sphere of influence, which was also dubbed “the middle of the planet.”\textsuperscript{54} The exploitation of African colonies was an important key to the British imperial vision. According to one official, Ernest Bevin was hoping that if Britain “only pushed on and developed Africa, we could have US dependent on us and eating out of our hand in four to five years....US is very barren of essential minerals and in Africa we have them all.”\textsuperscript{55} Greenwood sums up thus: “This potentially massive Third Force was seen as a way of containing Soviet expansion, escaping from the servitude of American economic domination, and restoring Britain’s position as a full member of the Big Three as a prelude to the return to inter-Allied cooperation.”\textsuperscript{56} By 1949, however, with the third force proving illusory, Britain’s foreign policy tilted in the Atlantic direction.
Dropping the bomb

Whether or not the atomic bombs were really needed to end the Pacific War is still a heated issue. Traditional historians tend to argue that President Truman’s decision to use the atomic bomb was regrettable but necessary. Representative of this view is Robert Ferrell:

The president’s decision for nuclear weapons, when it came, was based on two reasons. One was historical: the atrocities with which the Japanese began and thereafter conducted the war.... The other presidential reason for dropping the bombs...was the cost of invading the Japanese home islands, the sole remaining conventional military way to force a surrender. It seemed so high as to justify use of any new weapons in the American arsenal. \(^\text{(57)}\)

The new Cold War history suggests otherwise: “the consensus...is that the bomb was not needed to avoid an invasion of Japan and to end the war within a relatively short time. It is clear that alternatives to end the war existed and that Truman and his advisors knew it.” \(^\text{(58)}\) Some of the alternatives to the bomb were a Soviet declaration of war on Japan and the modification of the unconditional surrender term. For instance, in his diary entry on 17 July 1945 Truman writes “He’ll [Stalin] be in the Jap War on August 15\textsuperscript{th}. Fini Japs when that comes about.” However, on 25 July Truman suggests, “This weapon [the atomic bomb] is to be used against Japan between now and August 10\textsuperscript{th}” \(^\text{(59)}\)— that is, before the USSR entered the war.

However, historians still argue why these alternatives were not tried, why the Americans decided to use the bomb instead. (Most however do agree that the atomic bombing of Nagasaki was completely unnecessary.) Arguments range from the desire to impress the Soviet Union and make Moscow more malleable to US postwar aims to ending the Pacific War solely on American terms. As Robert Messer put it, “the issue was no longer when the war would end, but how and on whose terms.” \(^\text{(60)}\) Racism must also be taken into consideration: “In the United States and Britain, the Japanese were more hated than the Germans before as well as after Pearl Harbor.... They were perceived as a race apart, even a species apart—and an overpoweringly monolithic one at that.” \(^\text{(61)}\) Of course, some still argue that the bomb saved the lives of American soldiers. However Gar Alperovitz notes

That saving lives was not the highest priority, however, seems obvious from the choices made in July [1945]: If the United States really wished...
to end the war as quickly and surely as possible—and to save as many lives as possible—then as [George] Marshall had pointed out as early as June, the full force of the Russian shock plus assurances for the Emperor could not be left out of the equation.  

Whether or not the Soviet declaration of war on Japan and/or the modification of the unconditional surrender term would work must be examined from the Japanese side. Herbert Bix has argued that while recognizing that defeat was imminent, the Japanese unnecessarily delayed surrender for the preservation of the emperor system. Bix writes, “They waited, instead, until their foreign enemies had created a situation that gave them a face-saving excuse to surrender in order to prevent the kokutai from being destroyed by antimilitary, antiwar pressure originating from the Japanese people themselves.”  

The atomic bombs and the Soviet declaration of war provided the much-awaited face-saving excuse. It did not matter that hundreds of thousands of people must die in order to save the emperors’ skin. But Bix concludes thus:

Neither (a) American unwillingness to make a firm, timely statement assuring continuation of the monarchy, as [Joseph] Grew had argued for, nor (b) the anti-Soviet strategy in the stance of Truman and Brynes, who probably preferred use of the atomic bombs over diplomatic negotiation, were sufficient in and of themselves to account for the use of the bomb, or for Japan’s delay in surrendering. Rather, Emperor Hirohito’s reluctance to face the fait accompli of defeat, and then to act decisively to end hostilities, plus certain official acts and policies of his government, were what mainly kept the war going, though they also were not sufficient causes for the use of the bomb. In the final analysis, what counted on the one hand was not only the transcendent influence of the throne but the power, authority, and stubborn personality of its occupant, and on the other the power, determination, and truculence of Harry Truman.

It is also accepted that Truman (an inexperienced president yearning to make a good debut in the international scene and secure his place in history) and Brynes practiced atomic diplomacy vis-à-vis the USSR at the Potsdam conference and the subsequent council of foreign ministers. In fact, Truman deliberately delayed the Potsdam meeting to make it coincide with the final phase of the development of the atomic bomb. Both the practice of atomic diplomacy and the decision to use the bomb by Truman and Brynes deviated from the consensus among US top policymakers. Here the contrast with Secretary of War Henry Stimson, another admirer of the atomic bomb, is illuminating. According to
Stimson’s recent biographer, “Stimson sought to ensure that the final success of the bomb did not create a situation in which differences with the Soviet Union could lead to permanent break in the Grand Alliance.” In other words, “for Stimson, the atomic bomb was a means of pursuing negotiations and cooperation with the Soviet Union. This was a very different view from that being developed and practiced by Brynes and eventually by Truman.”

Though outwardly unperturbed by the atomic diplomacy, Stalin greatly speeded up the Soviet nuclear program after Hiroshima. Perhaps it took Hiroshima to make Stalin see the bomb as a major factor in postwar relations. Anyhow, Stalin had to maintain an air of indifference or had to be even more adventurous lest the USSR be accused of caving in to American atomic diplomacy.

Sovietization of Eastern Europe

There are several attempts to explain the sovietization or communization of Eastern Europe. It must be remembered that in late 1944 Stalin envisaged Europe composed of three zones, with Eastern Europe as the communist zone, the other two zones being a stable, non-communist Western Europe and an intermediate zone in East-Central Europe where the USSR would exercise only loose control. Mainstream scholars argue that the sovietization in Eastern and East-Central Europe began from 1945—hence the iron-curtain metaphor and the need to contain the USSR. Other scholars have tried to offer a more nuanced analysis.

Offering the standard mainstream approach, Hugh Seton-Watson has argued that the road to the communization of Eastern Europe followed this trajectory: genuine coalition to bogus coalition to outright sovietization. Seton-Watson contends that the USSR initially promoted genuine coalitions to appease Western sentiments. Genuine coalitions soon gave way to bogus coalitions—coalitions only in name as the communists really dominated. Sovietization became a reality in 1947—the turning point in Soviet foreign policy towards Eastern Europe, which was propelled by the rising tension with the West due to the Cold War. Seton-Watson seems to suggest that sovietization had always been on Stalin’s mind.

However, it is certainly inadequate to demonstrate that the Soviets (and totalitarianism) effectively seized control of Eastern Europe because the Red Army liberated the region. To gain a better understanding, we
first need to look at how the Nazi occupation of Eastern Europe during the war and the impacts of the war itself facilitated the extension of Soviet hegemony in the region. For example, the Nazis reoriented Eastern Europe away from Western Europe, imposed economic autarky in the region, and implemented a division of labor that made it subservient to Reich interests. The USSR merely took over these organized structures. We also need to recognize that the left and communists were quite popular in the area due to their role in the resistance movement—as reflected by electoral results in the early postwar months. In addition, as mentioned above, we need to understand the agreements or understanding reached between the great powers during and immediately after the war. Finally, we must examine the two phases in which the Kremlin extended its power into the region. It is now widely recognized that Soviet foreign policy towards Eastern Europe followed two rather distinct phases, and that the Seton-Watson thesis is open to challenge.

The first phase (1944-7) is often called the “democratic interlude,” when there was diversity in the region—e.g., different roads to socialism. The Soviets merely sought domination in this phase. The iron curtain had yet to fall. According to Geoffrey Swain and Nigel Swain, in the first phase there was political diversity in the bloc. Poland and Romania were sovietized from the moment that the Red Army liberated them from Nazi rule. Stalin wanted direct control in both countries and made sure that the communists held the mantle of power. These two cases do not fit the Seton-Watson thesis. In Hungary and especially Czechoslovakia there was the so-called “democratic interlude” with genuine coalition governments and multi-party democratic political systems. Initially, Stalin was happy for the communists and the USSR to have only influence but not power in coalition governments. Yugoslavia, Albania, and Bulgaria were also sovietized from the outset. But sovietization was carried forward willfully and happily by the Balkan communists themselves. Moreover, their model of sovietization was not the USSR but Yugoslavia. It seemed that the communists were strongest in the Balkans where they came to power by themselves. The revolution in the Balkans had gone too far for Stalin to stop. Thus sovietization did not guarantee Soviet domination—unlike in Poland and Romania. The Balkan communists respected Stalin and the USSR, but perhaps also wanted to pursue an independent foreign policy. Persuading Tito to act cautiously vis-à-vis the US and the West was a primary concern of Stalin. Again these countries did not fit the thesis. That there was political diversity in
Eastern Europe suggests that Stalin had no coherent plan for the region. In the second phase (from 1947) the USSR sought to Stalinize the region, bringing an end to political diversity. According to a recent study, this was primarily a reaction to the Marshall Plan and to a lesser extent the brewing schism between Tito and Stalin. (Some historians argue that the USSR was going to Bolshevize the region sooner or later. However, the Marshall Plan made it sooner rather than later.) The Marshall Plan was devised in a way that would guarantee Soviet rejection, primarily because the Plan stated that if the USSR and Eastern Europe wanted to receive aid they must participate in the European-wide division of labor and their markets must be integrated with those of Western Europe. In other words, Eastern Europe would be absorbed economically by Western Europe. Stalin saw the plan as a challenge to his control or domination of the region—which was still tenuous. Poland and Czechoslovakia applied for aid, but the USSR forced them to back down.

In other words, the real political transition happened in Czechoslovakia and Hungary, the two countries that had more or less democratic and multi-party political systems. Again, these two countries do not fit the Seton-Watson thesis—they jumped immediately from genuine coalition to communism. And ironically democracy was crushed in Hungary and Czechoslovakia because of the Marshall Plan. As William Hitchcock comments, “the reason for the eventual rise of Communism to power in these two states lies chiefly in the international politics of the postwar period up to 1947.... The announcement of the Marshall Plan in June 1947 was the critical turning point for both these countries...leaving no doubt that Stalin saw the Marshall Plan as a direct threat to his informal rule in Eastern Europe.”

Happening almost simultaneously with the Marshall Plan was the Tito-Stalin dispute. Tito wanted to respond to Marshall Aid with a revolutionary counter-offensive. At first Stalin supported Tito’s call for worldwide revolution because he wanted to consolidate his control over Czechoslovakia and Hungary. But when Tito (and Bulgaria) supported the communists in Greece, Stalin possibly feared that it would lead to an unwanted confrontation with the US.

As a reaction to the Marshall Plan the USSR established the COMINFORM to rally the communist parties of Europe to reject the Marshall Plan and to consolidate communist control in Eastern Europe—not really to expand the doctrine worldwide as often alleged.
The COMECON was created to ensure the economic subservience of Eastern Europe to the USSR. Purges were instituted throughout Eastern Europe—less so in Poland and Romania and more in Czechoslovakia and Hungary and in the Balkans.

Protecting the US sphere of influence in Latin America

If Latin America is—and has long been—an American sphere of influence, how could the US deny the Soviet Union a sphere of influence in Eastern Europe? If the US could reserve the right to unilaterally intervene in Latin America, how could it deny the Russians the very same right? The problem was twofold: (1) how to preserve the right to act unilaterally and to prevent foreign influence or intervention (e.g., by the United Nations or the USSR) in the region while (2) denying the same right to the USSR in its “sphere.” FDR’s secretary of war Henry Stimson tried to take the bull by the horns, clumsily suggesting...

...we have been a pretty active old Uncle Sam in stopping things, and I think we ought to continue to be, I think you ought to be able to prevent Russia from using that thing in her... alleged parallel position. It isn’t a parallel to it. She’s no such an overwhelming gigantic power from the ones which she’s going to make a row about as we are here and on the other hand our fussing around among those little fellow[s] there doesn’t upset any balance in Europe at all. That’s my answer. It doesn’t upset any balance there where she may upset a balance that affects us.77

According to Gabriel Kolko, this problem was partly solved by the legislation of the UN Charter. The need to act unilaterally was cloaked in the name of “collective self-defense” as witnessed in Article 51. Kolko points out further,

Another clause, Article 52, legitimized ‘regional arrangements’ intended for the ‘maintenance of international peace’, and this every major power could use. But Article 53 banned them all by stating, ‘But no enforcement action shall be taken under regional arrangements or by regional agencies without the authorization of the Security Council....’ Although the Russians cited Article 53, the West only Article 51, in later years, the existence of the veto over Security Council actions meant that the United States-sponsored regional system would be operative when the Security Council could not be, and perhaps even if it acted. The United Nations gave the partial division of the world into
spheres of influence and competing blocs a formal legal structure, and thus the Great Powers both created and acknowledged reality.\textsuperscript{78}

The Organization of American States (OAS) was of course subsequently established in 1948.

If there was political diversity or a democratic interlude in Eastern Europe (at least in Czechoslovakia and Hungary) in the immediate postwar years, a similar phenomenon occurred in Latin America. The democratic interlude in most countries of Latin America was briefer than in Eastern Europe however—ending in 1944, 1945, or 1946 depending on the countries involved. The first period “was characterized by three distinct but interrelated phenomena: democratization, a shift to the left, and labor militancy.”\textsuperscript{79} Dictatorship fell, popular forces were mobilized, and elections were held with wide participation. Progressive parties including those from the left gained unprecedented support from the middle class and working class. There was an increase in unionization and strikes. The victory of the Allies in the Second World War was the principal factor that led to democratization and the downfall of dictatorship in the first phase—the war was the victory of democracy over fascism. Since the USSR was part of the Allies, the local communist parties earned greater popularity and respectability. Democracy was associated with development and welfare for the masses—a vision championed by the left. Development meant propping up trade barriers, import substitution industrialization, an interventionist state, welfare provision, etc.—the very antitheses of the American economic agenda. Furthermore, this kind of development might reduce or sever the region’s historical economic dependency on the US.

The first phase soon gave way to the second in most countries—the worsening of US–Soviet relations provided the necessary context. Communist parties in Latin America were virtually eliminated as a viable political force, undermining the thesis of the communist threat to the region.\textsuperscript{80} Labor unions were cracked down on. The old guards, aware of general US approval, consolidated their power. The dominant classes and the military had not been weakened or destroyed by the end of the Second World War. They were merely forced into the defensive at the war’s end. By 1946, they had reasserted their power vis-à-vis the left, labor unions, and other dangerous classes, undermining democratic development. “[A]fter 1945–46, the US did little to promote or even defend democratic principles and practices in Latin America.”\textsuperscript{81} In a few countries like Guatemala and Costa Rica, democracy survived.
During the Second World War, many Latin American governments collaborated with the US, hoping to salvage postwar economic aid. But at the end of the war, US interests turned elsewhere, especially to Western Europe and Japan. Unlike Western Europe, there was no Marshall Plan for Latin America. Between 1945 and 1950, the US gave only $400 million to Latin America, which was a pittance by any standard. Note that Greece and Turkey got $400 million in 1947 after the declaration of the Truman Doctrine. And Western Europe got some $14 billion dollars in Marshall aid. The US argued that Latin America governments must rely on private American capital for financial aid or assistance. In other words, they had to create stability and attract foreign investment. This meant cracking down on the left and labor unions—the working class had to be brought firmly under control.

In large part, the US supported the restoration of the old order because the conservatives and militarists, in contrast to the left and popular movements, had no wish to disengage from or reduce dependency on the regional economic system that was dominated by the United States since they profited from such dependency and economic integration. After the Second World War, Central America in particular was further locked into one-or-two crop economies, a textbook case of dependency theory. For example, of Guatemala’s $50 million in exports during 1948, $42 million were coffee and bananas. Central American countries also became increasingly dependent on the US market for exports. In 1948, $45 million of Guatemala’s $50 million went to the US; El Salvador, $35 million of $46 million; Honduras, $14 million out of $20 million; Nicaragua $20 million out of $27 million, etc. Imports dependence on the US further increased. In 1948, 82 per cent of Guatemala’s imports came from the US—up from 40 per cent in 1938; approximately 80 per cent of Costa Rica’s imports were American, up from 46 per cent in 1938. Moreover, in Latin America only a small faction in these countries benefited from the exports. As a result, only that group had the purchasing power to consume many of the imported goods. This structural violence—forcefully maintained by local and American elites—served as fuel for revolution.

Contrary to popular belief, it was thus really the threat of economic nationalism (e.g., using your resources for your own development instead of subordinating them to the American-dominated system) and poverty, and not of communism that concerned the United States in the immediate postwar years. Besides, American involvement and intervention in Latin America have deep historical roots and predated the
Cold War. The roots of intervention, Walter LaFeber observes in *Inevitable Revolutions*, were based on principles that made the US the world's greatest power: racial superiority, "confidence in capitalism, a willingness to use military force, a fear of foreign influence, and a dread of revolutionary instability." How interested was the USSR in promoting communist revolutions or challenging the US in Latin America after the Second World War? Prior to 1959—after the success of the Cuban revolution—the USSR had very limited interest in the Western Hemisphere. Cuba showed that a socialist revolution in the Western Hemisphere was possible. The Russians recognized that the region fell in the US sphere of influence and that it was too geographically far from the USSR and too close to the US. And Latin American ruling elites were generally hostile to the USSR. The revolution in Guatemala was crushed or overturned by a CIA organized coup d'état in 1954. Much of the relationship between Latin America and the USSR was limited to the commercial realm; but even that was limited because of the lack of economic complementarity between the two regions. "Not until the late 1960s that the Soviet Union began to build a relatively stable and extensive network of diplomatic links in the sub-continent," Miller relates. Furthermore, between 1954 and 1978 Latin America received only 5.6 per cent of Soviet economic aid to the non-communist World; and only 2.5 per cent of Soviet military deliveries to the Third World. In conclusion, Soviet policy towards Latin America was conditioned by whether it wanted to appease, challenge, or provoke the US—and not by expansionism.

Cole Blasier argues that in Latin America "the United States tended to respond flexibly to rebel movements but then hostilely to changes instituted by reformist governments." Why? Though the instituted reforms might have truly benefited the masses (e.g., resulting in the restructuring of relationship between classes) they were often adverse to private US business and systemic interest—e.g., land reforms. Thus Washington's initial reaction might have been dictated by economic concerns. Since US interests in Latin America were so pervasive, any meaningful reform required the realignment of relations with the United States—was necessarily anti-American. At this stage, Washington began to think in strategic terms—in this case, Cold War considerations. Washington feared the loss of its political influence and credibility in the hemisphere. It feared the loss of access to strategic minerals and raw materials necessary to wage the Cold War. It was afraid that Moscow might establish a beachhead in the hemisphere. It feared the threat of a
good example or the demonstration effect (especially, a small state breaking free from the US orbit, while at the same time improving the lives of its citizens; the smaller and weaker the revolutionary regime, the greater the threat to the status quo). And so on. And the US was of course a counter-revolutionary state, a status quo power.

The division of Germany

To some historians, the division of Germany was a—if not the—major cause of the Cold War; that is, it was based on reasons other than Cold War considerations. To others, it was the consequence of the US-Soviet postwar rivalry. However, recent historians tend to agree that the division of Germany was largely an American/Western initiative. Some argue that Britain was more responsible in bringing about German division than the US. Of course, they haggle over the reasons for the division, with two main lines of argument. On the one hand are those who argue that the division resulted because of geopolitical and security interests. It was regrettable but inevitable. The American and British leaders feared that the continuation of the four-power control of Germany would enable the USSR to sabotage German recovery (e.g., the Soviet demand for reparations and participation in the control of the rich Ruhr) and thus would weaken the Western alliance (making Western Europe less immune to communist expansion) and that a weakened and neutral unified Germany might gravitate into the Eastern bloc. A divided Germany was preferred over a unified communist one. On the other side are those who emphasized that the plan to recover and divide Germany preceded the Cold War: early on, Germany was seen as an industrial workshop that would help to revitalize or expand international capitalism. On this view, American/Western leaders felt that German unification was never an end in itself from the outset. Rather, the end was whether division or unification would better serve US/Western interests. And there was a feeling that an industrially revived Germany was less threatening than the Soviet Union.

Carolyn Eisenberg best expresses this view:

Underpinning [the Americans'] willed paranoia was a more realistic concern that even the Soviets' minimum agenda would be disruptive to Western European recovery. If Germany shipped free industrial products to the east, if Ruhr coal was utilized for this purpose, if there were renewed attacks on compromised business leaders, if there was a ceiling on large enterprises, if labor unions had more power, if the
Soviet Union had a voice in Ruhr decision-making—such things would complicate Germany’s economic integration into Western Europe. It was easier to shut off dialogue while faulting the adversary for intransigence.\(^90\)

A number of recent studies tend to confirm that the USSR had no coherent plan to divide Germany.\(^91\) It had the most to gain from the continuation of the four-power control; this would allow Moscow a foothold in the industrial and coal-rich Ruhr, for instance. One historian even argued that Stalin feared an American unilateral military withdrawal from Europe in general and from Germany in particular: alone the USSR would not be able to root out fascism from Germany.\(^92\) The USSR also demanded heavy reparations—some $10 billion—a policy the West found threatening. James Brynes even conceded in his memoirs that, “During all the consideration of the German question at Yalta, reparations were the chief interest of the Soviet delegation.”\(^93\) Brynes failed to mention that this was also the Soviet stance during the Potsdam meeting, and that he had assiduously worked to deny German reparations to the Soviet Union through the use of atomic diplomacy because they could be detrimental to Western European recovery.\(^94\)

The British government eagerly worked alongside the Americans in denying a Soviet foothold in the industrial Ruhr, a central concern that contributed to German division. Sean Greenwood writes,

The fact is, however, that Bevin had set his mind against the Soviets playing anything other than a marginal role in the operation of the Ruhr industries from the start. His preference was to keep them out altogether. He expressly told the French and the Belgians that “it was a mistake to refer to the ‘internationalisation’ of the Ruhr since this implied Russian participation. He thought it important that the Ruhr should come within the orbit of the Western European countries and that it would be linked up closely with their economies and made to serve the common good.”\(^95\)

Thus the 1948–9 Berlin Blockade may be seen as a Soviet attempt to force the Western powers to abandon their plan to divide Germany and to create a rejuvenated state allied to the West. Some historians argue that the USSR wanted a weakened, unified, and neutral Germany. Some insist that Moscow did not worry about the Western powers’ regrouping of their zones as long as an independent western German state was not created. Some argue that the USSR was relieved that Germany was double-contained by the U.S.
The Russians did not want war as orthodox historians have argued. The West’s airlift was a success because the Soviets never closed off the air routes. Nor did they impose a total blockade. Arnold Offner neatly captures this new consensus:

In sum, if the Soviets had intended to “win” the Berlin contest, their best opportunity would have been at the outset, when they might have imposed an absolute blockade that would have sharply reduced the time available for the West to organize its airlift—which ultimately supplied only 91 percent of western Berlin’s food needs and 78 percent of its coal requirements—and build morale. But Stalin clearly was unwilling to risk war. As the French military command noted on June 24, 1948, the Anglo-American “attitude is based on absolute certainty that the Russians do not want war.”

Stalin’s Berlin gamble failed and served as an important pretext for the division of Germany.

But German economic revival was also threatening to the Europeans. A recent study using materials from the French archives contends that Paris went along with the Anglo-American decision to divide and revive Germany not really out of fear of Soviet expansionism (the French like the US and Britain feared Soviet exploitation of the Ruhr and presence in the Rhineland) but out of interest in containing and shaping Germany through European integration. Only by going along with the US policy could Paris sabotage or mold it to serve French interests. Thus the subsequent Schuman Plan and the European Coal and Steel Community (ECSC) not only reflected the French but also the European desire and means of controlling the Germans.

Europe and America: empire by invitation?

From available evidence including intelligence reports, American leaders did not really fear a Soviet invasion of Western Europe. US policymakers were concerned about the general leftward tilt in Western Europe and its ravaged economies and societies. Such was the perfect breeding ground for communism and radicalism, they believed. Western Europe was one of the “grand areas” and Germany was considered as one of the industrial workshops of the world. In order to create a world that would be safe for America (i.e., where the US could exercise a preponderance of power), the region had to be rejuvenated and integrated into Pax Americana. The Truman doctrine expressed American (political) commitment in the postwar world, especially to
“contain” the USSR and reshape the world. The Marshall Plan was the economic dimension of this commitment, while NATO was the military one. The US promoted European integration (read, the division of Europe) in order to realize its major economic, ideological, and geopolitical objectives. It wanted to control Western Europe, and not simply promote integration for the sake of the Europeans. (The US had no territorial ambition in Europe. The imperial creed rests on law making, on setting the boundary of expressible or independent action.) Europe was to be strong, but not as an independent third force. Integrated Europe had to fit within the wider Atlantic framework. As the historian Geir Lundestad observes, “Somehow Europe was to be both independent of and dependent on the United States at the same time.”

Lundestad then argues that the five main reasons why the Americans supported or promoted European integration—in ascending order of importance—were: 1) to promote the US “corporatist” system as a model; 2) to create a more rationally organized and efficient Europe; 3) to reduce the burden on the US, especially the financial costs; 4) to contain the USSR; and 5) to contain Germany. Thus the Marshall Plan was an attempt to revive and enmesh the German economy with the other European states (with France in particular), and to reorient the German economy away from Eastern Europe. And NATO was the military tool to tie Germany down within the broader Atlantic framework and to pacify America’s European allies about German economic recovery.

Did the Europeans invite the American empire as some prominent historians suggest? The arguments really go both ways. During the Cold War, the American empire was certainly more benign in Europe than in many other parts of the world. Witness the promotion of economic recovery and integration. On the flipside, did the Europeans really cherish being under American hegemony? France certainly did not. And up to 1949, Britain was planning to reorganize Europe as a third force to countenance America and the USSR. Can European integration also be interpreted as a means of counter-balancing American hegemony? A recent study shows that European attitudes towards the US during the Cold War were at best ambiguous. It can even be said that “dissatisfaction with America affected...the European integration process” for “by coming together, the Europeans might be able to provide something of a counterweight to American power within the Western alliance.” Thus during the Cold War “the Europeans needed to balance between...two aims: reaching for greater autonomy and
According to Trachtenberg and Gehrz, the American pressure for German rearmament against European wishes in late 1950 contributed to the idea that a counterweight to American power was needed in the Atlantic alliance, and the nucleus of that counterweight had to be centered around France and Germany.  

The empire by invitation thesis in part rests on the assumption of American benevolence, especially manifested in the form of the Marshall Plan. The traditional view is that Marshall aid was instrumental in postwar European recovery. This view has been much challenged. Alan Milward has argued that the impact of this aid on European recovery was negligible, that it was not necessary after all. Europeans themselves should be given the most credit for saving themselves. William Hitchcock concurs with Milward’s findings: “In narrowly economic terms, the contributions of the Marshall Plan to Europe’s industrial recovery were small, and in fact a significant recovery was already underway before the Marshall aid arrived in Europe.” But Hitchcock adds a twist: “What Marshall aid did do was allow European states to continue along a path of industrial expansion and investment in heavy industry down which they had already started, while at the same time putting into place a costly but politically essential welfare state.” Put differently, the aid enabled the Europeans to embark on economic Keynesianism and to pursue politico-economic options they might not have chosen in the first place, but options that were needed if they wanted to save themselves. Historians have also pointed out that the Marshall Plan helped reorganize industrial and economic policies along corporatist lines in Europe, facilitating European integration.

The role of Asia

Like in Europe, the US had no territorial ambition in Asia. Worse, it had no direct economic interest in the region. Back then the US deemed the Middle East as the most important region of the Third World. Mainstream scholarship tends to situate the extension of Pax Americana into the Far East in the context of US–Soviet global rivalry; that is, the American empire in the Far East was essentially a defensive one designed “to prevent an extension of the influence of the Soviet Union and Communist China.” However, containment in Asia began prior to the Soviet explosion of an atomic device, the communist victory in China, and the outbreak of the Korean War, suggesting possible ulterior
motives. Aside from the need to protect credibility and maintain military bases in the region, what contributed to American commitment in Asia was thus the region’s importance to the two industrial workshops of the world: Japan and Germany/Western Europe; both needed outlets for their goods and reliable sources of raw materials for the sake of economic recovery—vital for the revival of international capitalism. In other words, the US intended to integrate “core” and “periphery.”

By 1948 US policymakers reversed course in Japan and treated Tokyo as the “superdomino” (a term coined by John Dower) and the jewel of the “Great Crescent,” an arc running from Northeast Asia to Southeast Asia to Iran. When China was about to turn red, the US deemed industrial Japan the primary regional ally. Schaller observes,

The Truman Administration acknowledged that America had no practical solution for China’s internal problems. Nor, officials realized, would the outcome of the civil war affect, in any fundamental way, US security. Instead, Washington policymakers refocused their attention on the need to reconstruct the economies of Western Europe, Germany, and occupied Japan…. China was too weak, backward, and irrelevant to justify a further commitment of American resources.

Countries in the Great Crescent were to be economically linked with, if not subordinated to, Japan, facilitating Tokyo’s economic reconstruction under American hegemony. However it was the Korean War that lifted the Japanese economy from recession, in the short run at least. The subordinate, cooperative, regional role is not new for Japan. As Bruce Cumings observes, “Japan for this entire [20th] century has been a subordinate partner in either bilateral American hegemony or trilateral American-British hegemony.” The only exception was the period 1941–5, when the Japanese sought to create “a meaningful role in world affairs” by establishing “a new Asian order, which to many of them meant that they were finally being liberated from Western influence.”

Commitment to Western Europe also brought the US to expand to Asia. Asia was important to Western European recovery. “The United States,” Andrew Rotter explains, “offered economic and military aid to the nations of Southeast Asia in May 1950, in part because Great Britain asked it to.” Southeast Asia was crucial for British and European reconstruction. Britain wanted to stabilize Southeast Asia in order to maintain the triangular trade between Britain, the United States, and the underdeveloped sterling countries and offset its dollar deficit. Leffler
writes, "US officials recognized the importance of integrating the industrial core of Europe (and of Japan) with the underdeveloped periphery in Asia and Africa. Europe’s dependent overseas territories were included by definition in the bilateral agreements that the United States signed with each European recipient of assistance [i.e., the Marshall Plan]."  
Bruce Cumings nicely sums up: "The true captains of the American Century were those who thought in both/and terms: Europe and Asia, the open door and partnership with imperial Britain, intervention in both Latin America and Europe, a world economy with no ultimate limit."

So the US in turn needed “dependable” allies in these countries—even brutal and undemocratic ones. Communism must be denied a grip in the region. However, this vision also flew in the face of the numerous radical, decolonization, and nationalist movements in the region that opposed external domination. The American attempt to reorganize the political economy of the region (i.e., the concept of the Great Crescent) partly explains the US involvement in the Korean conflict, its attitude towards the nationalist movements in Indochina (and in the Third World in general), and the origins of the Indochina wars.

Moscow and Mao

Contrary to popular belief, the signing of the alliance treaty between China and the USSR was not a forgone conclusion even in early 1950, even when Mao had declared his “lean-to-one-side” policy. Always suspicious and paranoid, Stalin wavered till the very last minute. Mao lingered in Moscow waiting to sign a treaty with Stalin for over a month. On the one hand, Stalin perhaps did not expect the Chinese Communist Party (CCP) to emerge victorious in the civil war and was skeptical of every independent communist movement. On the other hand, an alliance with Mao meant that Stalin would have to make modifications in the 1945 treaty signed with the Guomindang. Soviet interests might be hurt in that process, plus the USSR would have to provide the CCP with economic and military aid. A common ideology was not sufficient to tie the two sides together. But sharing a common enemy facilitated the process (However the basis for any lasting alliance is similar or convergent perceptions of the enemy and individual policy priorities. As it turned out, this was not the case in Sino-Soviet relations.) The key country that helped to bind the USSR and China together was the United States. Stalin wanted to prevent a Sino-American rapprochement.
(which in retrospect was totally unnecessary), to double-contain China, and to maintain against Chinese will some of the Soviet rights guaranteed by the 1945 treaty with the Guomindang (e.g., railway and naval concessions in Manchuria). To Mao, the alliance provided China with aid and security guarantees against an American invasion. Stalin also promised to restore formal Chinese sovereignty in Manchuria. These measures would enable Mao to foster socialism at home (and as some have argued to restore the past glory of the Middle Kingdom). Overall, one historian observes, “The Chinese got less and sometimes much less than what they bargained for, but they got some form of agreement on all areas which were important to them.” The Soviets on the other hand achieved a Pyrrhic victory: Stalin’s tactics and skepticism were most unnecessary for drawing a wedge between the US and China and for establishing a lasting Sino-Soviet relationship—a tragic mistake that would ultimately come to haunt the USSR and affect the course of the Cold War. In other words, rather than solidifying a common image of the American enemy with China, Stalin planted the seeds of distrust between Beijing and Moscow, which ultimately culminated in the Sino-Soviet split in the late 1960s.

Chen Jian writes, “Mao’s China was more revolutionary in its behavior than the Soviet Union by the late 1940s.” Mao and the CCP leadership wanted to restore China’s centrality in the international system by transforming China into a bastion of worldwide proletariat revolution. Of course, this role would make China a leading enemy of the world’s reactionary forces, but external tension was also useful for domestic mobilization, for the continuous perfecting or purification of the revolution—of “continuous revolution.” Chen Jian explains thus: “Mao and his comrades never regarded the Communist seizure of power in China in 1949 as the revolution’s conclusion. Rather, Mao was very much concerned about how to maintain and enhance the revolution’s momentum after its nationwide victory. Indeed, this concern dominated Mao’s thinking during the formation of the People’s Republic and would be a preoccupation during the latter half of his life.” Continuous revolution would help determine China’s domestic and international behavior during the Maoist era. However, it is important to keep in mind that China’s external behavior during the Maoist era was a contradictory phenomenon. Despite its tendency toward using force, Mao’s China was not an expansionist power. It is essential to make a distinction
between the pursuit of centrality and the pursuit of dominance in international affairs in terms of the fundamental goal of Chinese foreign policy. While Mao and his comrades were never shy about using force in pursuing China's foreign policy goals, what they hoped to achieve was not the expansion of China's political and military control of foreign territory or resources—which was, for Mao and his comrades, too inferior an aim—but, rather, the spread of their influence to other "hearts and minds" around the world. Mao fully understood that only when China's superior moral position in the world had been recognized by other peoples would the consolidation of his continuous revolution's momentum at home be assured.125

Mao's continuous revolution would deeply impact his version of Marxist-Leninism, and contribute to the Sino-Soviet schism during the Khrushchev years; for instance, China's domestic/revolutionary priorities fostered an international behavior the Soviet Union found unacceptable.

The role of the Korean War

The historical consensus is that the Korean War was simultaneously an international and a civil war.126 In other words, the Korean War cannot be understood apart from the civil war that had been raging since 1945. Another crucial consensus is that the decision to invade South Korea was largely the decision of Kim II Sung. Stalin was reluctant to support the North Korean adventure. He consented to it on condition that it would not provoke an American counter-invasion and that Mao also supported the decision. When the war broke out, Stalin gave only limited material and moral support. The Chinese were undecided how far they were committed to it. When the US landed in Inchon, the Chinese leadership hesitated to fully commit Chinese troops (though Mao was pretty hawkish127). In the end however, the Korean War gave Mao and China the chance to stand up to the perceived American imperialism (i.e., the attempt to reorganize the politico-economy of the region centering on Japan) and to project the image of Beijing as a regional liberator. It also provided Mao the opportunity to prove China's worth and loyalty in the alliance (i.e., the new boy in the communist neighborhood had to prove himself). Furthermore, Soviet aid (however limited) during the war contributed to China's ability to fight the US, and hence Mao could legitimize the decision to ally with the USSR. Thus by the war's end, "Mao, as the mastermind of the war decision, began to enjoy political power inside China with far fewer checks and
Odd Arne Westad contends that for Stalin the war ultimately "became a surrogate for the all-out war with the West that he neither wanted nor was prepared for, a containable war in which he, through the Chinese war effort, could hit back at the United States for past setbacks in Europe, Japan, and the Middle East." The war also seemed to have driven a wedge between China and the US, which Stalin secretly desired; it made China more dependent on the USSR, at least in the short run. Moreover, the war proved that China was stronger than anticipated, and that Soviet eastern borders would be secured from an American geopolitical threat. Thus the war provided the Sino-Soviet alliance with a much more concrete image of the enemy than during the 1949–50 negotiations in Moscow. As the image of the American enemy diverged over the decades, so too would Moscow and Beijing.

Did the perfidious communist action in Korea shock the ever law-abiding US, ultimately forcing Washington to triple its defense budget and extend its tentacles worldwide, especially in Asia, as traditional history states? Did not US troops pull out of Korea, insisting that the peninsula was strategically unimportant to the US? This is still an issue of great debate. Some revisionist historians argue that the US was itching for a foreign war in order to pass National Security Council memorandum Number 68 (which predated the war; a public statement on and presentation of the new rearmament program to Congress was planned in early June 1950) and achieve other foreign and domestic policy objectives. In other words, American leaders secretly "invited" a North Korean invasion: "Not only did American leaders deliberately decline to rectify the changing military balance on the peninsula, but they also took steps to weaken South Korea's armed forces and convey public disinterest in South Korea's fate, even in the event of an outright invasion by the North."

It seems that despite Mao's victory in China, the Soviet explosion of the atomic bomb, and the forging of the Sino-Soviet alliance, many in the American establishment then felt that a large military budget (that would enable the US to meet these threats) was unwarranted. In fact, in the early 1950s, the faction advocating a small military budget was at the peak of its power. Some contend that although the Korean peninsula was strategically unimportant to the US, American credibility was at stake and South Korea was politically-economically important to Japan. And what was Japan's reaction to the outbreak of the Korean War? It is quite evident that the Japanese government never really feared the
imminent threat of Soviet or Chinese aggression against Tokyo. Despite American pressure, Tokyo stubbornly refused to embark on a massive rearmament program. In fact, the Japanese premier called the Korean War “the gifts of God.” The American military procurements greatly contributed to the first Japanese economic boom in the postwar period. Another benefactor of the Korean War was the Guomindang regime in Taiwan. A few months prior to the outbreak of the war, several top US policymakers were toying with the idea of supporting a coup d’etat to remove Chiang Kaishek and his group of followers; the US wanted the island minus the incumbent regime, which was seen as corrupt and inept. Come the Korean War and the plan was scrapped.

Conclusion

The story of the origins of the Cold War is inextricable from the story of the emergence of the postwar American empire. And it would necessarily impact our assessment of American foreign policy at the end of the Cold War. If we do not subscribe to the view that American internationalism during the Cold War was an aberration in US foreign policy (a reluctant shift from isolationism to internationalism) or that the postwar American empire was accidental—constructed in a fit of absent-mindedness—we need to critically ascertain whether or not there are continuities in US foreign policy in the wake of the Cold War. Are we moving from Pax Americana I to Pax Americana II? In other words, we need to pose the question—as Walter LaFeber has meticulously done—“An end to which Cold War?” (“An End to Which Cold War?” in Michael Hogan, ed., The End of the Cold War: Its Meanings and Implications, Cambridge University Press, 1992, pp. 13-19.) LaFeber argues that there are actually four interrelated Cold Wars in the period after the Second World War, and only one of them had ended. “The first Cold War,” he notes, “involves the ongoing struggle, dating back at least to World War I and the Paris Peace Conference, between the United States and the European countries to determine the kind of Europe that should evolve, and to decide how great a role Americans will have in that determination.” Central to this struggle is how to contain and co-opt Germany; the logic behind this policy is soon extended to Japan. The second Cold War is “the ongoing struggle between the world’s commercial centers and the outlying countries that provide markets and raw materials.” Put differently, this is a struggle to stabilize and reorganize the “periphery.” The third Cold War, LaFeber continues, “has
been fought within the United States.” It has been a war to ‘pacify’ the American public and curb the excesses of democracy, culturally, intellectually, economically, and politically in order to maintain the American hegemonic project. Lastly, and the only Cold War that had really ended, is the long confrontation between the United States and the Soviet Union. Simply put, rethinking the origins of the Cold War and the rise of the postwar American empire will help us understand the empire-building project of the George W. Bush administration—that it is indeed not unprecedented, merely extreme.

Notes


4 For instance, see some of the essays in Michael J. Hogan, ed., The End of the Cold War: Its Meaning and Implications (Cambridge University Press, 1992), especially the one entitled ‘A view from below’ by Noam Chomsky, pp. 137–50.


9 See, for example, Thomas G. Paterson, Meeting the Communist Threat (Oxford UP, 1988), particularly chapters 2 and 3.


11 See, for instance, Walter Hixson, George F. Kennan: Cold War Iconoclast (New York: Columbia University Press, 1989); and Anders Stephanson, Kennan and the Art of Foreign Policy (London and Cambridge, Mass.: Harvard


15 For this view, see for example Amos Permutter, FDR and Stalin: A Not So Grand Alliance, 1943–1945 (University of Missouri Press, 1993).

16 As the results of the Tolstoy meeting suggest, Churchill was willing to recognize Soviet domination of Eastern Europe in exchange for Stalin’s recognition of Britain’s preeminent position in the Middle East and Mediterranean. See John Kent, ‘British policy and the origins of the Cold War,’ in Melvyn Leffler and David Painter, eds., Origins of the Cold War: an International History (Routledge, 1995) pp. 138–53.


24 Vladislav Zubok and Constantine Pleshakov, Inside the Kremlin’s Cold War
Rethinking the Cold War and the American empire

from Stalin to Khrushchev (Harvard UP, 1996).
27 Kolko, Century of War, pp. 306–7.
29 Quoted in Zubok and Pleshakov, Inside the Kremlin’s Cold War, p. 47.
31 Nor were Soviet actions in the Mediterranean and the Middle East, which were simply a test of where the line of demarcation between East and West was to be drawn. To Trachtenberg it was Germany.
37 Painter, The Cold War, p. 5.
39 Thomas Paterson, Meeting the Communist Threat, p. 34.
41 Melvyn Leffler, A Preponderance of Power: National Security, the Truman Administration and the Cold War (Stanford University Press, 1992), pp. 18–9. This monumental work has become the staple of any course on US foreign policy and the early Cold War.
44 Offner, Another Such Victory, p. 124.


Leffler, *The Specter of Communism*, p. 49.


Greenwood, *Britain and the Cold War*, pp. 36, 52.


Greenwood, *Britain and the Cold War*, p. 52.


Herbert Bix, *Hirohito and the Making of Modern Japan* (HarperCollins

64 Bix, Hirohito, p. 520.


67 Schmitz, Henry L. Stimson, p. 188

68 For these ideas see David Holloway, Stalin and the Bomb (Yale University Press, 1994) and the essay ‘Stalin and the nuclear age’ by Vladislav Zubok in John Lewis Gaddis, Philip H. Gordon, Ernest May, and Jonathan Rosenberg, eds., Cold War Statesmen Confront the Bomb (Oxford University Press, 1999), pp. 39–61.


77 Quoted in Kolko, The Politics of War, p. 473.

78 Kolko, The Politics of War, p. 474.

79 Leslie Bethell and Ian Roxborough, ‘Introduction: the postwar conjuncture in Latin America: democracy, labor and the left,’ in Leslie Bethell and Ian Roxborough, eds., Latin American Between the Second World War and the Cold

80 Leslie Bethell and Ian Roxborough, ‘The impact of the Cold War on Latin America,’ in Leffler and Painter, eds., Origins of the Cold War, pp. 293–316. In mid 1948 the Policy Planning Staff of the State Department pointed out that “Communism in the Americas is a potential danger, but... with a few possible exceptions it is not seriously dangerous at the present time.” The PPS underscored that the real dangers were structural: “poverty that is so widespread,” “bare subsistence level for large masses of people,” etc. See LaFeber, Inevitable Revolutions, p. 100.

82 LaFeber, Inevitable Revolutions, pp. 93–4.
84 LaFeber, Inevitable Revolutions, p. 18.
89 See, for example, Trachtenberg, A Constructed Peace. Also see John Lewis Gaddis, The United States and the Origins of the Cold War, 1941–1947 (Columbia UP, 1972), p. 331.
91 See, for example, Norman Naimark, The Russians in Germany: A History of the Soviet Zone of Occupation, 1945–1949 (Belknap Press of Harvard UP, 1995); Wilfried Loth, Stalin’s Unwanted Child: The Soviet Union, the German Question, and the Founding of the GDR (St. Martin’s Press, 1998); and Zubok and Pleshakov, Inside the Kremlin’s Cold War.
92 See Loth, Stalin’s Unwanted Child.
94 Offner, Another Such Victory, chapter 4
95 Greenwood, Britain and the Cold War, p. 23.
96 Offner, Another Such Victory, p. 255.

On the shift in the geographic focus of German foreign economic relations see, for example, James Cronin, The World the Cold War Made Order, Chaos, and the Return of History (Routledge, 1996), pp. 90–1.

John Lewis Gaddis, We Now Know, especially chapters, 2, 3, and 10; Geir Lundestad, “‘Empire by invitation’ in the American century,” in Hogan, ed., The Ambiguous Legacy, pp. 52–91.


See, for example, Robert J. McMahon, The United States and Southeast Asia since World War II (Columbia, 1999).

Initially, several key US officials were not alarmed by the fact that China went communist. Japan was a far more important country. Moreover, they believed they could drive a wedge between China and the USSR—through a combination of carrots and sticks. For example, they were only lukewarm towards the Chiang regime in Taiwan. Showing otherwise would make it more difficult to draw a wedge between China and the USSR. On the wedge strategy see Gordon Chang, Friends and Enemies: the US, China, and the Soviet Union (Stanford UP, 1990), chapters 1–3.


Under the American occupation, Japan underwent a “tightly controlled revolution” or a “bourgeois revolution.” Well before the end of the occupation, a new conservative hegemony led by Yoshida Shigeru was consolidated in Japan, resting on bureaucracy, big business, and conservative political parties. See, for
example, John Dower, Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878–1954 (Harvard East Asian Monographs 84, 1988), chapters 8–12. A similar revolution happened in western Germany. In other words, a “safe” form of democracy was promoted in both countries. We have to take this fact into consideration when confronting the argument that the US struggles for democracy worldwide. For a recent view that the US is an agent of democracy see Tony Smith, America’s Mission: The United States and the Struggle for Democracy in the Twentieth Century (Princeton UP, 1994).

113 Aaron Forsberg argues that “Although the Korean War boom provided a powerful boost at a crucial time, it was also a highly disruptive force. By alienating the United States and the newly established People’s Republic of China (PRC), the Korean War paved the way for the imposition of severe controls on trade that severed Japan’s economy from the Asian mainland.” As such the US had to press for increased Japanese access to the US market and for membership in GATT. Aaron Forsberg, America and the Japanese Miracle: The Cold War Context of Japan’s Postwar Economic Revival, 1950–1960 (Chapel Hill and London: The University of North Carolina Press, 2000), p. 4.


119 One student of American intervention in the Third World argues, “What …has been the threat to the diverse targets of American intervention which has brought down upon them the wrath, and often firepower, of the world’s most powerful nation? In virtually every case involving the Third World…it has been in one form or another, a policy of ‘self-determination’: the desire, born of perceived need and principle, to pursue a path of development independent of US foreign policy objectives. Most commonly, this has been manifested in (a) the ambition to free themselves from economic and political subservience to the United States; (b) the refusal to minimize relations with the socialist bloc or suppress the left at home, or welcome an American military installation on their soil—in short, a refusal to be a pawn in the cold war; or (c) the attempt to alter or replace a government which held to neither these aspirations.” See William Blum, Killing Hope: US Military and CIA Interventions since World War II


Chen Jian, *Mads China*, p. 47.


‘Mao was almost the only person who consistently favored intervention’ in the Korean War, see Chen Jian and Yang Kuisong, ‘Chinese politics and the collapse of the Sino-Soviet Alliance’ in Westad, ed., *Brothers in Arms*, p. 254.


On the Sino-Soviet relations during and after the Korean War, see Westad, ed., *Brothers in Arms*; Chen Jian, *China's Road to the Korean War*; Chen Jian, *Mads China and the Cold War*; and Goncharov, Lewis, and LiTai, *Uncertain Partners*.

This is more or less the stance of William Stueck, *The Korean War: An International History* (Princeton UP, 1995). Stueck further argues that without the Soviet support there would not have been the “international” Korean War.


See Fordham, Building the Cold War Consensus.

See, for example, Cumings, The Roaring of the Cataract.


LaFeber, ‘An end to which Cold War?’ p. 16.

LaFeber, ‘An end to which Cold War?’ p. 17.

LaFeber, ‘An end to which Cold War?’ p. 18.
A revisionist history of Thai-US relations

Kullada Kesboonchoo Mead

Abstract

This paper breaks with the traditional approach to the study of Thai-US relations, and provides a different narrative. It takes a revisionist approach: the world after the Second World War cannot be simply viewed in bipolar terms. It examines how Thailand's political structures and political developments were influenced by its relationship with the leading superpower. The main goal of the US was to protect and enhance its business interests and as one element of its strategy to achieve this, it assigned a particular role to Thailand. The paper identifies various periods of Thai-US relations from the end of the Second World War to the collapse of US-supported dictatorship. In the long term this arrangement affected Thai political structures.

Introduction

This paper examines the Cold War and applies a revisionist analysis of Thai-US relations between the end of the Second World War and the American withdrawal from Vietnam. Most literature on the Cold War relationship deals with it from the realist perspective of unequal allies, each seeking to fulfill its national interests in the Indo-Chinese conflicts. Economic relationships between them are usually treated either as a sub-theme of the military relationship or as a separate issue.

The paper argues that one should adopt a holistic approach to the study of Thai-US relations, looking at both their security and the economic aspects. The traditional perspective means that the literature does not do justice to a very significant period of Thai history. The paper proposes to study Thai politics in the context of relations with the leading hegemon of the global structure called Pax Americana.

Studies of political development seldom consider the global context. Scholars may be aware of the inconsistencies in their narrative but have been unable to explain them. The realist perspective is not able to account for the power relationship between the US and a weak country.
A revisionist history of Thai-US relations

at the periphery of the world system. It also fails to explain how the relationship ushered Thailand into an important stage of development and prepared it to become a capitalist state with a democratic system of government.

I base this revision on five major academic works. They are Daniel Fineman’s A Special Relationship: The United States and Military Government in Thailand, 1947–1958, Surachart Bamrungsuk’s United States Foreign Policy and Thai Military Rule 1947–1977, Ukrist Pathamanan’s United States and Thai Economic Policy, Frank Darling’s Thailand and the United States, and lastly Sean Randolph’s The United States and Thailand: Alliance Dynamics 1950–1985. Other than Darling, all these writers made extensive use of archival materials and primary sources. Ukrist, who also contributes to this volume, rebelled against academic orthodoxy by refusing to restrict his analysis of the relationship to security issues, and by choosing to discuss the role played by the US in the economic development of Thailand. In addition to these five works, I refer to other studies which throw light on the theme.

A revisionist history of the Cold War in Southeast Asia

The revisionist approach developed here does not accept the orthodox notion that the Soviet Union set out to aggressively propagate communism around the globe and thus bore prime responsibility for the Cold War conflict. It develops from an alternative reading: the Soviet Union planned to maintain the Grand Alliance which defeated the Nazis, and the US planned to contain and restrict those countries that refused to endorse world capitalism.

First, I must pay tribute to the excellent revisionist research made by Soravis Jayanama, my colleague and a contributor to this volume, from whom I have benefitted greatly. I also rely significantly on Borden’s Pacific Alliance (1984), which deals with the US strategy in assigning roles to Southeast Asian countries that could contribute to the economic recovery of Japan.

In the second half of the 1960s, revisionist historians started to question American involvement in the Vietnam War. In order to explain this apparently illogical commitment, they portrayed the US as a capitalist economy guided by business interests anxious to protect company investments and to seek access to foreign markets. Borden studied the Tokyo Conference attended by US officials in Asia and described a participant arguing for American control of the world
economy and the responsibility of the officials present to promote American business. One participant stated that overseas investments are the tentacles of American life that reach out around the world in terms of our commercial needs.... Our problems are the problems of American business. They are problems which, if we solve them adequately, will result in the benefit of American business. (Borden, 1984: 132)

This shows international arrangements after the Second World War in a new light. The US was not simply one of two equal antagonists, one pole in a bi-polar world. Rather we should see it as the most powerful capitalist state with interests to protect and advance in both Latin America and Asia. This perspective divides all other states into three camps. The first consisted of capitalist states, including previous hegemons such as the UK or contenders for hegemony such as Germany and Japan, which had been weakened by the war. The US had initially wanted to punish both Germany and Japan, but the logic of capitalism dictated that it could not prosper if they did not recover. It needed them as major trading partners. Thus the US had an interest in rebuilding their economies and re-equipping them as industrial workshops.

The second camp consisted of communist states led by the Soviet Union. They were too weak to provide a concerted military challenge to the US. But because they influenced policies followed by countries in the third group, they posed political, economic, and ideological threats to American hegemony.

The third camp consisted of undeveloped countries, including colonized countries struggling for independence. They were imbued with economic nationalism and anti-imperialism and were initially attracted to the US because of its anti-colonialism. But after a brief period of supporting their cause, the US began to perceive their economic nationalism as a threat to capitalism and so switched track and lined up with the old colonial powers (Borden, 1984: 112–23).

After the war the US found itself the only country with a dollar surplus whereas other industrial countries faced a shortage. The US was forced by the logic of the economy to extend assistance to its former enemies, Germany and Japan, so that they become viable trading partners. Hence it commenced turning Germany and Japan into "industrial workshops."

The US hoped to ensure that German industrial markets were enlarged in preparation for full economic recovery. Thus it had an
interest in supporting those European idealists who wished to see Europe united. The Common Agricultural Policy (CAP) was designed to compensate the biggest agricultural producer, France, for opening its markets to German industrial goods. At the inception of the Common Market, CAP subsidies accounted for more than 50 per cent of its budget.

The Truman administration devised the Marshall Plan as a way of reactivating the European economies. It was unwilling to submit Congress to the rigors of international economics, and appealed for support on the basis of anti-communist rhetoric.

Dean Acheson set the pattern of postwar policy when he conjured up the image of Russian barbarians overrunning Western civilization to frighten congressional leaders and gained their approval for the Marshall Plan in 1947. From that point on, there could be no severing of the link between the fear of Communism and large foreign aid appropriations (Borden, 1984: 9).

The implication for this study was that the US similarly planned that Japan would be restored to its former status of an industrial workshop. The problem was to find markets and sources of raw materials other than those in North China and Manchuria, where Japan had hitherto dominated. Southeast Asia was an obvious choice. A proposal for cooperation along the lines of the European Common Market was rejected on the grounds that the various countries lacked economic compatibility (Borden, 1984: 116). Thus the US was engaged in planning an international division of labor. This was determined less by the "invisible hand" of the market so much as by the deliberate exercise of power. Japan was delegated the role of a "fortress of capitalism" after the victory of the communists in China. Southeast Asian countries were expected to provide raw materials and primary products, and markets for Japanese products.

This allocation of duties meant that Southeast Asia now figured significantly in US policy decisions. Thus the growing crisis in Vietnam, where a nationalist movement was fiercely resisting a colonial master, was bound to cause concern to the US administration. Borden described Indochina as a strategic linchpin of Acheson's "Anglo-American arc of interest." The French defeat in 1950 threatened to spark a revolution in Thailand. Subsequently, communism might have consumed Malaya and the Philippines, and the ultimate domino, Japan (Borden, 1984: 124).

Nevertheless, at this stage Thailand was still relatively secure. It was
endowed with natural resources, and was a potential export market for Japanese industrial goods (Borden, 1984: 117–8). The country was well placed to serve as a base for fighting communism in the region. Washington was yet more pleased by the assumption of power by a military government in 1947. The US support for the government led by a wartime leader in 1948 signified the beginning of Thailand's involvement in the global power structure known as Pax Americana.

Thus the Thai–US relationship was based on Thailand's role to serve the Japanese economy and its strategic significance for the war in Vietnam, an unimportant country on the periphery. This demonstrates the logic of US-led global capitalism. It meant that Thailand, hitherto a similarly insignificant force, became one of the key players in keeping the Japanese economy healthy as well as in the American drive to keep communism at bay in Asia. In the early 1950s, Thailand became an important recipient of US military, economic, and technical assistance. This had the specific purpose of transforming the country so that it served Japanese needs as well as keeping it as an American ally against communism.

One aspect of the Cold War that has escaped most observers' attention is the way in which the US gave its allies protection on condition that they gave access to the development of American capital within their borders (Gowan, 1999: 81). By the mid-1950s access was obtained through the operations of the World Bank in the name of "development." This term had been coined by Truman in his inauguration speech in 1947 but at that time had no specific meaning, and was referred to as Point Four. The World Bank's development policy originated from Raul Prebisch's recommendation to the United Nations Economic Commission in regards to Latin America. He argued that underdeveloped countries could progress by adopting an import substitution industry (ISI) strategy (Rist, 2002: 115). Ironically, the strategy suggested by an intellectual who resented American responsibility for underdevelopment in Latin America fitted very well with US industrial interests and was adopted by the UN.

Most of the countries of Southeast Asian accepted this development strategy. The Philippines had taken to ISI since the late 1940s as the way of dealing with exchange problems. The strategy resulted in rapid economic growth and the country represented a success story of ISI since the end of the war. As we shall see Thailand's Phibun was receptive to the strategy but was obstructed by internal social forces. Both Malaya and Singapore embraced the strategy and the decision of the two
countries to merge together created a viable internal market for the strategy. However, Indonesia under Soekarno refused to participate.

Thailand and early involvement in Pax Americana

In 1947, a number of relatively unknown army officers calling themselves the Coup Group staged a coup and installed a civilian, Khuang Aphaiwong, as prime minister. Washington was at first unconcerned by this development and gave Stanton, the American ambassador, and Kenneth Landon, the Southeast Asian Division assistant chief, free rein in deciding US policy. Although he had been concerned by the instabilities of the previous civilian governments, Stanton was prepared to support Khuang (Fineman, 1997: 53).

However, in April 1948 Khuang was replaced as prime minister by Phibun, the military dictator who had led Thailand into the Second World War against the Western allies. By now, US perceptions of Thailand's role had changed. Washington and Tokyo were committed to reviving Japan's economy by linking it with Southeast Asia (Borden, 1984: 61–2). This policy threatened to attract opposition from the US allies, Congress, and some sectors of US business, and was therefore not publicized (Borden, 1984: 78). Stanton was unaware of the shift in the Washington wind. He reacted strongly against Phibun on the grounds of his role as dictator and his war record, and objected to recognizing his government. The acting British ambassador agreed with Stanton, whereas Landon now sensed that in the light of the perceived communist threats, US priorities lay in promoting good relationships with a friendly, stable, non-communist regime (Fineman, 1997: 54–8). Washington was still not willing to disclose the new strategy, but gently worked on Stanton to recognize the Phibun government.

In the middle of 1948 a conference was held in Bangkok between officials of the Office of Far Eastern Affairs and US diplomats serving elsewhere in Southeast Asia. Fineman interprets this as the State Department digging for information and policy proposals from its field officers. He went so far as to argue that the ideas arising from the conference guided America's Thailand policy over the next two years (Fineman, 1997: 73). However, these events can be interpreted differently. At the conference, Stanton and other embassy officials were encouraged to discuss the success of the Vietminh in fighting against the French in Vietnam, and the expanding role of the Soviets. The
Washington officials appeared to share concerns with the field officers, and concluded that “the whole problem sounded very ominous” (Fineman, 1997: 74).

Fineman argues that Phibun fed the threat of communism to the Americans in order to obtain future aid; it is argued here that on the contrary, Washington officials implanted the notion in the minds of their field officers. Henceforth the US embassy adopted anti-communist rhetoric, and besieged Washington with demands for military aid to Thailand. Given current perceptions of the communist threat in Europe, this rhetoric was well received by Congress. It should be noted that at this time almost all US foreign aid was committed to Europe and China, and the administration faced an uphill struggle in funding its new policy in Asia (Borden, 1984: 113).

Between the conference and early 1950, levels of military and economic assistance changed little. Stanton became increasingly frustrated both by Washington’s failure to respond to requests for military aid and by the Thais' lack of commitment in dealing with their internal communists. Fineman implies that the Thais were playing their usual double game; on the one hand claiming to commit themselves in the fight against communism in return for aid, and on the other, trying to pursue an independent foreign policy. To Stanton’s great disappointment, they allowed communists from various Asian nations, in particular from China, to operate unimpeded in the country (Fineman, 1997: 77–86). Stanton apparently thought that increased aid would unequivocally commit Thailand to the US camp, but the State Department was unwilling to respond to his pleas. Fineman explains this reluctance by the fact that Thailand still did not figure prominently in US foreign policy. In late 1949 State Department officials and General Staff officers still considered Thailand to be of little strategic importance (Fineman, 1997: 86).

In fact Fineman failed to detect many instances of Washington’s interest in Thailand during 1949. Landon shows that the year was spent accommodating the regime. Thailand joined the International Monetary Fund and the World Bank, and was encouraged to apply for a World Bank loan. A request for a scientific survey of the country’s natural resources was granted. Bangkok was designated Far Eastern headquarters for many UN agencies. Most importantly and in accordance with the plan to link the Thai economy with that of Japan, the SCAP authorities in Japan released $43,700,000 in gold as payment for goods and services rendered to Japan during the Second World War (Darling, 1965: 69).
The release of this huge sum of money was possible because it lay outside the authority of Congress and within that of SCAP which was responsible for reviving Japan's economy, and it contributed significantly to the post war trade recovery and the good health of the Thai economy.

Stanton appears not to have been informed about Washington policy, and in particular about Acheson's determination to turn the Southeast Asian countries into producers feeding industrial Japan. Acheson's main task in 1949 was to persuade Congress and the Defense Department that the budget earmarked for the Chinese Nationalists be diverted to the Far East and Southeast Asia. This was a lengthy business; in the meantime he wanted to see Thailand put its house in order and take more stringent measures against local communists.

As expected, Congress immediately attacked the inclusion of Southeast Asia as a recipient of major aid when the Omnibus Bill was proposed in 1949 (Fineman, 1997: 81-6). Even when the Bill was approved, the Defense Department demanded that most of the $75 millions be spent on China (Fineman, 1997: 97). Only in mid 1949 did Acheson feel sufficiently confident to reveal his plan, and direct American officials in Asia to encourage increased food and raw materials production for all industrialized nations, most especially for Japan (Borden, 1984: 119).

After the bill was passed, the US administration began pressuring the Thai government to make a stand on the issues of recognizing the communist regime of China and the Bao Dai regime in Vietnam. Both issues were sensitive in Thailand, for both internal and international reasons. The large Chinese community and the role of China as the regional leader could not be ignored. Most of the Thai elite was opposed to Bao Dai and his recognition promised to perpetuate French rule in Vietnam. Once the Omnibus Bill was passed in September 1949, the Americans began asking for a return on their aid, and the Thai government felt under even more pressure.

When the Thai government requested immediate aid under the terms of the Bill, Dean Rusk, the Deputy Secretary of State, responded by demanding that Thailand enter the common defense arrangement and clarify its position towards Communist China under Mao (Fineman, 1997: 104). By the beginning of January 1950 the State Department and the Department of Defense were authorized to allocate $75 million to various Southeast Asian countries (Fineman, 1997: 106). It was certain that Thailand would be among the recipients but the amount and the speed of delivery now depended on Thai recognition of Bao Dai. The
belligerence of Mao’s regime towards both the Thai and US governments had pushed the Chinese question off the agenda (Fineman, 1997: 108).

At this point Jessup, the ambassador at large, arrived in Bangkok on his fact-finding mission in the Far East. He immediately arranged for a conference of State Department officials and regional ambassadors to develop a comprehensive plan for containing communism in Asia (Fineman, 1997: 109). The timing and venue of the conference (13–15 February 1950 in Bangkok) sent a clear message to the Thai elite who had been divided on the question of Bao Dai. Phibun made the face-saving gesture of announcing before the conference opened that the Cabinet would deliberate the Bao Dai issue, but he already had enough votes and there was no longer any serious doubt. Recognition was granted and at the beginning of March the sum of $10 millions of military assistance to Thailand was approved by President Truman. Fineman sees this both as fulfilling Phibun’s quest for American assistance, and as a political move securing Thai commitment in the fight against communism (Fineman, 1997: 114). In the short term, however, it should not be read as more than a reward for recognizing Bao Dai. The longer-term implications were indicated by yet another US mission investigating how the Thai economy could serve Japanese industry.

The Griffin Mission of the Economic Cooperation Administration was sent to assess US economic and technical assistance to Southeast Asia. The mission focused on the threat of communism. It recognized that as a result of the world dollar gap, “the United States had an important financial interest, as well as a commercial interest in economic recovery and progress of Southeast Asia and in open access thereto by the non-communist nations of the world.” The mission did not succeed in its specific objective of persuading these countries to employ more Japanese technicians (Borden, 1984: 141). But one concrete achievement was that the Thais signed the Economic and Technical Cooperation Agreement with the US in September 1950. This guaranteed Thailand an immediate aid package of $8 million and some fifty technical experts dedicated to improving agriculture, irrigation, transportation, communications, harbor facilities, commerce, education, and public health. In October 1950 Thailand was additionally granted a World Bank loan of $25 million to assist in the construction of irrigation projects, rehabilitation of railroads, and development of the Bangkok harbor.

This package of aid to a poor agricultural country might seem standard. However it fitted a policy recommendation made in 1948 that the US should provide “small aid programs, possibly using the IBRD
funds, and focusing on stable producing areas” (Borden, 1984: 117–8). In practice it served a specific purpose.

At the same time as it worked to develop developing primary production in the region, the Truman Administration had a second agenda, to militarize the cold war. National Security Council Document number 68 of April 1950, which significantly increased the defense budget for fighting against communism, dwelt in detail on the perceived Soviet military threat, but provided little concrete evidence. The Korean War in June 1950 was a godsend as far as Acheson was concerned, for it provided proof of communist aggression. The US military was initially unenthusiastic about making an armed response. Nevertheless he managed to persuade Congress of the dangers, and US policy was freed from all fiscal and military constraints. Congress appropriations rearmed the US and Europe, and funded the French war in Southeast Asia (Borden, 1984: 50).

In entering the Korean War the US needed moral support from its allies, and Phibun took the plunge. Thailand provided rice in response to the US appeal for food, and went further, sending troops. Among the Thai elite only the military approved. However, it had the effect of removing any reservations that Acheson still had of Phibun. Military aid began pouring in. Phibun contributed further by cracking down on local communists and left-wing critics. By this time the authoritarian nature of the regime was firmly established. Fineman laments the end to the flexible foreign policy carefully steered by the Thai elite since the end of the war. However, recent study, as we shall see, shows that this commitment to fighting communism was very superficial, and flexibility still existed during this period.

In general, writers on Thai-US relations have not commented on the end to the Korean War. Fierce opposition from the North Koreans and Chinese and increasing pressure at home prompted the US to seek a ceasefire agreement that forced a dividing line between the two sides. This line was located exactly where it had been before the war. Research by Sroymuk (2001) shows that the Thai elite was extremely worried by the outcome of this war. The conclusion of the war demonstrated that China was the most significant regional power. Thailand was committed to the US side at a time when the US administration was running scared of domestic pacifism and seemed to be faltering in its fight against communism. How could Thailand trust such an ally? At the same time, China was showing signs of adopting a more sober position in dealing with the free world. Consequently, Thailand started to pursue a two-
pronged policy of being overtly anti-communist while seeking covert rapprochement with China.

In the meantime the Viet Minh was making advances in Vietnam and in Laos. John Foster Dulles, secretary of state in the new Eisenhower administration, began to develop the cornerstone policy of collective security in Asia. The Geneva Peace Settlement agreed to an election in Vietnam in 1956. The prospect of a certain Viet Minh victory caused deep misgivings in the US administration and a conference was called in Manila to discuss the issue of collective security. The resulting Manila Pact established SEATO. The US was happy but not other SEATO members. The Thai elite was especially dissatisfied. They had been hoping that SEATO would replicate NATO in providing unified command of joint forces. Instead, each signatory was only obliged to intervene in the event of aggression against one of the member states in accordance with its own constitutional processes. The three countries in Indochina were prohibited from joining the new treaty organization, but were included in the zone to be protected (Fineman, 1997: 194-7).

Fineman argues that America's increasing involvement in Indochina caused its increasing involvement with Thailand, and that the Manila Pact both responded to an existing situation and marked the beginning of a true alliance between Thailand and the US (Fineman, 1997: 198). Thailand and other Southeast Asian countries were still expected to industrialize, but this was now aimed at serving the interests of the US rather than of Japan. This shift in policy was indicated by the increase in US economic aid from $8 million in 1954 to over $48 million in 1955 (Surachart, 198: 69).

During the recession of the 1930s, many Asian economies had significantly advanced their industrialization, mostly in the form of public enterprises. But the US was now instructing developing countries to disengage from state-owned industries and to pursue ISI by developing infrastructure to encourage foreign investment. Many writers have assumed the goal of US liberalism at this period was the promotion of free trade. In practice the administration and the World Bank aimed to encourage only those investments that suited the interests of the most industrialized powers, chief among which was the US.

Thailand was now eager to accept its role in the new agenda. In 1954 the government promulgated the Industrial Promotion Act, drafted under the guidance of Dr. Antonin Basch of the World Bank (Rangsan, 1989: 34). This shows Phibun prepared to accept even greater integration into Pax Americana. The next section looks in greater detail
at the stages in this process until 1958, when Thai policies had become fully integrated into global power structure. As we shall see, the process significantly affected internal political structures.

Thailand’s second entry to Pax Americana

The effects of the Industrial Promotion Act of 1954 and of changes at the most senior levels of Thai politics committed Thailand ever more tightly to Pax Americana. The rationale of the Industrial Promotion Act of 1954 was that

industry is an important component of the national economy and needs to be urgently promoted. But naturally the state is not in a position to engage in all industries. Without the support of the state, private investors will be unable to succeed in their projects, or will be restricted by obstacles and unable to compete with foreign industry. Furthermore, foreign investors need the ability to withdraw when they wish and repatriate their profits; without these guarantees there will be no foreign investment in Thailand. Many industries require high levels of capital and expertise that can only come from abroad. Thus we need to legislate this law in order to ensure that foreigners can benefit from their investments. (Ukrist, 1983: 47-8)

The Act was accompanied by a US proposal designed to guarantee US investments in Thailand. The Thai Export-Import Bank should compensate any US investors who were damaged, or buy out their rights. Moreover, the US government would be entitled to represent their citizens in order to settle any claim against the Thai government and to negotiate compensation. This agreement reflected enthusiasm on the part of the US government to allay the anxieties of their investors and to jump-start investment in Thailand.

At about this time Peurifoy, the American ambassador, demonstrated support for Phibun in his conflict with the other two members of the ruling triumvirate, Phao Siyanon and Sarit Thanarat. These two benefited from American aid to the police and the army respectively, whereas Phibun had no power base of his own. Phao commanded influence both because he had no inhibitions in using raw power, and because his faction owned many businesses and was involved in public enterprises. He had good reasons to obstruct plans to liberalize the law as regards foreign investments in industry. I argue here that Peurifoy aimed to curb Phao’s power. In order to boost Phibun’s stature, in 1955 the US embassy supported Phibun’s invitation to the US and the House of
Representatives where he announced he would restore parliamentary democracy (Darling, 1965: 142). However, these intrigues did not go entirely to plan; as we shall see the end result was the collapse of the triumvirate and Sarit’s rise to supreme power.

Upon his return to Thailand, Phibun aimed to counter Phao’s power by relying on Sarit’s military power and at the same time create his own power base through democratization. He announced a general election for February 1957, in which he would contest a seat in the Assembly. He tried to increase popular participation in politics by establishing a “Hyde Park” debating center in Bangkok and in large provincial towns. Opposition parties were legalized and were given greater freedom of expression. The franchise was liberalized; the voting age was lowered, and educational requirements were abolished (Darling, 1965: 143–4).

Phibun calculated that Sarit was uninterested in politics and would support his democratic regime because of his fierce rivalry with Phao. However, Phibun argued soldiers needed to become professional: “In a democracy, soldiers should not interfere in politics.” He set an example by resigning from the position of the inspector general of the armed forces (Darling, 1965: 142–3).

Phibun set out to overcome Phao by publicly discrediting him and dismantling his business empire. Assisted by the US embassy he disclosed Phao’s authorization of $1 million awarded to police officials for seizing a large amount of opium although not one smuggler had been arrested. He promised to close all opium dens by the end of the year. He ordered an end to trade monopolies and special privileges granted to Cabinet ministers. Again he set an example by selling his stock in private companies. He expelled Phao and his clique from the Cabinet, and himself took on the two most important ministries, interior and defense (Darling, 1965: 144).

How successful was Phibun in achieving his goals? In so far as the promotion of American industrial investment was concerned, the legislation was inadequate. First, the US government could not persuade the Thai government to guarantee its citizens’ investments against nationalization. Second, US investors were worried by the influence of the factions led by Sarit and Phao. Apart from having their own business empires, the factions of Sarit and Phao were also involved in 141 state enterprises (Ukrist, 1983: 35–44). Moreover, the Phao faction developed mechanisms for exploiting the Industrial Promotion Act to its own advantage. They established a conglomerate called the National Economic Development Corporation, which demanded preferential
treatment on the same basis as that granted to foreigners. Phao also asked the Thai government to guarantee foreign loans made to his new conglomerate. However, the conglomerate proved to be a disaster. A great proportion of the foreign lending was secretly transferred to a group of shareholders. After severe losses in 1957 the loans were placed under state control (Ukrust, 1983: 49–54).

Politically, Phibun's policy of liberalization backfired in three ways. First, the increased freedom of expression granted to the press unleashed anti-American sentiment, and criticisms of his own unpopular policies. Second, Phao's abuse of power became widely discussed. Third, the liberal policies created dissension among some prominent supporters upon whom the triumvirate depended. High-ranking officers began to argue that liberal policies could cause the collapse of military power. Meanwhile, a US intelligence report disapproved of the drive to democratization on the basis that it was premature and might lead to the early end to the democratic experiment (Surachart, 1988: 72).

Popular sentiment against the government was so strong that the only way for Phibun and Phao to retain power in the election promised by Phibun on his return from the US was to rig it. In a very unclean race, Phibun won his seat and thus held onto the premiership, but his legitimacy was severely compromised. Popular protest grew in intensity when a brief state of emergency was declared.

So far as the US was concerned, the Phibun and Phao factions were both sullied. Their first choice, Phibun, had shown himself incapable of commanding popular support. Phao was in disgrace on account of his questionable business dealings and his overt opposition to US involvement in the Thai economy. His faction made a final bid to salvage its reputation by declaring an end to any involvement in private business and state enterprise; this did not succeed.

The third member of the triumvirate, Sarit, promised more. During the crisis which embroiled Phibun and Phao he gained popularity by allying himself with the sentiment against the election. In June he set up a new political party, Sahaphum, under his brother's name. The government reacted swiftly by cutting off his financial base, the national lottery. On 20 August 1957, he challenged the other two members of the triumvirate by resigning from the government along with four other generals. Next he resigned from the government party, and when forty-four senators—all army officers—resigned from the Senate he went on to demand that both Phibun and Phao also resign. When they refused, on 17 September 1957 his troops moved into a number of key installations
in Bangkok and he completed his coup. Phot Sarasin, who was on good terms with the monarchy and the US, was appointed prime minister (Darling, 1965: 185).

As yet scholars have found no evidence to suggest US involvement in the coup of 17 September 1957. However, as events transpired, Sarit’s rise to power marked a decisive stage in Thailand’s integration into Pax Americana.

An election was held in late 1957 after which Sarit replaced Phot Sarasin with Thanom Kittikhachon. He then departed to the US for a medical checkup at the Walter Reed hospital as a personal guest of President Eisenhower. This gave the US leaders an opportunity to impress on the new Thai strong man the importance of Pax Americana as a means of both suppressing communism and aiding Thailand’s “economic development.” Emphasis was laid on the importance of private foreign investment as a contribution to the economic development of underdeveloped countries. Sarit, most probably for the first time, was exposed to the concept of development and its connection with foreign investment. He ordered a copy of the Industrial Promotion Act to be dispatched to the US. In sum, the US became increasingly active in financing Sarit’s political activities and in dictating the direction of Thailand’s role in Pax Americana.

Upon his return to Bangkok on 20 September 1958, Sarit abolished the parliamentary system. He justified this by the threat of communism, and his proclaimed goal of improving the economic well-being of the country. He argued that this second bid for power was revolutionary and not a coup. The word “development” was increasingly used in all official documents. For example, the Revolutionary Proclamation no. 11, dated 22 October 1958, referred to the need for an “economic plan.” This was later changed to phaen phatthana or “development plan.”

At a Cabinet meeting on 20 September 1958, Sarit urged ministers to study the translated version of the World Bank report which aimed to provide social and economic development. On 5 December 1958 the Revolutionary Proclamation no. 33 specified the role of the state in foreign investment. The state promised not to set up new industry to compete with the private sector and not to nationalize private industry. Various tax exemptions and incentives were stipulated. The National Economic Council was created on 4 July 1959, and henceforth the concept of “development” began to take root in society. Subsequent recommendations made by the World Bank and US advisors were swiftly implemented. New development organizations were established and
manned by cadres who had been trained in US aid and scholarship programs.

Thailand was tied into Pax Americana by the first national economic plan (1961–6). This had wide implications. Not only was the country locked in a security alliance with the US but its economic policies were now largely controlled by US advisors whose role was to ensure US industrial investment in Thailand. The shared goal was to launch Thailand on another phase of capitalist development, following that arising from Thailand’s part in Pax Britannica in the nineteenth century. Thus began the industrialization process which transformed Thailand into an industrial country in the late 1980s.

The paper now examines the final aspect of Thai–US relations, the partnership in the Vietnam War.

Thai-US relations and the Vietnam War

Fighting between different factions in Laos in the early 1960s severely strained Thai–US relations. When the communists gained the upper hand, Thai interests seemed to be threatened and the right-wing Sarit regime looked for support from SEATO. But Thai and Western interests did not coincide, and the French and the British refused to become involved. Even the US was reluctant to deal with the right-wing Laos regime, but needed its support in order to deal with the communist threat. Clandestine Thai–US operations sustained the fighting waged by the Hmong hill tribe led by Vang Pao, but failed to save the right-wing faction from losing ground. At the same time Kennedy gave open support to the neutral faction in Laos and brought this crisis to negotiation in Geneva in 1961.

The Thai elite reacted strongly against this move, and disenchantment grew with SEATO promises of collective security. General Praphat Charusathian, army chief and interior minister, proposed that Thailand conduct policy only in its national interests which meant pursuing flexibility and refusing to be tied down by any particular camp in the Cold War conflict. Sarit also started to negotiate with the Soviet ambassador on trade and cultural exchanges (Danai, 1975: 204). This was to be Thailand’s last act of defiance to Pax Americana until Nixon announced the Nixon doctrine in 1970.

This achieved the immediate aim of getting American attention, and the minister of foreign affairs, Thanat Khoman, was summoned to Washington. The Thanat–Rusk Agreement in 1962 patched up the
relationship and resolved the great weakness in SEATO that action could only taken by unanimous vote. Now, any two or more members could decide to act on their own. The Thai elite immediately interpreted the Agreement as a major cornerstone in Thai-US relations because it committed the US, first, to acting against any coalition or neutral government in Laos that would threaten Thailand, and second, to supporting the fight against internal insurgency with economic and social aid. Sarit showed his pleasure by welcoming Thanat in person at the airport, and went on air to praise the US as a true friend willing to help the country against invasion, subversion, and infiltration (Surachart, 1988: 98).

This enthusiasm was misplaced. Surachart has commented that the Agreement did nothing more than bilateralize SEATO on terms decided by the Kennedy administration without the approval of the Congress. And Thanat himself later denounced its lack of substance (Surachart, 1988: 97).

However, the Agreement did mark a significant development in the relationship whereby various types of US forces started arriving in Thailand. Soon afterwards President Kennedy ordered a carrier task force of the 7th fleet into the Gulf of Thailand. The deployment of 5,000 US troops in Thailand was particularly significant, and was followed the next day by the arrival of US jet bombers and 1,800 US marines (Surachart, 1988: 98–9). This set the precedent for future cooperation.

The next development in Thai-US relations was influenced by factors in the Thai political structure. Thanom, who succeeded Sarit in 1963, did not have his predecessor's forceful personality or a strong power base in the army. This drove him to greater dependence on the US at a time when President Johnson first contemplated sending fighting forces into Vietnam. In early 1964 Thanom permitted US soldiers to be stationed along the Mekhong River. The Tonkin Incident led to direct US involvement in the Vietnam War and to a massive increase in the numbers of US troops and aircraft moved to Thailand. This escalation delighted the Thai military leaders, who were henceforth able to determine the course of the Thai-US relationship, in particular with regard to military matters. Thanat and his Ministry of Foreign Affairs were marginalized. They were disturbed not only by their enforced inactivity but also by issues of sovereignty that arose in the mass presence of American troops stationed on Thai territory.

Let us now briefly reflect upon the earlier US rationale for investing in Thailand, to build up Japanese productive capacity and markets. This
was becoming lost in time. By the mid 1960s Japan had indeed grown to be a regional fortress of capitalism and was in no danger from communism. But a new development had occurred; Southeast Asia had reached the point at which rapid economic expansion was a real possibility. Thus the earlier strategy had been replaced by a new one, of promoting and protecting US security and economic interests in the region.

From then on Thailand became the most important theater of the Indochinese conflict outside Vietnam. Military facilities were expanded. US airplanes started flying out of Thai airbases, with 25,000 bombing flights in 1965, 79,000 in 1966, and 108,000 in 1967. Thailand became a center for R&R operations. Thanat claimed that for each American soldier coming to Thailand for R&R the US allocated $10 to the Thai military elite. Hence a vested interest in the US military presence grew among the Thai military leaders, and the increasing use of Thai facilities further stimulated their commitment to the Indochinese conflict. This commitment was further boosted by the decision to send Thai troops to fight in Vietnam in addition to Laos and Cambodia. The disadvantage of so open an attachment to US policy was that Thailand could no longer practice a flexible foreign policy, which had proved to be so beneficial in the past.

In late 1966 the US persuaded its allies to send troops into Vietnam in order to show to the world that it was not alone in fighting communism. According to Surachart, President Johnson negotiated directly with King Bhumibol. The King demanded US training and weapons both for soldiers posted to Vietnam and those fighting the internal insurgency (Surachart, 1988: 135–6). The Thanom government recommended that he accept US demands for more Thai troops in Vietnam on condition that military assistance be increased.

In March 1968, the North Vietnamese launched a major offensive during the Tet festival. This was a publicity coup, and President Johnson faced renewed pressure from the Congress and the US public to find a peaceful solution. He announced that he would not stand in the next election and would negotiate an end to the fighting. Thanat, who was taken by surprise, went through the roof (Randolph, 1986: 130). The fact that Thailand had not been given prior warning of this announcement reinforced the unequal nature of the relationship. However, initial anger gave way to the realization that in the new situation his Ministry of Foreign Affairs might enjoy new opportunities to conduct an independent foreign policy.

After President Nixon was elected, it became obvious that the US
could no longer maintain its position in Vietnam. The problem was how to withdraw without losing face. Nixon proposed a scheme called Peace with Honor (Berman, 2001). He aimed to achieve this by a complex plan that was not fully understood at the time, and only recently has the whole picture begun to emerge. He calculated first that both China and the Soviet Union could influence North Vietnam to accept the settlement. This was the motive for following a policy of détente and relaxing the confrontation with the communist world (Kolko, 1985: 342). Second, he planned to turn Thailand into the centre of air operations in Asia. This meant shifting military policy, and replacing ground troops with air power (Berman, 2001). The implication was that the withdrawal from Vietnam did not herald an intention to give up anti-communism in Asia, and Thailand would be given a significant role to play in the future.

The link made between détente and the Vietnam War has escaped the attention of most scholars of Thai–US relations. But it did not escape Thanat’s attention that the US was going through a major shift in policy. As we shall see, when he took charge of Thai foreign policy he formulated a comprehensive new strategy for dealing with this new situation.

On 14 May 1969 Nixon declared a new approach to the Vietnam War called “Vietnamization,” meaning that the Vietnamese should take increasing responsibility for fighting. Although he had previously indicated that this policy would be carried out either when the South Vietnamese army had been trained to take the responsibility or when progress had been made at the Paris peace talks, on 8 June he announced that 25,000 soldiers would be withdrawn from Vietnam within two months. He formally proclaimed this “Nixon Doctrine” at Guam in July 1969, spelling out the responsibilities of the military in each country to protect their own institutions and borders from communism. The implication was that the US was withdrawing from Vietnam.

The Nixon Doctrine must have caused havoc among the Thai military leaders who had grown accustomed to the flow of American largesse and had benefited both from posting Thai troops to Vietnam and from a multitude of sideline businesses. Furthermore by this time the communist threat was no longer simply a pretext for requesting US aid. It had materialized in the form of a violent internal insurgency.

Nixon and Kissinger soothed the Thai military leaders’ fears by promises of a new and important role to play in the continuing Indochinese conflict. In 1970 the Thai military leaders felt themselves to
be indispensable, and began to demand more military assistance, including an anti-aircraft battery. Although this particular demand was rejected, the Thai generals were placated with helicopters (Randolph, 1986: 137).

Thanat was prepared for the Nixon Doctrine, and immediately demanded the withdrawal of all US soldiers from Thailand. He reasoned that their presence in Thailand was to fight the war in Vietnam and if they were being withdrawn from Vietnam they had no reason to continue in Thailand. This policy placed Thanat at loggerheads with the military leaders and eventually cost him his job as minister of foreign affairs.

On 3 September 1969, Thanat and the American ambassador jointly announced that there would be “limited withdrawal.” Both sides had apparently calculated that this would be politically acceptable; any withdrawal in this unpopular war must reduce political pressure within the US, and the military authorities should be able to live with the notion of its limitation. But only six days later Thanat was forced to adopt a more conciliatory tone and announce that he did not mean to chase the US forces away. If their presence in Thailand and their bombing of Vietnam could save American lives, there was every reason for their remaining in Thailand. A few days later he went further to announce that most US soldiers were to stay in Thailand for as long as it took to achieve victory over communism (Randolph, 1986: 139).

The opposition of the Thai military was one factor that forced Thanat to backtrack. But this was not the only factor. Changes in US policy towards the Indochinese conflict, and their implications for Thailand’s role, were also important. Despite the Nixon Doctrine, the US expanded its operations in Cambodia, arguing that this country had become a sanctuary for the Viet Cong. The Thai government would later send Thai forces into Cambodia. Randolph expresses dismay at the apparent illogicality of the Thai military elite in taking this step at a time when the US was clearly pulling out of the region (Randolph, 1986: 137). But two points have to be understood: Nixon’s policy, and the extent to which the Thai military had forsaken the country’s interests. In any case Thanat continued with the program of limited withdrawal; for example it was jointly announced that 6,000 soldiers would be withdrawn by 1 July 1970 and another 9,800 one year after. Further research is needed to find out how far this limited withdrawal was accepted by both the Thai and US sides, and this question needs to be answered in the light of Thanat’s dismissal in late 1971. But first let us
consider other policies pursued by Thanat.

ASEAN had been established in 1967 as a regional organization for economic cooperation and development. Thanat had been instrumental in persuading five Southeast Asian countries to join, although with very little idea as to the goals that they should pursue. By 1970 some of the founding members were agitating to rewrite the ASEAN mission, and after the Nixon Doctrine was proclaimed, Thanat became active in moving ASEAN towards a collective defense policy. He also proposed that members adopt a neutral foreign policy so that countries in the region could build up bargaining power with the communists as well as with the Western powers (Rapeeporn, 2002: 159).

Neither the US nor the Thai elite welcomed the notion of a regional collective defense policy, although this did not cause as much controversy as the second proposal, for rapprochement with China. In fact, as we have seen, Thailand had already been moving in this direction. Relations had been frozen under Sarit but Phibun’s government had developed some contacts. Furthermore, in a time of international détente such a policy was not such a radical departure. However, some journalists such as Kukrit Pramoj launched into Thanat, accusing him of going red.

This accusation might be taken at face value as simple anti-communism, but it can also be interpreted as a political strike taking advantage of a volatile situation. Despite the promulgation of a constitution a few years earlier, the military junta was growing more dictatorial, and was the target of widespread discontentment. Thailand’s involvement in the Vietnam War was another point of contention. Although many people had a vested interest in the existing system, others wanted a change of government and a new foreign policy.

On 11 November 1971 Thanom staged a coup against his own government and abolished the constitution. This reflected the turmoil in the political scene and also the determination of the junta to pursue without hindrance a foreign policy that accorded with US policy. Thanat was dropped from the new Cabinet lineup and Thanom took over his portfolio. Thai and American officials jointly announced that the withdrawal would be terminated because both Laos and Cambodia required American air support. During this brief return to military dictatorship, Thailand sent troops and volunteer units into both countries. After its troops were mauled by North Vietnamese attacks over the new year of 1972, the US government revealed a plan to use Thailand as a base for air attacks. Planes and ground forces began to be moved from Vietnam to Thailand.
Consequently, at the time when the peace talks were nearing conclusion, the number of American soldiers based in Thailand increased from 32,000 to 45,000 (Randolph, 1986: 15). Their presence was intended to support the Cambodian government, which was then facing a critical situation. Also, Nixon and Kissinger assumed that violations of the peace agreement were inevitable, given the fact of 150,000 North Vietnamese forces in South Vietnam. The American presence in Thailand therefore had a secondary purpose of guaranteeing support to the South Vietnamese. The Thai government underlined this guarantee in late 1972 by announcing that the country would become headquarters for all US air operations in the region if the Paris talks succeeded.

But in both the US and Thailand, internal politics militated against the plan. In the US, Watergate occupied the President’s attention, and Thai matters faded into insignificance. In Thailand, a popular uprising toppled the Thanom regime in October 1973. The discontent that this expressed could be traced back to the Thai involvement with Pax Americana. Anderson also sees the pace of economic development and the expansion of the state apparatus as causes (Anderson, 1998: 139–73). Nationalism became a powerful social force which elected governments were forced to heed. The Foreign Ministry, albeit without Thanat’s leadership, reacted strongly against US infringements of Thai sovereignty. Eventually, these different forces combined to bring the intimate relationship between Thailand and the United States to an end in 1976.

Conclusion

This paper has attempted to rewrite the history of the Thai-US relations. By relying on revisionist histories of the Cold War, I have given a different narration to the orthodox one. Ideas proposed in the paper await future research in US archives.

Lastly, I would like to draw attention to an earlier argument, that the period under study was one of the most important in the political transformation of the Thai state. The structural perspective of Thailand’s link with Pax Americana created contradictions which meant that nationalism became an important issue. The social transformations that resulted from Thai-US relations during this period also demand further study.
References


The trouble with hegemony: hegemonic destabilization theory

Jan Nederveen Pieterse

Abstract

This paper revisits hegemonic stability theory to examine whether hegemony, in terms of its major justifications, applies to the United States in the present period. The paper finds that over time, particularly since the end of the Cold War, the role of the United States has increasingly changed from hegemonic stabilization to destabilization. While hegemonic destabilization such as the unleashing of finance capital and military preparedness out of proportion to existing threats, has been noticeable since the Reagan period, recent American policies of aggressive unilateralism and deficit spending have been increasingly destabilizing. This holds implications for how we understand hegemony: should we replace hegemonic stability theory with a theory of hegemonic destabilization? If hegemonic stability made for a “relatively open and stable” global economy, what kind of world does hegemonic destabilization create? This raises the question of hegemonic transition and the configurations emerging as hegemony unravels.

International hegemony carries several meanings. One definition of hegemony is a state exercising unrivaled leadership in economic, financial, political, and military spheres. Thus Wallerstein defines hegemony as a situation where “one power can largely impose its rules and its wishes (at the very least by effective veto power) in the economic, political, military, and even cultural arenas” (Wallerstein, 1984: 38). The three instances in recent history when according to Wallerstein all these overlapped were the United Provinces (1620–70), the British Empire (1820–50), and the United States (1948–71). A definition from the viewpoint of international relations holds that hegemony means the control by a state over the foreign policy but not the domestic policy of another political entity, in contrast to empire which means control over domestic policy as well (Doyle, 1986). A further dimension of hegemony is legitimacy. Robert Cox (1991) and others have extended Gramsci’s idea of hegemony as moral leadership to the international domain.
Hegemony in this sense exists “when the hegemonic state creates an order based ideologically on a broad measure of consent” (Cox, quoted in Cohn, 1999: 440).

An influential notion is hegemonic stability theory, formulated by Keohane (1980) following Charles Kindleberger (1973); this holds that “a relatively open and stable international economic system is most likely to exist when there is a hegemonic state with two characteristics: it has a sufficiently large share of resources that it is able to provide leadership, and it is willing to pursue policies necessary to create and maintain a liberal economic order” (Cohn, 1999: 439). Hegemonic stability theory has long been in dispute. One consideration is that the hegemon’s actual behavior may range from benevolent to exploitative or coercive (Cohn, 1999: 439). There are more fundamental problems as well. What does it mean to say that the global economy has been “relatively open and stable” if hegemonic stability has come with a growing North-South inequality gap (clearly so since the 1980s)? Relative openness may hold true from the viewpoint of the interlinked economies of the North but for the global South hegemonic stability has meant structural adjustment under the auspices of the Washington consensus. The agricultural subsidies in the North (presently at $1 billion per day) don’t add up to openness. Hegemonic stability theory privileges the global economy and upholds the fiction that economics and politics are separate domains, or more precisely, it reduces the effects of power to benign, stabilizing effects. Hegemonic stability theory involves several components: hegemonic capacity, intent (benevolent), and impact (stability). Since the United States is not a unitary formation there is no single or homogeneous intent. Without capacity, intent will not deliver and impact will not materialize. Intent is a necessary but not a sufficient condition for hegemonic stability to materialize, which also involves other parties than the United States.

Hegemonic stability theory is per definition a top-down perspective. The world’s underprivileged have little store in stability and their proposals for reform, such as a new international economic order, have come to naught; indeed, what prevails is a hegemonic stability. Hegemonic compromise would be a more straightforward and less candy-colored terminology (cf. Nederveen Pieterse, 2001). Along the lines of hegemonic compromise, European Union countries and Japan grosso modo accept American policies in the context of the G8, OECD, WTO, and IMF because they share overall benefits, such as concessions on trade and agricultural policies in the case of the EU, find shelter
under the US military umbrella, and benefit from American economic growth. This doesn’t rule out disputes but the differences are not large enough to upset the applecart.

For all its bias, hegemonic stability theory seemed to describe a postwar constellation in which developing countries were kept from exit through the financial discipline of the IMF and which seemed to hold sufficient promise, or insufficient frustration, as long as assorted promises of reform provided a silver lining, such as the WTO Doha round (which promises to cut back agricultural subsidies in the North) and the Road Map to peace in the Middle East. Yet somehow the promises of reform never quite seem to materialize, as if they primarily serve as decorative elements to cheer up the status quo. Besides over time the cracks in hegemonic stability have been widening. What of hegemonic stability in view of recurrent crises (Tequila, Asian, Russian, Turkish, and Latin American crises, Argentina, Brazil), American withdrawal from international treaties, and enduring stalemate in the Middle East? What of hegemonic stability in view of the American doctrine of preventive war? Is the United States still a “benign hegemon” and is this still an era of hegemonic stability?

Here I review the components of hegemonic stability theory to examine whether they apply to the United States in the present period. This is worth examining because it means scrutinizing hegemony in terms of its major justification: its stabilizing effect. I find that over time, particularly since the end of the Cold War, the role of the United States has increasingly changed from hegemonic stabilization to destabilization. Elements of hegemonic destabilization have been noticeable since the Reagan period, such as the unleashing of finance capital and military preparedness out of proportion to existing threats, but the Bush II administration’s aggressive unilateralism, deficit financing, and growing current account deficit are increasingly destabilizing.

This holds implications for how we understand hegemony. Should we replace the theory of the benign hegemon with that of the malign hegemon? Should we replace hegemonic stability theory with a theory of hegemonic destabilization? And if hegemonic stability made for a “relatively open and stable” international economy, what kind of world does hegemonic destabilization create? This leads to a third question: that of hegemonic transition and the configurations emerging after hegemony. Are we entering a new phase of hegemonic rivalry? What kinds of realignments are now taking shape?
Hegemonic stability or destabilization?

Hegemonic stability theory, notably in Kindleberger’s original view, holds that “in the absence of a world government the global economy can be stabilized when a powerful nation plays the role of flywheel.” I quote at length from a précis by Robert Kuttner:

The hegemon, in this conception, performs several stabilizing functions: it serves as quasi-central banker, providing the system with financial liquidity in times of stress, as well as credit to temper exchange-rate instability; it serves as market of last resort and encourages other nations to keep their markets relatively open; being a rich and technologically advanced nation, the hegemon is a net source of development capital as well; and it also has a special responsibility for keeping the peace. A hegemon, in Kindleberger’s sense, is relatively benign. Affiliation with its system is not coerced, but invited on the basis of benefits that the hegemon offers other member nations. Indeed, what differentiates hegemonic leadership from Caesarism is precisely that the hegemon uses carrots rather than sticks and makes sacrifices to preserve the system. Chief among these is that the hegemon endeavors to be the system’s best behaved free trader. (Kuttner, 1991: 12–3; cf. Gilpin, 1987)

Let’s take each of these components of hegemonic stability and see whether they apply now. This is a brief treatment in vignettes (a full treatment would have to be book length).

The hegemon provides the system with financial liquidity in times of stress. Arguably this was the practice during the 1980s and into the 1990s, although liquidity came at a price of neoliberal market conformity according to the stipulations of the Wall Street–Treasury–IMF complex. The IMF bailout of Mexico in the Tequila Crisis is a case in point. But the IMF interventions in subsequent crises in Asia 1997–8 followed by Russia, Latin America, and particularly Argentina were of a different character: reluctant and meager support in Congress, more sticks than carrots, more financial discipline than largesse. Opening up developing country capital markets as part of IMF conditionalities enabled American hedge funds such as Long Term Capital Management to play an increasingly destabilizing role (Gowan, 1999; Soros, 1998, 2003).

Over time the United States’ financial position has deteriorated sharply. During the Clinton administration reducing the budget deficit was a priority but the Bush II administration follows the Reagan
administration in practicing extreme deficit financing. The United States is now the world’s largest borrower, draining the world of liquid capital on an unprecedented scale of over $500 billion per year and $4 billion each trading day (Bergsten, 2004). Now the IMF warns Washington that US budget deficits “pose ‘significant risks’ not just for the United States but for the rest of the world.” A 2003 IMF report notes: “Higher borrowing costs abroad would mean that the adverse effects of US fiscal deficits would spill over into global investment and output” (quoted in Becker and Andrews, 2003). In a brief period the financial situation has reversed to a condition of hegemonic instability. Taking stock, the hegemon’s provision of financial liquidity has come with destabilizing effects all along: IMF enforced liberalization of capital markets exposed developing countries; financialization in the United States affected developing countries in the form of speculative capital (“flash capital”); and finally, the global consequences of financial deficits in the U.S.

The hegemon is a net source of development capital. The United States has been one of the stingiest foreign aid donors among OECD countries and this function has long changed from minimal to, on balance, negative “since 1972 the American economy has been a net importer of capital (to the tune of 17 percent of gross national product last year)” (Ferguson, 2001: 127).

The hegemon serves as market of last resort. While this has been true for quite some time, increasingly over time it has taken on a darker hue. By importing far more than it exports the US has built up a massive trade deficit (at $489 billion in 2003). The US share of world output declined from 25.9 per cent in 1960 to 21.5 per cent in 1980 (Kennedy, 1987: 436) and has continued to shrink. The rapid rise of Pacific Rim economies from East to Southeast Asia has been based on exports to the U.S. Some American and Asian dynamics dovetail: the rise of Wal-Mart to the status of the US and the world’s largest retailer has been paralleled by the rise of Chinese and East Asian imports in the U.S. But couple this with American deindustrialization, loss of manufacturing jobs and increasingly also white-collar jobs, and growing American indebtedness at every level from the household to the federal government, and it is clear that this is not a sustainable pattern.

The US economy has been deindustrializing on a massive scale and suffers structural job loss. “The United States has lost 3 million manufacturing jobs in recent years” (Popkin and Kobe, 2003: 62). “From 1995 to 2002, the number of factory jobs rose 22 percent in Canada and 24.6 percent in Spain, versus a loss of 11.3 percent in the
United States” (Diesenhouse, 2003). This differential is too large to be accounted for simply in terms of industrial maturity. Manufacturing jobs are cheaper in Mexico since NAFTA and cheaper still in China since China has become a WTO member. Outsourcing and “offshoring” now extend to service and software jobs that are cheaper in India. At Microsoft the motto is “Think India” (“two heads for the price of one”). Blue chip companies such as IBM are now moving jobs offshore; even state labor bureaus whose mandate is job creation send their information processing jobs offshore (a case in point is Indiana and the practice has since been retracted). One prediction is that “3.3 million services jobs in America will move offshore by 2015,” led by the information sector, as part of “a trend that is real, irreversible and another step in the globalization of the American economy” (Lohr, 2003). In the 1990s vanishing manufacturing jobs seemed to be compensated by growth in new economy jobs, but since the dotcom bust this prospect has faded. The standard Clinton era response to job loss in manufacturing was that what you earn is a result of what you learn. This is now invalidated or refers to yet a higher learning curve; the jobs that are now moving offshore are straightforward software programming and code reading while software design remains onshore. But the American educational system is not prepared to take up this slack. The flexibility that enabled the US economy to generate many jobs during the 1990s now moves jobs offshore with the same agility. Flexibility, the post-Fordist code word, applied to corporate agility all along. The present wave of job losses squarely affects the middle class, which is already burdened by debt, so in time this will undermine domestic purchasing power.

The hegemon uses carrots rather than sticks. Carrots or sticks are probably in the eye of the beholder. What have been the carrots for Central America, for Nicaragua, Panama, El Salvador, Haiti? Particularly since the American victory in the Cold War, economic policy on the part of the Treasury and IMF increasingly became a political instrument to reward allies and discipline foes (Nederveen Pieterse, 2004b). The US budget for foreign aid and diplomacy has been shrinking as steadily as military expenditures have increased. American military expansion from the late 1980s now results in a million soldiers in 350 bases and 800 military facilities in 130 countries across the world; does this suggest carrots or sticks?

The hegemon endeavors to be the system’s best behaved free trader. During the Clinton administration the WTO was promoted as the spear point of an American-led globalization project alongside NAFTA and
APEC; in contrast, the Bush II administration has replaced reliance on the WTO with "competitive liberalization" and bilateral free trade agreements (Bergsten, 2004). The Bush II administration's recourse to steel tariffs and farm subsidies clashes with the WTO and the steel tariffs have since been repudiated by the WTO. The unilateralism of the Bush II administration has a general negative impact on international trade; trade policy has increasingly become an instrument of power politics (Bello, 2003).

The hegemon has a special responsibility for keeping the peace. This is not an unlimited commitment. Paul Kennedy (1987: 515) referred to "imperial overstretch," saying "the sum total of the United States' global interests and obligations is nowadays far larger than the country's power to defend them simultaneously." The American investment in unrivaled military superiority since the end of the Cold War has its own destabilizing ramifications: it comes with neglect of diplomacy, a pattern of investments that distorts the US economy, and mammoth projects to sustain the military-industrial complex such as Plan Colombia and billion dollar non-functioning weapons systems such as Raytheon's Patriot missile system and the Defense Missile Shield. The adoption of the preventive war doctrine in the 2002 National Security Strategy and the Pentagon strategy of "permanent war" imply a growing militarization of foreign policy which is destabilizing.

This is recognized in the mainstream business press. Control Risks, an international security consultancy based in Britain, describes American foreign policy in its Risk Map 2004 report as "the most important single factor driving the development of global risk." It notes that many in the private sector "believe that US unilateralism is creating a security paradox: by using US power unilaterally and aggressively in pursuit of global stability, the Bush administration is in fact precisely creating the opposite effect" (quoted in Fidler and Husband, 2003).

The American proclivity to war (Afghanistan, Iraq) has destabilizing multiplier effects. First, within the United States; an article about "The Iraqi time bomb" notes "Mix the open-ended costs of war and reconstruction with huge tax cuts, shrinking tax revenues and a stalled economy, and you get a budget deficit bound to explode" (Madrick, 2003). Second, regional and international effects; the IMF's 2003 Global Financial Stability Report warns that "a prolonged war in Iraq could depress financial markets and put global economic recovery into jeopardy" (quoted in Stewart, 2003).

The hegemon makes sacrifices to preserve the system. Hegemony in the
Gramscian sense means, substantively, that potentially all stand to benefit and procedurally that the rules of the game are perceived to be fair. But in the present American dispensation “sacrifice is for suckers” (Borosage, 2003) and this applies also internationally. The pattern that increasingly prevails in the United States is political and electoral opportunism; applied to international affairs this approach flouts the very rules and institutions that the United States has helped to build over many years. American failure to comply with international law, a zigzagging and instrumental attitude to international institutions such as the United Nations, and withdrawal from or nonparticipation in international treaties and covenants, create the impression of an opportunistic hegemony.

In its original formulation, hegemonic stability theory focuses on the global economy, which it views and represents from the standpoint of the North, and underplays the political and military components of hegemony (cf. Posen, 2003), which it views and represents in terms of their benign impact. If we consider that the original formulation of hegemonic stability theory refers to the Vietnam War period and its aftermath (1967–77) this is a remarkable bias. Consider hegemonic stability from a regional viewpoint and the picture does not get better: hegemony in the Middle East has come at the expense of Palestinians and is unstable. We can view hegemonic stability theory as a matrix in which the overall premises of hegemony remain constant, the strategic emphases shift over time, and foreground and background change places. In hegemony thinking, economic and security considerations (“keeping the peace”) have mixed all along. During the Clinton administration, the geopolitics of the “indispensable nation” functioned alongside the project of neoliberal globalization; during the Bush II administration, the emphasis has shifted to military and geopolitical concerns (Mann, 2004). Thus hegemonic stability thinking keeps being reproduced in different guises: on political and security grounds, when conservatives and liberals alike applaud the expansion of American power “in a chaotic world,” and alternatively on economic grounds. Hegemonic stability thinking of a kind inspires the contemporary tendency to whitewash empire past and applaud empire present (as in Ferguson, 2003, 2004). Hegemonic stability thinking reproduces the same bias over and over: fascinated by displays of power it is oblivious to the cost in human insecurity and suffering that the institutionalization of vast global inequality entails. In viewing the world from the top down, from established comfort zones looking outward, hegemonic stability thinking does not see and does not
count the sacrifices made by the underprivileged to maintain stability, the “collateral damage” of stability.

Thus, taking each component of hegemonic stability theory, it is clear that the United States has ceased to perform this role. This erosion of hegemony is widely perceived and there are many different diagnoses and explanations for this fundamental change. Because of the fascination with power, hegemony is widely discussed; surveying the literature we can identify several clusters.

Hegemonic reform. A major preoccupation in American political science and international studies is repair and maintenance of hegemony, or “getting hegemony right” (Ikenberry, 2001, 2002), by using more “soft power” (Nye, 2002), exercising restraint so hegemony is less offensive to other powers (Luttwak, 1998; Brutents, 2000), strengthening cooperation with Europe via NATO (Kagan, 2004), or using hegemony more benevolently (Maynes, 1997). These perspectives tend to focus on power politics, are usually short on political economy and economics, and rarely question whether hegemony is in fact reparable.

Hegemony critique. According to Danner (1997), the United States is stuck in the Cold War and imposes on the world a mindless hegemony, a predominance for its own sake, or an “empty hegemony” (Chace, 1997). A large stream of literature is political or political-military in emphasis (e.g. Johnson, 2000, 2004) and essentially concerned with recent or current US administrations, sometimes combined with an overall critique of American imperialism.

Hegemonic incapacity. While upbeat assessments of American primacy are in ample supply (e.g., Brooks and Wohlforth, 2002; Odom and Dujarric, 2004), a growing number of American critics argue that the United States has insufficient capacity to continue to perform a hegemonic role (Daniels, 2000; Waltz, 2000; Lind, 2001; Wallerstein, 2003b). Several US observers note that the aims set forth in the 2002 National Security Strategy are out of proportion to American capacities (Bellah, 2002; Mandelbaum, 2002).

Hegemonic transition. Occasionally this is combined with a perspective on hegemonic transition. Kupchan (1998) offers guidelines the US should follow to ensure that American unipolarity can peacefully give way to a benign tripolarity. This goes beyond hegemonic reform to hegemonic power sharing. However, reviving 1980s trilateralism (cf. Sklar, 1986) underrates the changes that have taken place, particularly in Asia.
Hegemonic decline. This perspective has long been prevalent among neo-Marxists and in world system theory and tends to be long-term, systemic, and grounded in international political economy. In this view American hegemony has been in decline since the United States broke with the Bretton Woods system in 1971 and gave up the parity of the dollar and gold. This perspective builds on “crisis of capitalism” theory but retheorizes “crisis as transition” (Wallerstein, 1982). Hegemonic decline may follow from a crisis of overproduction (Brenner, 2002) or from broader economic and political frailties (Wallerstein, 2003a; Todd, 2003).

Different arguments of hegemonic decline derive from comparative studies of imperialism. Paul Kennedy (1987) introduced the thesis of “imperial overstretch” and others followed, in particular comparing British and American hegemonic careers (Frost, 1992; O’Brien and Clesse, 2002). Writing after 9/11, Paul Kennedy makes various suggestions for recovering American hegemony but ends by asking “the ultimate political question,” namely “is the striving for the maintenance of America’s present place in the world actually desirable?” He notes that “the U.S. becoming a ‘normal’ country” is sooner or later unavoidable for several reasons: “Above all, we cannot stop long-term shifts in the economic and strategic balances, because by our economic and social policies we ourselves are the very artificers of these futures changes; we can no more stop the rise of Asia than we can stop the winter snows and the summer heat” (Kennedy, 2001: 77–8).

Clearly it’s not merely the policies of a single administration that are at issue but deep structural trends and long-term shifts in the American balance of forces. Many of the frailties of the US economy are structurally embedded, so the capacity for self-correction is quite limited (Nederveen Pieterse, 2004a). It follows from free enterprise ideology and its entanglement with accelerated globalization that there is no national commitment on the part of American companies and no industrial policy to steer companies; the commitment is to shareholders and the bottom line demonstrated at the end of each quarter. In social market capitalism, government policies seek to balance the interests of employers, labor, and other stakeholders; in free enterprise capitalism, government policy mainly serves corporations. The lack of balanced government policy and the lack of social organization make this a highly vulnerable, high-risk form of capitalism, as many point out (e.g. Albert, 1993; Hutton, 2002). Deregulation has gradually removed more and more safeguards, and social forces that represent different interests have been eroded; unionization in the private sector is only 8.5 per cent of the
workforce (Meyerson, 2003; Lichtenstein, 2001). American companies earn super profits that, courtesy of deregulation, don't feed back into the American economy but add to the steeply rising income inequality in a country where the top one per cent earns as much as the bottom 40 per cent of the population. These features are a function of "permissive capitalism" (Krugman, 2002). Because belief in the "free market" is deeply embedded, there is no provision for the US economy. Corporate social responsibility is much less influential in the United States than in Europe. "Taxes are for suckers." The cascade of corporate scandals from Enron to the New York stock exchange and mutual funds are an indicator of a free market without adult supervision (Nederveen Pieterse, 2004b, ch. 9). Accordingly a solution being contemplated by ordinary Americans is "a Marshall Plan for Cleveland financed by Beijing."

Jonathan Schell (2003) notes that the decision to attack Iraq marks a peak in the rise within the United States of a massive concentration of unaccountable power that represents the biggest threat to the American constitutional system since Watergate. Neoliberal globalization involved international institution building that claimed legitimacy—even if it rested on the ideological grounds of market fundamentalism. It could boast appeal in view of the alleged success of Anglo-American capitalism (never mind that social inequality was rising steeply) and its pull in international financial markets, thus giving countries a stake in the project while leaving them little choice. The project of endless war is short on all these counts—legitimacy, appeal, and closure. With the United States placing itself outside international law and international institutions and surrendering the pretense of legitimacy, what remains is rule by force. This is not just empire but naked empire and global authoritarianism, while dismantling the international institutional framework that the United States has helped build over decades. American capitalism now commands as much appeal as Enron does. There is no charm to American hard-line policies and unwillingness to revise policies, particularly in the Middle East. By disregarding allies and international institutions, the United States gives countries an exit option. They cannot opt out of international financial markets and credit ratings, but they can opt not to take part in an exercise of power that does not include them.

Arguably the unraveling of hegemonic stability and its conversion to hegemonic destabilization was built into the working of hegemony over time: hegemonic stability cannot be indefinite. Hegemony tends to produce a concentration of power that becomes increasingly
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unaccountable. Hegemony corrupts and hyperpower corrupts absolutely. Several trends accumulate over time: the multiple entanglements of the Cold War, the military-industrial complex, domestic power plays and the “Washington connection” and multinational corporations overseas, carry consequences for American politics and economics. The status of the dollar as world money allows the United States greater financial license than any other country. Such benefits accrued to American elites that gradually domestic institutional checks and balances and safeguards fell by the wayside; the political meaning of the “Reagan revolution” and subsequent deregulation policies is the gradual erosion of political accountability in the United States. Thus several dynamics combine and overlap: elites pursue increasingly narrower interests (checks and balances no longer function). In the ensuing economic decline, the United States becomes opportunistic and at times becomes protectionist (regaining domestic stability at the expense of transnational stability). As a fair weather ideology, neoliberalism has no provision for setbacks so political and institutional resilience is in limited supply. Thus, when the hegemon is in decline it purchases domestic stability by means of transnational destabilization. There are political, economic, and cultural rationales to this process. This suggests the following main lines of hegemonic destabilization theory.

As a process, hegemony involves the accumulation of commitments over time which tends to yield “imperial overstretch.” In addition, hegemony over time tends to produce a growing scope of projection of power (in the case of the United States particularly so since the end of the Cold War; cf. Bacevich, 2002). In the domestic balance of forces, hegemony privileges the security apparatus and fosters the development of a state-within-the-state (illustrative episodes are the Pentagon papers, Iran-contra, and the intelligence foul-ups leading up to the Iraq war). This raises the old question of “quies custodiet, or how to control authority” (Moore, 1972: 60). The domestic accumulation and concentration of power translates into economic opportunity and in turn furthers growing social inequality (which has been spectacular in the US in recent decades; cf. Phillips, 2002). At a late stage of hegemony it may be necessary for electoral reasons to attempt to rebalance these disparities, but without fundamental changes in the power structure, the tendency is to do so at the expense of external parties (examples in the American case are the adoption of steel tariffs and farm subsidies). This results in further external hegemonic destabilization. It is not quite clear how the dynamics of hegemony interact with the political economy and political
culture of neoliberalism and neoliberal globalization, or where the effect of
hegemony ends and that of neoliberalism begins, for the two are intertwined.

Hegemonic transition: social hegemony?

But the human imagination is occasionally permitted to envision a
future for this planet in which real democratic representation, from
local government to world bodies, exists; human rights are universally
respected; a more equitable prosperity is enjoyed; and the “world
community’ really is that. (Kennedy, 2001: 78)

American hegemony is part of a historical series; the rise of American
influence followed the era of British hegemony; the “American century”
is part of a period of Anglo-American hegemony from approximately
1820 onward and interrupted by periods of hegemonic rivalry. Declining
US hegemony therefore represents a profound systemic change that is
having momentous ripple effects throughout the world. The great
unraveling (Krugman, 2003) now extends to the international domain.
As the hegemon turns malignant, other units reposition themselves,
either by turning inward or realigning. Triangular arrangements of the
past—such as Asia exporting products to the US, the US supplying
weapons to the Middle East, and the Middle East supplying oil to Asia—
are no longer secure and dependable. The path dependence of several
countries on US hegemonic stability is giving way to different
arrangements.

The re-Asianization of Asia has been ongoing for some time
(Funabashi, 1993). “While east Asia’s share of global exports tripled to
19 percent between 1975 and 2001, exports within the region rose more
than sixfold in the same period” (Mallet, 2003: 21). EU enlargement
builds an economic zone that comprises 450 million people. Alliances
become fickle; elements of unpredictability set in, and new provisional
Russia, Japan–Russia (with a view to Siberian oil and gas exploration),
ASEAN–China, France–China; or are on the horizon: ASEAN+3
(China, Korea, Japan); India–Pakistan, possibly together with China;
ASEAN–SARC, and so forth. These realignments are driven by several
underlying dynamics:

- Hedging against American decline by developing inward and
  regional economic capacity and diversifying trade relations.
- Hedging against American military expansion (the “empire of
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bases”) by developing alternate security arrangements and alliances.

- Hedging against American leverage over energy supplies by developing alternate energy routes and supplies.
- Growing social conflict and concern over neoliberal globalization.

Since these dynamics are unfolding according to different rhythms and logics, one would not expect a neat pattern to emerge but rather a complex uneven series of moves that point in different directions, or rhizomatic realignments.

A large question is whether the shift from hegemonic stabilization to destabilization leads to a new era of hegemonic rivalry with its attendant warfare or whether a different configuration is in the making. The degree of interweaving of economies and technologies across regions is now such that a retreat to national markets and regional blocs is much less viable than during the nineteenth or early twentieth century. High-density globalization and national or regional hegemonic rivalry are not compatible. This doesn’t imply that the other extreme of a cohesive transnational capitalist class now prevails and a plain Davos versus Porto Alegre, World Economic Forum versus World Social Forum split divides the world. Local and regional interests are considerable and social conflict has been on the rise. More realistic is an in-between pattern in which national and regional interests and policies matter alongside transnational corporate links and technological cooperation; a complex multilevel, layered pattern of competition and cooperation, and cooperation through competition.

As the center of gravity of the global economy is shifting towards East and Southeast Asia, Arrighi and Silver (1999: 264) point out that Southeast Asia is a “capitalist archipelago” where “states have consistently and uniformly behaved more like business than governmental organizations” and regional cooperation is more informal than institutionalized. This is one among several reasons why in their view warfare as a mode of hegemonic transition is now less likely than in the past. East Asia, notes Bergsten, “is in the process of creating an economic bloc that could eventually comprise both a regional free trade area and an Asian monetary fund. Such a bloc would claim about one-fifth of the world economy, 20 percent of global trade, and $1.5 trillion in monetary (mostly dollar) reserves—about ten times those of the United States. Such an East Asian group would be a third economic superpower”
East Asia in this assessment is a loose category which includes the “China circle” comprising Taiwan and Singapore and, effectively, Southeast Asia. The free trade area of China and ASEAN established in 2002 is the world’s largest with a population of 1.7 billion and a GDP of $2 trillion.

These momentous changes announce themselves under many headings. In 2003 China has overtaken the United States as the premier location for foreign direct investment. Korea and Australia now export more to China than to the US (Mallet, 2003). An article about China notes in passing that “America’s mass market is second to none. Someday it will just be second” (Uchitelle, 2003).

The walkout of the WTO ministerial in Cancún illustrates the changing climate. The emergence of a new grouping of developing countries—the G22 led by Brazil, South Africa, China, and India—is an indicator of momentous change, as if resuming the momentum of the Movement of Non-Aligned countries at least in trade negotiations. In Latin America the decline of American economic clout has long been in evidence and capital from Europe and East Asia has been growing in importance (Dore, 1996).

As US hegemony unravels, the major scenario for the world economy centers on East Asia (China—East Asia, or ASEAN+3, and possibly SARC), in brief the Asian scenario. This constellation may interlink with several overlapping combinations: an APEC project (US—Japan—Australia, possibly with ASEAN), Asian—European rapport (ASEAN—China—EU, possibly with Russia), a tricontinental alternative centered on G22 (led by China, India, Brazil, and South Africa) and ongoing trans-Atlantic cooperation (EU—US). These scenarios or projects are not alternatives but different and overlapping domains.

A configuration emerging at the 2004 G7 meeting is that as the US opts for a weaker dollar, Asian countries play along and the EU is stuck with a strong euro that outprices its exports. Meanwhile the enlargement of the EU offers some room for maneuver in a Euroland market. Cooperation with the US, or the APEC scenario, may well be a provisional holding operation and reflect a move on the part of Asian countries to hedge against American decline and buffer the impact of the weaker dollar while maintaining access to the US market, with the potential of realignment once the dollar dips, US interest rates rise, and the US market shrinks. Then other scenarios may come into play: Asianization, Asia—EU alignment, tricontinental pressure on the WTO, while continuing Pacific cooperation in the general framework of APEC.
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This much can be empirically observed: in the course of 2003 European investors have increasingly withdrawn from dollar assets; the bulk of US external debt is now held by Asian countries with Japan and China in the lead; Japan has continued to uphold the dollar in an attempt to avoid appreciation of the yen and declining exports; China, according to small print in the financial press, has been discreetly moving out of dollar assets into the euro, gold, and the British pound and has decided to appreciate the yuan to forestall economic overheating (Brenner, 2004). But merely sneaking out of dollar assets is not sufficient; what is on the cards is a vast economic reorientation: a shift from export-oriented growth to greater inward development and reliance on Asian rather than American markets. This comes with a rapid trend towards consumerism in China, encouraged by the government (cf. Xin, 2003), which suggests an attempt to build the domestic market in time to take up the slack from the anticipated loss of the US export market. A similar reorientation from export-oriented toward inward and Asian development is being replicated throughout East Asia.

The emerging settlement of disputes between India and Pakistan which might finally manage to settle the Kashmir question may be inspired by the common objective of strengthening South Asian Regional Cooperation (SARC) to enable South Asia to eventually link up with ASEAN, which in turn is being propelled by Chinese dynamism. The India-Pakistan rapprochement is made possible by a precarious change in the balance of forces in Pakistan in the wake of 9/11, and inspired by India’s wish to open its northern frontier and a land route to Central Asia.

Arrighi and Silver note that one of the conditions for a “non-catastrophic transition to a new world order” is the emergence of a new global leadership from the main centres of the East Asian economic expansion. This leadership must be willing and able to rise up to the task of providing system-level solutions to the system-level problems left behind by US hegemony. The most severe among these problems is the seemingly unbridgeable gulf between the life-chances of a small minority of the world population (between 10 and 20 per cent) and the vast majority. In order to provide a viable and sustainable solution to this problem, the ‘tracklaying vehicles’ of East Asia must open up a new path of development for themselves and for the world that departs radically from the one that is now at a dead-end. (2001: 279; cf. Arrighi et al., 2003)

This is a profound challenge: would Asian countries be able and willing to go beyond “fast-track capitalism” and contribute to a global
egalitarian alternative? There are several points of reference and building blocks for this approach: human development as the backbone of the East Asian model, the Asian emphasis on human security as a counterpoint of human rights (Tow et al., 2000), the new people's regionalism in Asia, and the role of Asian social movements and NGOs in opposing neoliberal globalization (So, 2004) which extends beyond Asia. But it is also, of course, a tall order for a region that is new to emancipation or in the throes of emancipation struggles and is beset by many internal problems: domestic inequality and regional uneven development, the combination of western capitalism and Asian traditional patronage (Rudolph, 2000: 33), and struggles over democracy. Part of the region is achieving developed country status while other parts lag behind. Social, political and ecological problems are daunting. Besides the region is a staging area and target of American power projection.

"We in East Asia and the wider Pacific should not be prepared to accept hegemonism from any quarter," according to Noordin Sopiee in Malaysia in the early 1990s. In his view, "the chances of creating a more egalitarian world order look extremely bleak. Yet this is the world order that almost all nations should work for, including those in Southeast Asia. Again, there is the urgent need for all weak nations to maximise their leverage.... This is not a call for the South to confront the North. That would be foolish because the South will lose." It is a call, instead, for greater multilateralism (Sopiee, 1992: 131).

East and Southeast Asia face daunting problems; expecting a social hegemony from this quarter is not a realistic proposition. A social hegemony could only take shape in coalition with other social forces. Elsewhere I argue that the Enron episode represents a tipping point in American capitalism and is a warning signal to Asian and European countries not to follow the American way of steep social inequality and rapacious capitalism but instead to establish a dialogue on shaping a global alternative of social capitalism (2004b: Ch. 9). This is a large agenda which involves social movements and networks such as the World Social Forum linking up with progressive multilateralism in the framework of a global human development approach. This is an agenda not for five or ten years but rather for one or two generations. Diagnosing hegemonic destabilization is not sufficient; articulating a future alternative is at least as important.
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“September 11” and the changing dynamics of Malaysia–US relations

Khadijah Md. Khalid

Abstract
The events of September 11 have changed US relations with Malaysia and the Southeast Asian region in general. Although Malaysia has been a long-term ally of the US, relations have been complicated by prime minister Mahathir Mohamad’s anti-Western stand. Malaysia-US relations reached an all-time low during the East Asian economic crisis which began in 1997. Subsequently, Mahathir has been more conciliatory towards the US. However, the hawkish aggression of the US in Afghanistan and Iraq is again putting pressure on Malaysia-US ties. There is a risk that the US is forsaking its role as a beacon of democracy in the world. Whilst questions pertaining to democracy and human rights are expected to remain an irritant in Malaysia-US relations, economic and security considerations will have greater influence in the bilateral conduct between the two countries in the years ahead.

Introduction
The events of September 11 have brought about a profound change in the United States’ relations with the rest of the world. Terrorist attacks on the World Trade Center (WTC) and Pentagon, the anthrax scare, and so on, have changed the lives of many ordinary Americans. These events have prompted the Bush administration to review the United States’ alignments with many countries in the world.

From a Southeast Asian perspective, the United States is now willing to foster better relations with countries in the region, particularly those with large Muslim populations such as Indonesia and Malaysia and to a certain extent the Philippines and Thailand. In short, the 9/11 incident has undoubtedly had a major impact on the United States’ overall attitude and approach toward the Southeast Asian region.
This article attempts to provide an analysis of the recent trends and development in Malaysia's bilateral ties with the United States, particularly over the last decade. The first part of the essay provides a brief overview of Malaysia's relations with the United States in the years following the end of the Cold War.

The second part of the article examines the state of bilateral ties between the two countries in the aftermath of the events of September 11 (or 9/11) and the subsequent war in Iraq. The final part of the article outlines some of the major irritants that continue to influence how the two countries react and respond to each other.

In the final analysis, despite Malaysia's sometimes difficult ties with the United States since the early 1990s, the basis of the bilateral relations between the two countries has always remained strong. While questions pertaining to democracy and human rights are expected to remain an irritant in Malaysia-US relations, economic and security considerations will have greater influence in the bilateral conduct between the two countries in the years to come.

Malaysia-US relations in the 1980s and 1990s

Malaysia's bilateral relations with the United States have remained cordial since the country gained its independence in 1957. Under the influence of domestic political, economic, and security considerations, Malaysia became an ally of the United States throughout most of the Cold War period.

Malaysia's somewhat erratic bilateral relations with the United States, particularly since the early 1990s, have coincided with the strong leadership of Mahathir Mohamad who became the country's fourth prime minister in July 1981.

Since assuming the premiership more than twenty years ago, Mahathir has adopted a critical stance toward the West, especially the United States and the United Kingdom. The "Buy British Last" policy, which was announced only a few months after Mahathir assumed the premiership, marked the beginning of Malaysia's ambivalent and often contradictory attitude toward the West, particularly towards its former colonial master, Britain. As shall be discussed later in this article, Mahathir's assertive and abrasive style of leadership has not gone down well with many Western leaders, particularly in the United States.

Whilst Malaysia's love-hate relations with the West, particularly the United States, over the last two decades have been influenced by the
strong personality and idiosyncrasies of Mahathir Mohamad, it is the contention here that American leaders have been equally responsible for the strains in the bilateral ties between the two countries.

The United States' opposition to the formation of the East Asia Economic Grouping

The United States' opposition to the formation of the East Asia Economic Grouping (EAEG, later renamed as East Asia Economic Caucus, EAEC), caused a strain in her bilateral ties with Malaysia in the early 1990s. The idea to establish EAEC was first proposed by Mahathir during the Chinese prime minister Li Peng's official visit to Kuala Lumpur in 1990.

The proposed EAEC was to consist of the then six ASEAN countries (Malaysia, Brunei, Indonesia, the Philippines, Singapore, and Thailand), China, Japan, and South Korea. The Malaysian initiative also called upon Japan to assume the leadership role in the proposed EAEC.

The idea to establish the EAEC was proposed at a time when Asian values and consciousness were in vogue. Leaders like Mahathir and Singapore's Lee Kuan Yew had become increasingly vocal in their criticisms of what they perceived as the condescending attitude of the West, particularly the United States, in their attempts to impose their version of liberal democracy on Asian societies. The EAEC was also initiated at a time when East Asian economies, inspired primarily by the success of Japan Inc., were performing remarkably well. Mahathir was confident that Asian values and Asian ways of doing things would continue to guide the people in this region to achieve greater economic prosperity and their own version of democracy.

Since its inception, the EAEC proposal was surrounded by controversy primarily due to the lack of consultation between Mahathir and his ASEAN counterparts as well as the perceived exclusive nature of the initiative because of its strong emphasis on pan-Asianism. The United States opposed the formation of what was perceived as an exclusive all Asian club.

Under the leadership of George Bush (senior), the United States strongly objected to the formation of the EAEC. To the Bush administration, the EAEC proposal would only promote protectionist trade blocs and pose a threat to the international free market economy. The Malaysian leader, however, was quick to point out the double standard practiced by the United States. Mahathir believed Malaysia and its Asian neighbors had as much right to form a regional organization as
the United States with NAFTA whose members included the United States, Canada, and Mexico.

James A. Baker, then secretary of state of the Bush (senior) administration, became the most vocal critic of the EAEC. As disclosed by one former senior American diplomat, both Mahathir and Baker were embroiled in “a bitter personal feud” over the issue of EAEC: “Mahathir’s estrangement from the United States was so severe that he would not accept a phone call from President Bush.”

The US opposition to the formation of EAEC made it more difficult for Japan to accept Malaysia’s invitation to assume the leadership of the organization. The Malaysian leaders subtly blamed the United States for Japan’s reluctance to assume the leadership of EAEC. Mahathir made clear his frustration over Japan’s reluctance to lead EAEC and over the US disagreement over the formation of the regional organization:

Japan owes the United States a great debt of gratitude. I think Japan should always remember this and be loyal to the United States. Japan will not be forsaking America by joining the EAEC. America’s fear of EAEC is without basis. With Japan in the EAEC, you can ensure that we will not make any anti-American decisions or policies.

Washington’s strong stand against the establishment of the EAEC inevitably caused serious strain in US-Malaysia ties during the Bush administration in the early 1990s. Bilateral ties remained strained until Clinton became President in 1993 but then hit an all-time low four years later at the height of the Asian financial crisis.

The 1997–8 East Asian economic crisis and Malaysia’s rejection of IMF policy prescriptions

Malaysia’s bilateral ties with the United States could be described as low key throughout the first term of the Clinton administration (1993-6). However, relations between the two countries were severely affected by the 1997–8 East Asian financial and economic crisis.

For almost ten years before the economic turmoil, leaders from this part of the world were proud of their ability to transform the economies of their countries within a short span of time without having to adopt free market liberalism in total. Inspired by the economic miracle of Japan, Malaysia and many countries in the East Asian region tried to emulate certain aspects of the Japanese model to attain their own developmental goals.

Leaders like Mahathir saw the merits of combining the
interventionist role of the state along with free market practices in their drive to achieve high economic growth and development. Subsequently, from the late 1980s until the first half of 1997, Malaysia and its neighbors achieved what was later known as the “ASEAN Economic Miracle.” However, the unprecedented financial and economic crisis which first hit Thailand in mid 1997 jolted governments in this region from their economic complacency.

At the height of the crisis, many began to question the merits of the developmental state model which had earlier been credited with the miraculous growth of the economies in the region. It was only a matter of time before Western leaders and analysts started to blame the so-called developmental state model adopted by Malaysia and other governments in the region for the 1997–8 financial and economic debacle. Among the main criticisms hurled against the governments of Indonesia, Malaysia, Thailand, and other countries in this region were the lack of good corporate governance and close collusion between politicians and businessmen in their economies at the expense of the welfare of the general population.

For Malaysia, the root cause of the economic turmoil could be traced to the unregulated nature of the international economic system that allowed the speculative behavior of “rogue traders” like the American financier George Soros.\(^6\)

Counter arguments about the root causes of the crises came particularly from the United States as well as officials of the International Monetary Fund (IMF) and the World Bank. While Mahathir blamed the crises largely on the “unregulated” behavior of international capitalists as well as global financial institutions, many Western and non-Western economists argued that “crony capitalism” was one of the root causes.\(^7\) In effect, the two sides could not agree on the origins of the crisis which had led to the collapse of the East Asian economic miracle.

Many Western leaders and IMF officials also disagreed with Mahathir over proposed solutions. While badly affected countries like Thailand, Indonesia, and South Korea were left without much choice but to accept the prognosis and policy prescriptions of the IMF, Mahathir was adamant not to follow the recovery path adopted by his counterparts.

The fall of the Suharto regime at the height of the crisis confirmed Mahathir’s fears that the policy prescriptions of the US-dominated IMF would be detrimental to the interests of developing economies like Malaysia. Mahathir strongly believed that the IMF bailout packages were
part of a Western conspiracy to undermine the Malaysian economy. Mahathir’s stinging criticisms of the role of the IMF as a tool of the West in controlling the economies of developing countries like Malaysia did not go down well with Washington. Nor did his statements about the Jewish conspiracy, and his anti-US and anti-Zionist rhetoric at the height of the crisis.

The dismal progress of IMF policy prescription in Indonesia made the Mahathir administration even more wary of that organization. To Mahathir, the imposition of IMF conditions on Indonesia exposed the real intentions of the West to subordinate the interests of developing economies.

Instead of following the policy recommendations of the IMF, the Mahathir administration decided to impose controversial capital controls to ease the impact of the crisis. The IMF and Western governments, particularly the Clinton administration, strongly criticized Mahathir’s decision to implement capital controls. Mahathir’s unorthodox measure to help the ailing Malaysian economy was perceived by the United States as a threat to the basic principles of the free market economy. Mahathir’s proposal for setting up an Asian Monetary Fund (AMF) to ease the impact of the crisis further infuriated the Clinton administration.

Subsequently, Malaysia’s open defiance of IMF solutions led to a debate about the role of international financial institutions such as the World Bank and IMF. Malaysia’s response was also seen as directed against the United States, which inevitably caused a series of diplomatic backlashes between the two governments.

The Anwar Ibrahim saga, Al Gore, and “reformasi”

Malaysia’s diplomatic ties with the United States were severely affected by the controversial sacking and subsequent imprisonment of former deputy prime minister and finance minister Anwar Ibrahim in September 1998. The sacking of Anwar Ibrahim at the height of the 1997–8 East Asian financial and economic crises has since become “a thorn in the flesh” for Malaysia-US bilateral ties.

A populist politician, Anwar Ibrahim was well respected both at home and abroad, particularly within the ASEAN region, the Middle East, and also the West (particularly the United States). As finance minister, Anwar, was perceived by Mahathir as favoring the policy prescriptions of the IMF. Anwar’s reputation as a staunch supporter of IMF reforms was subsequently used by the Mahathir government to discredit him as the stooge of the West and hence a traitor to his nation.⁸
Anwar was finally charged in the courts for sexual misconduct and corruption. Officials from the American Embassy as well as other foreign missions and international human rights groups closely monitored the trials and claimed they were seriously flawed. To date, the United States government has maintained the position that the imprisonment of Anwar Ibrahim was politically motivated.9

Malaysia-USA relations reached an all-time low when vice-president Al Gore praised the “brave people of Malaysia” in his speech at a dinner hosted by Mahathir in conjunction with the APEC Summit in Kuala Lumpur, only days after the arrest of Anwar Ibrahim. Gore’s speech was described by Mahathir as “disrespectful” and “offensive.”

The Malaysian government, the media, and certain quarters of the population protested against what they perceived as the United States’ direct interference in the domestic politics of the country. Anwar Ibrahim has thus become the most important single issue in Malaysia-US relations since 1998. However, as pointed out by analyst John Roberts,

The previous Clinton administration’s public defense of Anwar had nothing to do with concern over democratic rights. Anwar supported US and International Monetary Fund calls for a major restructuring of the Malaysian economy following the Asian economic crisis of 1997-98. The US hoped to use the crisis to force the opening up of the regulated economy to international investors.10

In effect, Gore’s “reformasi” speech in Kuala Lumpur confirmed Malaysia’s view that the United States was not sympathetic toward the economic predicament faced by the country and the rest of the region. Instead of sympathizing with Malaysia and its neighbors in times of economic difficulties, the US made the situation worse by “inciting” Malaysians to press for political and economic reforms. Mahathir was convinced that the United States was interested only in undermining the credibility of his government.

Malaysia-US relations since 9/11

Since September 11, the Bush administration has sought to strengthen the American position in Southeast Asia as part of the country’s global war against terrorism.11

Many have argued that events in the last two years have transformed the United States’ relations with Malaysia as well as with other countries.
in this region. As observed by Marvin Ott of the National War College, 

"(T)he startling effect of Sept. 11 and subsequent policy initiatives was to put US-Malaysia relations on the strongest footing at least since the 1960s—and perhaps ever."\(^2\)

Initially, the statement made by President Bush in the immediate aftermath of September 11—"that you are either with us or with them (the terrorists)"—did not go down well with Malaysia's ruling elite and members of the public. Bush's statement reminded older Malaysians of the strong American rhetoric during the heyday of the Cold War era ("either you are with the United States or with the communist Soviet Union"). Both moderates as well as the so-called Islamists in Malaysia were not comfortable with the tone of President Bush's remarks as his country began the worldwide campaign against terror.

Mahathir's decision to sign the condolence book at the American Embassy in Kuala Lumpur immediately after the attacks on WTC could be regarded as a significant turning point in Malaysia's bilateral ties with the United States under the new Bush administration.\(^3\) Mahathir's reconciliatory attitude undoubtedly helped to soften Washington's tough stand toward Malaysia. Mahathir's simple gesture has been perceived by the Bush administration as an indication of Malaysia's sincerity to thaw its chilly relations with the United States.

Mahathir's subsequent visit to Washington in May 2002 signified an improvement in Malaysia's relations with the United States. Senior American politicians and officials, particularly members of the US Congress who were known to be critical of Mahathir's anti-Jewish remarks especially during the height of 1997–8 financial crisis, seemed to hold a more positive view of him four years later. There is no doubt that the image of Mahathir as a moderate leader of Malaysia's multicultural Muslim society began to endear him to the post 9/11 American leadership.\(^4\) Mahathir's separate meetings with President Bush and several key senior officials of his administration, members of Congress, and the US business community clearly demonstrated the change in the United States' overall attitude and policy priorities toward countries in the region, including Malaysia.

As stated by James A. Kelly, assistant secretary of the State Department Bureau of East Asian and Pacific Affairs,

The U.S has traditionally enjoyed a close relationship with Malaysia in a wide range of areas. Over the last six months, we have been gratified by the strong contributions made by Dr. Mahathir, the Malaysian
Government and the Malaysian people to the international effort to eradicate terrorism. We want to further strengthen our cooperation in this area and to further invigorate our overall bilateral relationship... As a moderate and predominantly Islamic country in Southeast Asia, Malaysia plays an important role in the global war on terror and is beacon of stability in the region.¹⁵

Whilst the September 11 events have been seen as a blessing in disguise for Mahathir and Malaysia’s relations with the United States, certain quarters such as non-governmental organizations in both countries are concerned that the Bush administration will sideline issues of human rights and democracy, at home and abroad, for immediate geopolitical and security interests.

Critics at home have already argued that Mahathir has used the United States campaign to combat terrorist activities in this part of the world to strengthen his party against the growing influence of the Parti Islam SeMalaysia (PAS). They fear that genuine and legitimate Islamic opposition will be persecuted by the Mahathir regime (through the use of the Internal Security Act) as the country joins forces with Washington to fight against terrorist groups. As noted by one analyst, “Mahathir has made himself useful to Washington by arresting Islamic militants, sharing intelligence, and cooperating in other ways with an antiterrorist campaign that neatly dovetails with his authoritarian domestic agenda.”¹⁶

Since the events of September 11, the Bush administration has perceived the Mahathir government in a more positive light, primarily because of Malaysia’s strong commitment and support in the US global war against terrorism. The current preoccupation of American policymakers with security matters has significantly influenced Washington to review the United States’ relations with Malaysia and the rest of the region.

Continued irritants in Malaysia-US relations

As discussed earlier in this essay, Malaysia’s bilateral ties with the United States have improved significantly in the last two years following the unprecedented events of September 11. Kuala Lumpur and Washington have come to realize the importance of continued pragmatism in managing certain delicate issues that could jeopardize their bilateral relations. Both parties have also acknowledged that continuous dialogue should be promoted in order to maintain cordiality in their bilateral ties.¹⁷ This part of the essay attempts to identify a few
possible areas of contention in Malaysia’s bilateral ties with the United States in the years ahead.

The US “arrogance” and unilateralist approach in its foreign policy

One factor which has continuously influenced Malaysia’s bilateral conduct with the United States is the perception that the latter has become increasingly arrogant and unilateralist in its external behavior. To many in Malaysia, there is no doubt that the United States, which has emerged as the sole superpower since the collapse of the Soviet Empire more than a decade ago, has adopted an increasingly unilateral and often belligerent or hawkish approach in its conduct of foreign policy. Washington’s arrogance has been clearly illustrated by the decision of the Bush administration to “liberate” the Iraqis from the tyranny of the Saddam regime without the “blessing” of the United Nations or Washington’s close allies in Europe.

Since the bombings of Afghanistan and invasion of Iraq, Washington’s unilateralist foreign policy has become an issue of international concern. The hawkish image of the Bush administration has become a subject of wide criticism even amongst America’s close allies in Europe. France and Germany have been the most vocal critics of Washington’s decision to go to war against Iraq.

A recent survey report on eight countries—Britain, France, Germany, Italy, Spain, Poland, Russia, and Turkey—compiled by the PEW Research Center in Washington has revealed the following:

More generally, criticisms of U.S. foreign policy are almost universal. Overwhelming majorities disapprove of president Bush’s foreign policy and the small boost he received in the wake of Sept. 11 has disappeared. As a consequence, publics in seven of the eight nations surveyed believe that American policies have a negative impact on their country. Only the British are divided on the impact of American foreign policy on their country.¹⁸

President Bush’s strong statement directed against Syria immediately after the fall of Baghdad to the Allied Forces seemed to confirm the prevailing view of the hawkish image of America in the post-9/11 period. To members of the global community, the American power elite seems to have little respect for the human rights and dignity of others (especially women and children) and also their right to national self-determination and freedom to choose their own government.

It is interesting to note that the image of the “ugly American,” which
was directed mainly towards American capitalists and multinational corporations in the 1950s and 1960s, has recently been revived. However, unlike at the height of the Cold War period, it is the political, military, and bureaucratic elite in Washington, and not American businessmen and multinational corporations, who have become the target of the resentment and hatred of ordinary people all over the world. There has been a growing perception that Washington’s war against terror has been manipulated by the Bush administration to serve the immediate geopolitical and economic interests of the US in the post-9/11 period.

Washington’s decision to disregard world public opinion before and during the Iraq War seems to signify America’s growing assertiveness. However, to the Malaysian government, media, and certain quarters of the society, the “reformasi” speech delivered by former vice president Al Gore during the APEC meeting in Kuala Lumpur five years ago was the most classic illustration of American arrogance and “kurang ajar” attitude.

The perception of an increasingly arrogant and belligerent United States has also influenced the thinking of the so-called liberal-minded, moderate Malaysians. It has been observed that both these moderates and their “fundamentalist” Muslim “opposition” counterparts have come to share a common view of an increasingly arrogant America under the present administration.

The United States that has relentlessly propagated democracy and human rights in many developing societies including Malaysia is now accused of being increasingly dictatorial in its conduct of foreign policy in the volatile post-9/11 international environment.

The prevailing image of “hawkish America” will only be detrimental to the long-term interests of the United States. With this in mind, it is thus imperative for Washington to soften its aggressive conduct in foreign affairs, in line with its position as the champion of democracy as well as a benign sole superpower in the post-Cold War era.

The leadership factor in Malaysia-US relations

The image of “cowboy” Bush

Events in the last two years have made the United States increasingly unpopular abroad. Anti-US sentiment is on the rise in Malaysia and elsewhere in the region as evident during the recent Iraq War. It is the
contention here that the rather unflattering image of the United States today is linked to the public persona of George Bush and his presidency. To many people in Malaysia, the current American president lacks statesmanship and public diplomacy.

The popular portrayal of Bush’s “cowboy” image is reinforced by the hawkish reputation of his close advisers, particularly Secretary of Defense Donald Rumsfeld and deputy secretary of defense Paul Wolfowitz. Bush and members of his inner circle are perceived as impatient and having no regard for international decorum and law. Under the present leadership, the United States has become increasingly undemocratic in its outlook and action both domestically and abroad.

The dented image of President Bush as the so-called leader of the democratic world will have major implications on democracy elsewhere. Many in Malaysia believe that the United States will have lost its moral authority to champion democracy if the Bush administration continues to behave unilaterally without much regard for international law. Criticisms have also been leveled against the US for its double-standard practices particularly toward the Middle East. To put it quite simply, in many instances, the US no longer practices what it preaches. As aptly observed by Tom Carothers,

> The clashing imperatives of the war on terrorism with respect to U.S. democracy promotion have led to a split presidential personality and contradictory policies—decreasing interest in democracy in some countries and suddenly increasing interest in one region, the Middle East. The decreases are widespread and probably still multiplying, given the expanding character of the antiterrorism campaign.  

In effect, America’s continued arrogance and unilateralism under the present administration will adversely affect its relations with Malaysia and the rest of the world.

The portrayal of the “ultra-nationalist” Mahathir

It is interesting to note that Malaysia under the “recalcitrant” Mahathir has proven to be a reliable ally of the United States and at the same time perhaps its strongest critic in Asia over the last decade.

Malaysia’s relations with the United States, particularly since the early 1990s, have been significantly influenced by the strong personality and idiosyncrasies of Mahathir Mohamad. In analyzing the dynamics of Malaysia’s bilateral ties with the US one has to understand the personality, worldview, and aspirations of the “ultra-nationalist” Mahathir.
As a young MP in the 1960s, Mahathir was critical of the pro-British and pro-West leanings of the "liberal" government of Tunku Abdul Rahman, the country's first prime minister. Upon assuming the position as Malaysia's fourth prime minister, Mahathir saw the need to shift the focus of the country—from being pro-West to a more-balanced orientation—to suit the changing socioeconomic and political environments of the 1980s and beyond. While Britain became the main target of Malaysia's anti-Western bashing in most of the 1980s, the focus of attention later shifted to the United States particularly since the early 1990s. As stated by Marvin Ott, "For years Prime Minister Mahathir Mohamad has used the sharp edge of his tongue to lacerate US policy for neo-colonial bullying (among other sins)."21

One has to understand the psyche and background of nationalistic leaders like Mahathir who always strive to prove to the outside world that small nations like Malaysia can be on par with the West and can influence regional and global issues.

Mahathir's abrasive and confrontational stance has inevitably caused ill feeling amongst enemies and sometimes even friends and allies. His anti-West, anti-US rhetoric angered many leaders in the past such as Margaret Thatcher, James Baker, and Paul Keating. Nevertheless, Mahathir's bluntness has also won him many followers and admirers in other parts of the world, particularly in developing societies and more recently in the Muslim world.

Of late, Mahathir has succeeded in promoting himself as a senior statesman and also leader of two large organizations, namely the Non-Aligned Movement (NAM) and Organization of the Islamic Conference (OIC), whose members include more than a hundred countries.

In the eagerness to promote the interests and agenda of developing societies via NAM, Malaysia's assertiveness has often been seen by Washington as provocative. In the eyes of the United States, Malaysia provokes members of NAM and OIC to fight against Western, namely US, domination. It appears that Mahathir has consistently tried to resuscitate the common anti-West and anti-neocolonialist rhetoric of many Third World leaders in the 1950s and 1960s.

As discussed earlier, the bold and non-conformist attitude of Mahathir was confirmed during the East Asian economic crisis and the Anwar affair. Mahathir was shunned not only by the United States and other western governments but also by leaders from the ASEAN region, including Indonesia and the Philippines. As described by Stewart,
The demonization of Dr. Mahathir Mohamad by Western governments over the Anwar affair reflected more than outrage over what they perceived as unfair treatment of the former deputy prime minister. It highlighted a widespread antipathy among foreign leaders and officials towards the Malaysian Prime Minister, arising from his sometimes abrasive personality and non-conformist policies. 22

However, as mentioned earlier, the international image of Mahathir particularly in the United States, has improved quite significantly since the fateful events of September 11. Mahathir's tough line on the so-called Islamic militants has endeared him to Washington.

During his visit to Washington in May 2002, Mahathir was lauded by the Bush administration for his swiftness in cracking down hard on suspected terrorists linked to the Al-Qaeda network in Malaysia and the rest of Southeast Asia. President Bush also praised Mahathir not only for his moderate and pragmatic views on Islam, but also for his stewardship in leading a multiethnic, multireligious and multicultural society. As reported in the New York Times,

Displaying his canny political dexterity, Dr. Mahathir still crusty and combative at 76, has managed to bolster his popularity at home, where moderate and conservative Islamic forces are locked in a struggle for the soul of the country, and at the same time improve relations with the United States. This is no small feat. 23

In short, the popular portrayal of Mahathir as undemocratic, anti-West, anti-Semitic, and anti-market particularly at the height of the 1997–8 East Asian crisis changed to an improved image of Mahathir as a pragmatic, moderate Muslim leader. And the Bush administration has to a certain extent been instrumental in promoting a more positive image of Mahathir.

Continued ambivalence and contradictions in Malaysia's attitude to the United States

One of the recurring themes of Mahathir’s twenty-two year rule was his love-hate relationship with the West, at first with Britain and later with the United States. Mahathir’s ambivalence and contradictory attitude toward the United States has adversely affected bilateral ties between the two countries, particularly over the last decade.

There have been quite a number of incidents in which Mahathir has taken a strong anti-West, anti-American stance even after his successful trip to Washington last year. For example, Mahathir’s remarks about the
international role of the United States in his speech at the Non-Aligned Movement (NAM) in Kuala Lumpur in February 2003 did not go unnoticed by the Bush administration.

In an interview by two journalists from a Dubai-based television network, Mahathir said that, “The United States’ sledgehammer policy in fighting terrorism and its systematic targeting of Islamic nations in its retaliation against the Sept 11 attacks clearly shows that the superpower is waging war against Islam.”

Like many other countries in the world today, Malaysia under Mahathir has been very vocal in its criticisms of US conduct in international affairs. Primarily through NAM and the OIC, Mahathir has taken a tough stand particularly with regard to Washington’s belligerent attitude toward the Middle East. Mahathir has continuously criticized Washington for applying double standards in its approach toward Israel and the Palestinian issue.

Subsequently, the unilateral decision of the United States to intervene in Iraq in March 2003 once again put a strain on Washington’s ties with Kuala Lumpur. In fact, it was reported that Malaysia’s opposition to the US action in Iraq upset the Bush administration.

Mahathir’s provocative statement about Washington prompted certain quarters to question Malaysia’s sincerity and commitment as a partner in the US war on terror. It also prompted the Bush administration to “reconsider” American investments in Malaysia. In response to the possibility of US economic sanctions on countries opposing Washington’s war in Iraq, Malaysia’s minister of international trade and industry, Rafidah Aziz, said: “If the U.S. used such tactics, it’s clear that Washington had taken a new approach to face the problem of the world: deciding on its own what is good, in its view, of other countries.”

It may be argued that one of the main reasons for Mahathir’s inconsistent and contradictory stand on the US lies in his desire to be seen as a courageous and independent spokesman of the developing societies and also as a moderate leader of the Muslim world.

At the international level, it is imperative for Malaysia, both as a spokesman for the developing societies as well as the Muslim world, not to be seen as aligning too closely with Washington. Thus, it is important for Malaysia to strike the right balance between being a close ally of the United States and remaining an independent voice of developing societies as well as a progressive and moderate leader of the Islamic world.
This also helps to explain Malaysia's many "cozy" relations with countries which are ideologically opposed to one another. Much to the chagrin of Washington, Malaysia under Mahathir has been ready to embrace regimes such as Cuba, Myanmar, the People's Republic of China, and Sudan which are ideologically opposed to the United States. And this, I believe, has continued to irritate Washington.

It may be concluded that Mahathir, who has been regarded as the spokesman of NAM and leader of OIC, has found it increasingly difficult to remain a close ally of the United States in the post-9/11, post-Iraq era.

This has posed another dilemma and problem for Mahathir at home. It is politically expedient for Mahathir not to be seen as a close ally of the US for fear of alienating PAS sympathizers and also moderate Muslims and non-Muslims who have become disillusioned by recent American actions in Iraq.

The Anwar factor in US-Malaysia relations

Anwar Ibrahim has remained a constant irritant in Malaysia-US relations. To the frustration of the Mahathir government, many senior US government officials from both the former Clinton administration as well as that of President Bush have consistently and relentlessly pursued the issue of the unfair trials of Anwar with the country's leadership.

In contrast to the Clinton administration, the Bush administration has de-emphasized the significance of human rights and democracy in its foreign policy objectives as well as in its external ties with the outside world. The current Bush administration will be careful not to be seen to interfere with Malaysia's domestic politics, particularly in light of growing American strategic and business interests in this region. As stated by one senior US official, "The concern about Anwar remains, but there's probably a different appreciation about how the problem can be solved. It's best that this problem be resolved out of the limelight".

The United States has been the largest investor in Malaysia for three consecutive years, bypassing the number one position of Japan for many years. In addition, trade between the two countries has also grown over the last several years. In 2002, bilateral trade between the United States and Malaysia totalled US$34.3 billion. US exports to Malaysia were $10.3 billion, and US imports from Malaysia were $24 billion in that year. Malaysia was the United States' 11th largest trading partner and its 16th largest export market. During the first 8 months of 2003, the US exports to Malaysia totalled $6.9 billion while the United States...
imported $16.2 billion from Malaysia.

It is my opinion that the immediate security and economic interests of the United States will influence the Bush administration not to pursue the Anwar case as fervently as before. This has already been reflected in the comments made by Ernest Bower, president of the US-ASEAN Business Council, regarding the initiative by a group of American congressmen to establish the Malaysia Trade, Security, and Economic Cooperation Caucus during Mahathir's visit to Washington in April 2002:

The caucus is a good thing because the Anwar issue had significantly colored understanding of Malaysia. For sometime, it had been a single-issue country, despite our strong business and security relations. People may have significant concerns about Anwar, but that's only part of the broader relationship.\(^{29}\)

In effect, the Anwar issue, which had become a major bone of contention in Malaysia-US relations in the last five years, will be given less priority by the Bush administration despite assurances that this would not be the case.\(^{30}\)

Some thoughts on US foreign policy towards Southeast Asia: issues and concerns

Too much preoccupation with security issues: impact on future US foreign policy behavior

US foreign policy post-9/11 needs to remain rational and pragmatic, yet more humane. It must be foreign policy with a human face.

One issue of major concern is the fact that American foreign policymakers have become too preoccupied or even obsessed with security matters. It is feared that future US foreign policy will become even more belligerent and hawkish. Looking at the current trend, Washington is likely to pursue policies that are irrational, which will be detrimental not only to the interests of the global community but also to the US position and long-term interests.

Since 9/11, the Bush administration has introduced various measures and regulations to guarantee the maximum protection and security of the American people. Events in the last two years have proven that the American war on terror has had great implications on the lives of ordinary people not only in the US but also all around the world.

While it is understandable that the unprecedented events of
September 11 have had great impact on the psyche as well as the behavior of the American people and their government, it is important that future US foreign policy take into account the aspirations and interests of the international community as well.

There is a growing fear that US foreign policy under the present administration has become increasingly militaristic and belligerent. We are now seeing a dangerous trend in American foreign policy, that is, the blatant use of military might to serve immediate objectives. Instead of using the military as the last resort, the Bush administration seems to prefer a quick solution to problems in foreign policy and security.

The role of the US in promoting democracy at the international level

Another issue of major concern amongst certain quarters within the international community today is that an increasingly belligerent United States in world affairs will not help genuine democratic movements in developing societies.

The United States under the leadership of President Bush has become less democratic and increasingly authoritarian in its outlook and action abroad. It is unfortunate for the international community, particularly those who have always regarded the US as a friend who could help promote democratic values and practices in fragile democracies, that the US itself has become increasingly dictatorial in many of its actions at the global level.

It is my opinion that the United States will find it increasingly difficult to impose democratic values and principles as people from all over the world have questioned its position as a true champion of democracy following its war in Iraq. The US decision to defy the decision of the United Nations Security Council, and also to disregard international public opinion over the Iraq issue, has created resentment and hatred across the globe.

In the case of Malaysia, even so-called moderates and the liberal-minded segment of the society have become increasingly disenchanted with the United States’ external conduct. Washington needs to seriously consider building closer rapport not only with governments in Southeast Asia but also with educationists, non-governmental individuals and organizations, and other groups of people in the region.

Recent US military conduct in Afghanistan and Iraq has undermined its reputation and status as the protector and champion of liberal democratic values. It is unfortunate that the United States is no longer perceived as the beacon of democracy. Under the present administration,
the United States has lost its credibility and moral authority to preach about democracy to the world. It will become increasingly difficult for the Bush administration to link human rights issues and democracy with American foreign policy objectives in the post-9/11 and post-Iraq Southeast Asia.

The image of the US as anti-Islam and anti-Muslim

Not only has the United States become viewed as increasingly undemocratic, it is also perceived as being anti-Islam and anti-Muslim. This new image of the US will definitely have an adverse impact on future US ties with Southeast Asia where Islam is one of the dominant beliefs. Thus, one major challenge for the US is to ensure its global war against terror will not alienate moderate Muslims as well as the non-Muslim population in this part of the world.

In its eagerness to build closer rapport with countries in the region, the US must be sensitive toward the genuine concerns and interests of the people, staunch Muslim as well as moderate Muslim and non-Muslim alike, who would like to see their respective governments be more responsible, transparent, and accountable. In effect, the Bush administration must make sure that current and future US policies and actions do not go against the democratic ideals and wishes of the people in this region.

US support for less democratic leaders and regimes

The US must also ensure that the action of governments in this region and other parts of the world will not further alienate certain quarters of the citizenry, particularly the so-called fundamentalist Muslim groups or communities (in countries such as Indonesia and Pakistan) where many of their members have been perceived as opposing the regimes in power. It is not in the best interest of the US to be perceived as an ally of a regime that is hostile to the presence of such groups, particularly if they are genuinely concerned about the state of democracy and welfare of their fellow citizens.

In short, the challenge for Washington is to ensure that its global war on terrorism complements rather than contradicts the worldwide aspirations of people for greater accountability and transparency. The strengthening of democratic values and institutions abroad should remain the most fundamental element of US foreign policy in the years ahead.
“September 11” and Malaysia–US relations

Concluding remark

As long as the war against terrorism in this part of the world continues to be high on the agenda of the Bush administration, security and economic considerations will dominate the policy orientation and external conduct of the United States with respect to Malaysia and the rest of the region in the years ahead.

Notes

1 This paper which was originally entitled, “The Impact of ‘September 11’ on Malaysia-US Relations”, was first presented at the fourth annual conference of the American Studies Summer Institute (Theme: “Issues and Challenges in Post-9/11 Global Society: The US in the Era of Globalization”), De La Salle University, Manila, Philippines, 16–7 May, 2003.


3 See Mahathir Mohamad, A New Deal for Asia; also, Mahathir Mohamad and Shintaro Ishihara, The Voice of Asia (Tokyo: Kodansha International Ltd., 1995).


5 Mahathir Mohamad, ‘Coexistence in Asia,’ speech delivered in Kyushu, Japan, reproduced in New Straits Times 22 October 1994.


Khadijah M.d. Khalid

may2002/mala-m28.shtml>.

11 Ralph A. Cossa, ‘Ushering in the post post-Cold War era,’ in Comparative Connections 3rd Quarter 2001: Regional Overview.


17 Huhtala, ‘US Foreign Policy After September 11.’


19 Carothers, ‘Promoting democracy.’

20 Paul Keating, former prime minister of Australia, called Mahathir “recalcitrant” for his decision not to attend the 1993 APEC meeting in Seattle. This led to a personal feud between the two leaders in the early 1990s.

21 Ott, ‘Building for the long term.’


24 New Straits Times, 26 April 2003, p. 2.


26 ‘US should think about global etiquette,’ New Straits Times, 13 April 2003, p. 2.


“September 11” and Malaysia–US relations

with Washington intact despite KL’s anti-war stand, says US envoy,’ New Straits Times, 7 April 2003, p. 3.


30 It is interesting to note that President Bush, Ambassador Marie T. Huhtala (current US Ambassador to Malaysia) and several other senior American officials including the secretary of state, Colin Powell, have all reiterated Washington’s stand that Anwar Ibrahim is a political prisoner. See, for example, ‘Remarks by the President and Prime Minister of Malaysia in photo opportunity,’ Oval Office, in conjunction with Dr. Mahathir’s visit to Washington in May 2002 <http://www.whitehouse.gov/news/releases/2002/05/20020514-8.html>.
The resurgence of US influence on Thailand’s economy and Southeast Asia policy, 1990–2001

Ukrist Pathmanand

Abstract

This article offers an unconventional approach to the study of US–Thai relations. The conventional approach emphasizes political, military, and security affairs but ignores the interrelationship between the economic and political roles of the US in Thai policy making. This study emphasizes the US economic influence in two periods during the period of anti-communism in the Cold War era, and again during the financial crisis of 1997 onwards. The first of these periods was set within the context of the Cold War. The US promoted liberal development policies as part of anti-communist strategy. The second of these periods was set in the context of globalization and rapid socioeconomic and political change in the Southeast Asian region. The Democrat-led Cabinet of Chuan Leekpai not only fell in line with the economic policies of the US and IMF, but also aligned its regional foreign policy with US aims and ideals.

Introduction and objective

The objective of this paper is to provide some understanding of the economic influence of the United States over Thailand in the larger context of Thai–US relations and the US role in Southeast Asia. Past studies on US–Thai relations mainly discussed American influence over Thailand in terms of military strength, security, and politics. Such noted works as Frank C. Darling (1967) and David A. Wilson (1970) are prototypes of traditional studies arguing that from the end of the Second World War until the period of the Cold War (1945–70), anti-communist policies included: construction of airports, military bases, and seven army camps; construction of several new highways for strategic purposes in the northeastern region of Thailand; assistance for military training; and the presence of about 40,000 members of the US forces. In

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an MA thesis submitted to Cornell University, Surachart Bamrungsuk studied the role of the US in establishing militarism and authoritarianism in Thailand in the period following the Second World War until the 6 October 1976 massacre. Surachart’s work (1985, 1988) does not differ very dramatically from that of Darling or Wilson which place emphasis on policies to contain communism for the benefit of both US leaders as well as Thai military dictators such as Field Marshals Sarit Thanarat, Thanom Kittikachom, and Prapas Charusathien. The only difference is that Surachart Bamrungsuk’s view is in the mode of leftists in Third World countries who criticized US military assistance as contributing to the creation of authoritarianism in Thailand. His writings were therefore influenced by the ideas of other leftists actively protesting the presence of US bases in Thailand such as Pansak Vinyaratn who wrote for the renowned radical journal, Sangkomsat Parithat as well as from his own experience as a student activist.

These studies on US influence by Darling, Wilson, and Surachart arguably dominated the area of conventional political science studies from the 1960s to the 1980s. The US government’s emphasis on political and military influence and security largely defined Thai-US relations. This was the dominant view in studies of Thailand’s international relations.

However, a different approach to the study of US-Thai relations began to emerge in the late 1980s. This was due partly to the fact that the US no longer took an interest in Thailand and the Southeast Asian region as a result of the so-called Nixon Doctrine which called for a US withdrawal from the region. It also reflected the reality of increasing globalization which had made the US a central force in world capitalism. The US proceeded to discard its political alliance with Thailand and emerged instead as a trade competitor. It became one of the countries that put pressure on Thailand to accept laws on copyright of computer software, drug patents, liberalization of trade and services, liberalization of finance, and the surreptitious patenting of Thai Hom Mali rice. It was the US which played a major role in channeling the financial loans organized by the International Monetary Fund to Thailand, instead of concentrating only on South Korea and Indonesia, in the face of the Asian economic crisis of 1997.

However, there are few studies on the changing role of the US to become an economic competitor and to foreground its own economic interests from the late 1980s until its role in Thailand’s economic crisis of 1997.
Surakiat Sathirathai's study on Thailand and International Trade Law (1987) is one of the few examples. My own master's thesis from 1983 also addressed the increasing economic influence of the US between the late 1950s and early 1960s. Studies on the role of the US in Thailand's crisis of 1997 are also few. One of them is that by Nicola Bullard et al. (1998), which made a case study of Thailand as part of the IMF's larger economic rescue plan. The subsequent work of Pasuk Phongpaichit and Chris Baker (2000) considered the role of the US and IMF in the 1997 crisis through an analysis of the views and policies of high-ranking US officials at that time, though the book's emphasis was still centered on the role of IMF. In other words, no-one has really examined the relationship the Thai and US governments and the IMF in the 1997 crisis despite the fact that there are many who point to this three-dimensional relationship.

Focusing on US economic influence reveals two other perspectives. First, there is a need for greater understanding of the economic influence of the US government on Thai economic policies during the period of anti-communism in the Cold War era. This is a topic that has received only minimal attention in academia but contributes greatly to understanding the US role in Thailand. Second, there is a need to set the US role in the 1997 crisis in the context of new international economic and political conditions, namely, the US in its capacity as principal player in the capitalist world influencing the IMF to restructure the economic system of Thailand and other nations in Southeast Asia in ways that would be more beneficial to the US economy and the world capitalist system.

Following Thailand's acceptance of the IMF's economic rescue program in 1997, major changes took place within the Thai political arena, namely the replacement of the Chavalit Yongchaiyudh government (December 1996–November 1997) by the second Chuan Leekpai administration (November 1997–February 2001). This major change had tremendous impact on policies towards Southeast Asia. The government of Chavalit Yongchaiyudh was known to stress regionalism in the way it regarded the Southeast Asian region (Funston, 1998). Yet as a new administration which relied upon the financial and political support of the US and the IMF, the Chuan Leekpai government's Southeast Asia policy altered quite dramatically to embrace new concepts and objectives never seen before in Thailand's foreign policy. Some of these new concepts such as democratization and human rights became the staple of the Chuan Cabinet's foreign policy from 1997 onwards.
The resurgence of US influence on Thailand's economy otherwise known as the flexible engagement policy. A further objective of this paper is to study these new principles and policies towards Southeast Asia to determine whether there is a link between such and the US and IMF economic resurgence during that period, and how this linkage was forged.

Economic influence in the anti-communist era

The US government's political and military policy in Thailand evolved from Thailand's fear of communism. It was legitimized by bilateral treaties and agreements namely the 1950 Agreement of Military Cooperation and the 1962 Thanat-Rusk Joint Communiqué. However a contrary perspective considers that the strongest US influence on Thai society in the Cold War era was economic. This influence sheltered under the same rubric as anti-communist policies but worked under a different hypothesis and methodology. The assumption held by US policy makers at the time was that economic changes in developing countries based on new economic development philosophies including the creation of national institutions for economic planning and policies that stressed economic growth and liberalization were not only sound and necessary but also the only effective method of opposing communism in a sustainable manner.

The influence of the US on the Thai economic system emerged in an unofficial yet systematic and stable manner. It responded concurrently to the benefits of political leaders and policy makers on both sides who had established close contact. The US government wished to combat communism in Thailand and Indochina through economic conditions. Field Marshal Sarit Thanarat seized power after visiting the US for medical treatment from May to June 1958. During his stay in Washington D.C., Sarit met with several high-ranking officials in the US government to discuss two main concerns. The first was that the US leaders were strongly impressed by Sarit's proposals for anti-communist operations and hoped that he would subsequently have them implemented upon his return. The second concerned the development of the Thai economy on liberal principles which the deputy secretary of state for economic affairs proposed to the Thai leader.

With the return of Sarit and the success of his coup d'état on 20 October 1958, Thailand's policies for economic development underwent drastic transformation at several levels. At the policy level, the shift was
made from economic nationalism to liberalism, emphasizing investment by the private sector both locally and internationally. At the strategic level, as evident by the first National Economic Development Plan, policy was crafted with specific reference to economic liberalism which would prevail until the third National and Social Economic Development Plan (1972–6). At the institutional level, national agencies responsible for planning and monitoring economic development were established including the Office of the National Economic Development Board which later became the National Economic and Social Development Board (NESDB), and the Board of Investment (BOI) to oversee the promotion of private investment as a main component in liberalized economic development.

These policy changes at the strategic and institutional levels proceeded continuously from the time of Sarit’s US visit as a result of close relationships between the leaders of the two governments, including government advisors and personal friends of US presidents who made suggestions on the World Bank report entitled “A Public Development Program for Thailand” which became the model for drafting the country’s first economic development plan. At the same time, the Thai leaders’ readiness to embrace liberal economic policies brought a favorable response by the US government. The US helped to legitimize Sarit’s coup and to assure the subsequent Thanom-Prapas military dictatorship of American protection.

For this reason, the economic influence of the US over Thailand became just as vital a component of policy as that of its political and military influence. Thus the economic influence of the US on Thailand in the 1990s was nothing new but a resurgence within a different context and environment. Instead of being the major player in anti-communism, the US was now the major player in world capitalism.

The resurgence of US influence in the Asian financial crisis

After the government of Chavalit Yongchaiyutd announced the floating of the baht on 2 July 1997, the US did not take much interest. It refused to participate in raising a loan of US$17.2 billion mainly from Asian donors, citing four reasons. First, high-ranking policy makers in the US believed that the crisis resulted from internal errors, namely, mismanagement as well as graft and corruption by the government and private sectors in the countries where the crisis occurred.
Second, high-ranking policy makers in the US were not worried about a possible worldwide contagion effect. This fear, however, was very pertinent to countries in Asia, particularly Japan.

Third, the US decided to assist Indonesia and South Korea rather than Thailand. Indonesia was deemed to be strategically crucial in the Southeast Asian region while South Korea had a larger economy and thus would have a stronger impact on the US economy than Thailand.

Fourth, America's disregard of the economic crisis in Asia derived from legal limitations set by the US Congress which strictly monitored government spending on crisis relief in foreign countries ever since large amounts of money were provided to Mexico in 1994 (Leaver, 1999: 289).

Thus in the initial period, the responsibility was transferred almost entirely onto the IMF. However, US attitudes and policies toward the economic crisis in Asia and in Thailand subsequently began to change. The US began to support and monitor the IMF's economic resuscitation projects and to inject so-called American values into them.

This crucial change is evident in statements made by Lawrence Summers, deputy secretary of the treasury, which were filled with images of a philanthropic US reconstructing the Asian region by exporting institutions and ideas that formed the basis of its own economic power (Summers, 1998b: 4-5). Summers stressed that the Clinton administration had begun to create a new Asian region by putting pressure on the IMF to expand its economic resuscitation projects emphasizing macroeconomic reforms that included reducing trade barriers, upholding labor standards, alleviating social costs that arise from economic adjustments, and controlling fiscal spending.

Later on Summers also insisted that under US direction this marked the first time that the IMF had made its assistance conditional on recipient countries agreeing to liberalize trade and revoke direct forms of assistance and other discriminatory practices or support that distorted the market (Summers, 1999).

Such statements by high-ranking US officials reflected a major change of attitude designed to protect US interests (Rubin, 1998; 1). These statements appeared after a joint report by the Treasury and Commerce Department entitled “Treasury and Commerce analysis showing impact of Asian crisis on individual states.” The report showed that exports from the states of California, Oregon, and Washington, representing over one third of the tonnage of all US exports, had suffered a dramatic decrease. There were also reports that more than 11 million jobs were lost, partly due to this export fall, resulting in a diminished...
level of wellbeing for the American people (Summers, 1998a).

Many US policymakers started once again to focus on policies to alleviate Thailand's economic problems. President Clinton, the treasury secretary Robert E. Rubin, deputy treasury secretary Lawrence Summers, defense secretary William Cohen, and secretary of state Madeleine K. Albright all made statements and speeches on Thailand. All also held meetings with prime minister Chuan Leekpai, finance minister Tarrin Nimmanhaeminda or other key Cabinet members at various venues in Thailand, the Southeast Asian region, or Washington D.C. to discuss possible solutions to the economic crisis.

From this point, US policymakers emphasized that Thailand must strictly comply with the IMF resuscitation programs. This is evident from a statement made by Lawrence Summers during a first formal meeting with the Thai minister of finance in Bangkok on 14 January 1998. He reiterated that the US government had encouraged Thailand to accept the conditions of the IMF's economic resuscitation project. On 13 March 1998 during prime minister Chuan Leekpai's official visit to America, an agreement was signed on US assistance to the Thai government including: a) economic assistance by the US Export and Import Bank to increase bilateral trade; b) technical assistance to high ranking officials on public policies; c) assistance for law enforcement to combat drugs; and d) security and military relations. Most importantly, in the preamble to the agreement, the US government stated its support for and confidence in the IMF program.

Strict adherence to the IMF's economic resuscitation program resulted in two major changes in Thailand's economic system. First, Thai economic policies had to strictly fall under the IMF's policy of conditionality. On each loan proposal, IMF officials prepared documents spelling out the conditions for the Thai government to implement. Such policy conditionality was tantamount to loss of economic sovereignty. Second, policy changes reflected the IMF's usual crisis prescriptions. The IMF initially demanded cuts in government spending, high interest rates, value added tax was increased to 10 per cent, government spending was cut in various ways, and the prices of oil and utilities were increased.

In the subsequent Letters of Intent (LOI) submitted to the IMF, the Thai government promised to close down financial institutions to ensure stronger confidence in the finance system as a whole, and to begin structural reform in the finance sector through mergers and injection of foreign funds.
Operational plans for structural reform in Thailand’s finance system included in LOI no.4 comprised capital injections for banks, specifications of responsibilities for government banks, capital injections for financial institutions, structural guidelines for monitoring agencies, and tax specifications (LOI no.4). This was exactly the kind of financial liberalization that the US government had been promoting in various countries in Asia. The US was able to force these measures on Thailand because of Thailand’s need for the IMF’s loans.

In addition, restrictions on foreign ownership in financial institutions were eased to allow up to 100 per cent shareholding for the next ten years; the alien business law was amended; and laws on foreign ownership of property were changed (Bullard et al, 1998: 127).

Finally, the haste in carrying out financial liberalization was a result of the pressures imposed within the framework of IMF resuscitation policies. Several Thai banks entered into mergers with foreign institutions such as the Thai Danu Bank with Singapore’s DBS Bank, Asia Bank with ABN Amro of the Netherlands, Laemthong Bank with Singapore’s UOB Bank, and Standard Chartered Bank with the Nakhon Thon Bank. The Srinakhon and Siam City banks were taken over by the government, and plans were made to sell both to a foreign institution but these plans failed. Other remaining major Thai banks—Bangkok Bank, Thai Farmers Bank, Siam Commercial Bank, and Bank of Ayudhaya—all increased their foreign shareholding from less than 25 per cent to around 49 per cent (Ukrist, 2001).

It is quite obvious that the trade and investment liberalization policies of the IMF were in tune with US trade policies. Thailand was required to adhere to structural reforms and accelerate privatization of major state-enterprises such as energy, transportation, public works, and telecommunications. The Thai government, through the Ministry of Transport and Communications, complied by mapping out strategies for state-enterprise conversions from early June 1998. An unprecedented number of plans for financial, trade, and investment liberalization emerged as a result of intense demands and pressures that clearly served US interests. In December 1997, the American Chamber of Commerce in Thailand openly called for the removal of restrictions on foreign business in Thailand (Pasuk and Baker, 1999: 24). Later the US trade representative Charlene Barshefsky said in an interview that in the time of economic crisis, “We expect these structural reforms to create new business opportunities for US firms” (Bangkok Post, 6 March 1998).
The economic crisis and the emergence of a new Southeast Asia policy

After Thailand had entered the economic resuscitation program of the IMF in 1997, Chavalit Yongchaiyudh was replaced as prime minister by Chuan Leekpai. This led to significant changes in Thailand’s policy towards Southeast Asia.

Chavalit had continued the policy followed by Thai governments since the late 1980s which had three elements: promoting cooperation within the region; seeking economic advantage and achieving prominence in a region that was rapidly changing. The Chatichai Choonhavan government (1988–91) had launched the policy of “turning battlefields into marketplaces;” the Anand Panyarachun administration (1991–2) had pursued “constructive engagement;” and Chavalit (1996–7) had espoused “regionalism.”

The policy of “turning battlefields into marketplaces” took advantage of the ending of armed conflicts and overall relaxation of inter-state tensions in mainland Southeast Asia. Thailand’s wanted to be the leader in new initiatives to build the Southeast Asian region, rather than looking for foreign assistance from the West (Vatikiotis, 1996: 275). The Anand Panyarachun policy of “constructive engagement” stressed that Thailand should become more involved economically with Burma and Indochina, to take advantage of their markets and natural resources (Raisser, n.d.: 3). Chavalit’s regionalism policy was both a perpetuation of the two preceding policies and a result of his own intervention in Indochina and Burma from the time he was a high-ranking officer in the army.¹⁸

These policies reflected the ending of Cold War tensions in the region, new regional ambitions on the part of Thailand, and a growing distance between Thailand and the US.

Since the 1980s the US had adhered to the Nixon Doctrine of pulling out of Asia. But the US also had an interest in liberalization of trade in the region. The US pressed for amendment of intellectual property laws in Thailand on computer software, medicine patents, agricultural machinery, and bio-technology (Surakiat, 1999: 122). At the same time Thailand no longer attached much importance to the US as a superpower but came to regard China and Japan as its long-time allies. It even placed more emphasis on Australia, a country in the southern hemisphere that was reaching out to have a larger role in the Asian region.¹⁹

Moreover, Thai leaders started to pay more attention to Burma, a
country that the US increasingly considered as a rogue state. The Thai government recognized Burma’s new military government, and agreed with Malaysian proposals to offer Burma membership of ASEAN in 1995. Despite problems over border trade, minorities, and the regular eruption of armed clashes between the two countries, three Thai prime ministers paid official visits to Burma/Myanmar: General Prem Tinsulanonda in 1987, Banharn Silpa-archa in 1995, and Chavalit Yongchaiyudh in 1996. Later in 2001, Thaksin Shinawatra would also pay a similar visit.

Against the background of the Asian crisis, the new government of Chuan Leekpai embarked on a new regional policy.

Surin Pitsuwan, foreign minister in the Chuan Leekpai Cabinet, stated in January 1998 that “conducting foreign policies in the midst of such conditions is challenging and most vital since this is a period when new directions are emerging to ensure survival amidst these changes. It all depends, therefore, on the extent each country is able to adjust to these new global trends” (Matichon, 2 January 1999). The statement was a clear indication that Thailand’s Southeast Asia policy would no longer emphasize Thailand’s economic role in the region and with its main allies China and Japan. Instead the focus had shifted to new values that were in line with the trends of US supremacy.

Soon after, these new values in Surin’s Southeast Asia policy were articulated as “flexible engagement” (later changed to “enhanced interaction”). This had two main principles: termination of the principle of non-interference in the affairs of ASEAN member countries; policies to solve the economic crisis in the short run, and in the long run to conform with values of democratization and human rights.

Surin’s abandonment of non-interference in the internal affairs of ASEAN members was not entirely new. It had developed among a new generation of ASEAN leaders such as then deputy prime minister Anwar Ibrahim of Malaysia. Surin’s target was, however, more direct since his aim was to attack authoritarianism in Myanmar and Malaysia on grounds that the political problems of any nation that affected the stability of the region could merit the intervention of other nations.

Surin argued for the end to non-interference during the ASEAN Ministerial Meeting in July 1998 held in Manila saying, “If ASEAN fails in bringing up the questions of the Asian economic crisis, the challenge of globalization and interdependence, its dignity and the ability to support and protect the interests of ASEAN will diminish” (Surin, 1998).

This was not simply diplomatic rhetoric about the interconnection
between various trends in the modern world, but was an attack on the systems of government in Myanmar and Malaysia in line with the US government's ongoing criticism of violations of human rights in Myanmar, and Malaysia to a lesser degree US criticism of Malaysia had increased since Malaysia had spurned IMF assistance following the economic crisis.

Both Surin and his deputy foreign minister, Sukhumbhand Paribatra, argued publicly that democracy, political reform, and human rights were conditions that emerged in the midst of socioeconomic changes in various countries in Asia and around the world. Both leaders stressed that the first two decades of the twenty-first century would see all Southeast Asian nations achieving economic growth, rapid expansion of education, and participation in a global society based increasingly on knowledge and pluralism (Sukhumbhand, 1998). They justified Thailand's attempts to attract the sympathy and assistance of the IMF, the US, and the world community on grounds of the need to build capacity to cope with the demands arising from such rapid social changes. They claimed that Thailand's foreign and other policies were designed to adapt to such changing social trends. Similarly, high-level US leaders believed that an open political system, political participation, and promotion of human rights were vital to long-run solution of economic problems. High-ranking officials of the US State Department stated often that several of the countries affected by the crisis were in need of new leadership.

Conclusion

During the economic crisis in Thailand in 1997, the influence of the US on Thailand's economic policies was very pronounced. The influence was exercised through the International Monetary Fund in two ways: through stipulations attached to loans for economic resuscitation, and through major economic structural reforms according to agreements made in the various LOIs. The prevalence of US influence on Thailand's economic policies is of course nothing new but a revival of influence within a new context and sociopolitical climate. During the period of the Cold War, the US influence over Thailand's economic policy was set in the environment of anti-communist strategy. The US pressed for establishment of national agencies for economic planning and for promoting foreign investment to supercede the nationalist economic system created during the Second World War which was an obstacle to
foreign investment. When the economic crisis erupted in 1997, the US, in its capacity as the leader of world capitalism, seized the opportunity to accelerate the liberalization of economic systems in various countries including Thailand. Although US policy makers initially took little interest and stated that Asian countries would have to manage the crisis independently, once the impact of the crisis began to be felt globally, with ripple effects on US exports to Asia, US policy makers began to shift their ground. They took the opportunity to urge various countries to hasten projects for economic reform. High-level US officials including the president, the secretary of the treasury, the secretary of defense, and the secretary of state all took part in pressuring Thai leaders to adopt reforms according to conditions set by the IMF.

Thailand’s leaders at the time responded more favorably to US policy influences than had been expected. Aside from strictly complying with IMF conditions, the Thai leadership shifted its policies towards Southeast Asia. Up to this point, Thailand had been pursuing regionalist policies designed to take advantage of new economic opportunities in the region and build alliances with China and Japan. Policy now shifted towards “flexible engagement” which abandoned the principle of non-interference in neighbours’ internal affairs, and instead emphasized promotion of democratic principles and human rights.

Theoretically, Thailand’s new ideals on promotion of democratic principles and human rights were indeed noble, but they were also closely aligned with US criticisms of human rights violations in Burma and other countries in Asia. This so-called new policy on Southeast Asia policy emerged as another tool for Thailand’s political leaders to win US support in addressing the economic crisis on the domestic front.

Notes

1 This research was carried out under the Core University Program on Networks, Hegemony and Technocracy, Center For Southeast Asia Studies, Kyoto University, Japan.

2 Sangkomst Parithat (Social Science Review) was a radical publication which received articles contributed by writers who were graduates from abroad or students. It featured articles that offered a critique on politics, foreign affairs, and socio-economic issues. The articles in this journal were antagonistic to the Thanom Kittikhachon regime.

3 Initially the US government and the IMF were interested mainly in South
Korea in its capacity as the seventh largest economy in the world and one of the main debtors of the US. On the other hand, Indonesia, is the fourth largest country in the world and the largest in Southeast Asia with the capacity to significantly destabilize the region.

4 Surakiat Sathirathai’s study concerning trade problems between Thailand and the US is one of the few studies in this area conducted by a university academic from the late 1980s onwards. What followed was a decade of economic conflict between the two nations. Law and economics professors carried out several research studies on these conflicts from the perspective of multinational corporations. These were, however, mostly carried out to serve the specific needs of business law firms instead of adding to a body of academic knowledge about Thailand’s international economic policies. Moreover, Surakiat Sathirathai became a policy advisor in the government of General Chatichai Choonhavan (1988–91) and was subsequently appointed minister of finance in the Banham Silpa-archa (1995–6) administration and minister of foreign affairs in 2001 in the Thaksin Shinawatra administration.

5 The role played by the US in the Thai economic crisis is covered in the section of Pasuk and Baker (2000) subtitled ‘The Washington Version’ which studies the statements, testimonies, and speeches of the three giants in the US and world economy at the time namely Robert E. Rubin, secretary of the treasury, Lawrence Summers, deputy secretary of the treasury, and Alan Greenspan, chairman of the Board of Federal Reserves. The book also provides analyses on the statements and speeches delivered at various intervals by other high ranking US officials such as President Bill Clinton. The role of the IMF is covered in the chapter entitled ‘Dear Mr. Camdessus: Thailand and the IMF.’

6 Since the end of the Second World War, practically all Southeast Asian nations pursued nationalist economic policies opposing foreign trade and investment and were also anti-Chinese businesses. In Thailand, the governments of both Pridi Banomyong and Field Marshal Phibunsongkram (1947–57) embraced these policies. See Phanit (1978) and Sungsidh (1980).

7 Field Marshal Sarit Thanarat made an official visit to the US between May and June 1958 with the additional purpose of undergoing surgery at Walter Reed Hospital (Ukrist, 1983: 65).

8 Sarit met with President Eisenhower, defense secretary McElroy and his deputy, Mr. Bruchner, He also had talks with naval secretary, Mr. Quaries Gage, and Spraque, deputy secretary of defense and Dillon, deputy secretary of state for economic affairs. Documents on Foreign Co-operation in various projects in Thailand (1958-1966) from the National Archives (Ukrist, 1983: 69).

9 This is evident in the memoirs of Sarit on his meetings with US leaders where he stated “On May 15, 1958, I met with Mr. Dillon who enumerated the importance of investment by private foreign agencies that could help to develop the economy of undeveloped countries in addition to the financial assistance that the US could allocate” (Ukrist, 1983: 69).
The resurgence of US influence on Thailand's economy

During this period the correspondence of Presidents Eisenhower, Kennedy, and Johnson expressed pleasure in supporting the Thai government's efforts in promoting economic development all the way through the Thanom Kittikhachon administration which remained in power until 1973.

For example George B. Beitzel, a close friend and advisor to Dwight D. Eisenhower, visited Thailand to conduct a survey on the economic issues and submitted a series of reports related to private investment to Sarit entitled “Expanding private investment for Thailand’s economic growth” (USOM Bangkok, 1959).

At its first meeting, Sarit proposed to the National Economic and Social Development Board that the World Bank’s economic report be used as a model. That board and the successive one faithfully complied in using this particular report. Cited in the Minutes of the first National Economic and Social Development Board meeting, 10 August 1959.

During the Chavalit administration, the US government, as represented by the Treasury Department, had issued only four brief statements dated 5, 7, 11, and 20 August 1997. The statements were made mostly to express the US government’s pleasure at the announcement made by Thanong Bidaya, minister of finance, and General Chavalit to participate in the Credit and Economic Resuscitation Project (Rubin, 1997).

Asian country donors were Japan (US$2 billion), Korea and Taiwan (2 billion) Australia and China (1 billion) (Higgott, 1999: 268).

The products exported to Asia from California, Oregon, and Washington states are mostly agricultural products in addition to electrical and electronic spare parts. See Treasury and Commerce release analysis showing Impact of Asian Crisis on Individual State (The US Treasury and Commerce Departments, 1998).

The US reiterated its support for Thailand to accept the conditions set by the IMF. See Treasury Deputy Secretary Summers/Finance Minister Tarrin Press Briefing, Bangkok, 14 January 1998.

The agreement stipulated that the US government had worked closely with the IMF and other international financial institutions in order to help solve the crisis Thailand was facing. It had played a vital role at each stage of the Thai financial crisis, for example by supporting stand-by credit of as much as US$4 billion for the IMF and loan support from the World Bank and the Asian Development Bank at US$1.5 and 1.2 billion respectively. Cited in “Thai-US Relations” Press Release No. 227/2544 (Ministry of Foreign Affairs, Thailand), White House Fact Sheet on US-Thai Relations (press secretary, White House, 13 March 1998).

Chavalit was the key person responsible for diminishing the role of the Communist Party of Thailand (CPT) through negotiation with the People's Republic of China which had been a major supporter of the CPT. With the support of China, he was involved in giving aid to the Khmer Rouge and was
instrumental in prompting the Thai government to express its acceptance of the military government in Burma after it had seized power in 1988.

19 The first bridge across the Mekhong River linking Nong Khai province and Vientiane was constructed with funds donated by the Australian government during the Chatichai administration (1988–91).

20 He had proposed the principle of “constructive intervention” meaning that ASEAN members should intervene in Cambodia’s internal conflict (Anwar Ibrahim, 1997). Jusuf Wanandi, a member of Indonesia’s Center for Strategic and International Studies, had also proposed exemption of the non-interference policy in the case of Burma but done silently within the ASEAN bloc.


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The resurgence of US influence on Thailand’s economy

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The far south of Thailand in the era of the American empire, 9/11 version, and Thaksin's “cash and gung-ho” premiership

Surat Horadaikul

Abstract

Though Islam is a political factor throughout Southeast Asia, this paper argues that Islamic fundamentalism does not necessarily govern political life. It also questions generalizations about the increase in political Islamic fundamentalism in the region perceived by the press and American sympathizers. By sketching the roots of the violent conflict in the far south of Thailand, the predominantly Muslim region of the Kingdom, it argues that the violence has been caused not only by Islamic militants consisting of Thai terrorists and Muslim separatist groups who have sought foreign assistance and fought against the Thai state's oppression but also by the common banditry of ordinary criminals and bureaucrats. The paper does not deny that there are terrorism linkages in the region, but at the same time it questions whether the widely used term “transnational terrorism” explains anything new about the violence. In addition, it also believes that the American “war on terrorism” policy which the Thai government was forced to embrace has worsened the problem and further isolated the Muslims of the south from the center. The paper also criticizes the Thai prime minister Thaksin Shinawatra's “cash and gung-ho” style of leadership which has further exacerbated the problem. In the last part of the paper, the author provides recommendations and warns the Thai government to solve the problem of the south quickly and wisely. Otherwise, the Kingdom is highly likely to see not only more violence but also new targets.

Introduction

It seemed everything was going to be just fine when the Cold War ended. The media that once fed people with lies and stories blaming the root causes of the Cold War only on the Soviet Union's adherence to an obdurate Leninist ideology, Moscow's totalitarianism, and Stalin's lunacy...
in opposition to the American system of “democratic market-led development,” hurriedly declared the triumph of the United States over the Soviet Union as the Berlin Wall was on the brink of collapse. The declaration of this triumph was not without good reason: from the late 1980s and throughout the 1990s, a number of seemingly positive changes took place. Economic and political liberalization swept the globe. Germany was unified. A number of communist regimes were replaced by freely elected governments. And the Western European nations were entering into what neo-conservative Robert Kagan calls “a post-historical paradise of peace and relative prosperity, the realization of Immanuel Kant’s ‘perpetual peace’.”

But behind this very substantial façade lies the other part of the story. The end of the Cold War has also revealed long-hidden tensions, ethnic and sectarian in nature, in the former Soviet Union, the former Yugoslavia, Central Africa, Algeria, Abkhazia, and Kashmir, to name just a few. With the exception of the Czechs and the Slovaks that eventually disposed of their artificial union of 1918 by a peaceful divorce once they became free after the fall of the Berlin Wall, other minorities that were oppressed or felt so, experienced bloodshed in their fight for freedom from the so-called “artificial states.” It is estimated that during the 1990s, civilian deaths amounted to 90 per cent of all deaths.

What’s more, the economic and political liberalization that has swept the globe since the late 1980s has not worked out for innumerable millions of its inhabitants, in particular “Third World” women. The benefits of globalization have not affected everyone and everywhere to an equal degree. Many have been left behind and even marginalized in the scramble for self-improvement. The continuously worsening gap between the “haves” and the “have-nots” may be doubted by some, but overall as the Human Development Report 2002 points out:

The world’s richest 1% of people receive as much income as the poorest 57%. The richest 10% of the US population has an income equal to that of the poorest 43% of the world. Put differently, the income of the richest 25 million Americans is equal to that of almost 2 billion people. The income of the world’s richest 5% is 114 times that of the poorest 5%.

In fact, one can even jump to the conclusion that globalization and pro-growth policies may, to an extent and in limited cases, help reduce poverty, but they do not automatically diminish inequality. Often, as we have seen, they increase inequality. Alongside the economic inequality,
we have also witnessed

the buccaneering behavior of global corporations, the voracious consumption of Western societies, ... human rights abuses, cycles of economic boom and bust, ... escalating violence in the Middle East, Western support for tyranny while ritualistically declaring its commitment to democracy, increasing numbers of desperate refugees, societies crippled by debt, the spread of weapons of mass destruction, environmental decay, [and] the AIDS plague which continues to terrorize and kill in millions and enervate societies...  

These undeniably catastrophic facts are largely the direct and indirect outcome of the inherited world political system which the US has played the most important part in shaping as well as setting the world’s important agendas particularly since the 1940s, by employing different tactics in different contexts to preserve its own version of (neo-)liberal capitalism. And in the context of the post-Cold War world, these catastrophic facts are the direct and indirect outcome of what Walden Bello bluntly calls the “increasing resort to unilateralism and its brazen manipulation of multilateral mechanisms to achieve hegemony by the US” for the benefits of the political and economic power which is doggedly maintained in the hands of the wealthy few.

The questions of social and economic injustice, global economic governance, poverty, infectious diseases, environmental deterioration, regimes that tyrannize their subjects, and many other causes that have hampered the world’s instability are now swept under the carpet in the wake of September 11. Its immediate by-product, the American universalized action of the “war on terrorism,” a window of opportunity for the United States, not only prioritizes the necessity of pursuing violence against terrorism but also blinds us to the deep root causes of terrorism as well as the crisis of global economic governance which was ubiquitous in the 1990s. Far worse than anything else, September 11 has begun simplistically converting many countries’ historically complicated problems, which are ethnic, political, or socio-economic in nature and often resulting in groups demanding separatism, into acts of terrorism, especially if the groups involved in the conflicts or those pursuing acts of separatism are people who believe in Islam.

Thailand, home to about 6 million Muslims, 4 per cent of the total population, largely concentrated in the southern part of the Kingdom, now experiences this pungent effect of September 11 and its by-product. The Kingdom, particularly since 4 January 2004, has witnessed an
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unprecedented level of violence in its far southern provinces. The discussion about the violence, however, has increasingly and disturbingly shifted its gear from the traditional understanding of violence in this southern region as the acts of some local Muslim groups who battle for a separate Muslim state, and/or acts of some government officials who have conflicts of interest, and/or acts of ordinary criminals to a new age of conflict linked with transnational terrorist networks. The Kingdom is now dragged into the American-led global war on terrorism. Thailand has now been increasingly forced to perceive this problem as a problem of transnational terrorism networks largely because it is directly and structurally forced by the United States and partly by the exercise of prime minister Thaksin Shinawatra's “cash and gung-ho” premiership. This perception, at the same time, also leaves no room for these minorities apart from driving them away and often towards the transnational terrorist networks either by becoming direct members of the transnational terrorist organizations or by relying on these organizations distantly for cultural and spiritual renewal. The United States now has good reasons within the timeframe of only about three years after September 11 to congratulate itself in achieving so much in accelerating the translation of local/ethnic problems into the conceptual framework of universal terrorism, particularly in the case of the Philippines. Unsurprisingly, it seems that Thailand is now on the cusp of joining the Philippines in the vicious cycle of terrorism and counter-terrorism in the name of the American war on terrorism. The politics of anti-communism of the Cold War is now replaced by the politics of anti-terrorism.

Political Islam in Southeast Asia

In the wake of September 11 and its aftermath, various countries in Asia have tried to address their internal situations in accordance with the needs and demands they encounter from within, as well as from international forces. States have displayed an array of responses to the American call for international support for the war on terrorism. Some nations rushed to enact anti-terrorism laws in response to the situation because they felt that the threat posed by terrorism was genuine. Some did so simply because they could not afford either to strain their relationship with the United States or to lose the various benefits provided by the mighty superpower. Others took advantage of the situation by attempting not only to cover up their deeply rooted sectarian
and ethnic problems but also to legitimize violent means of action to deal with problems which might not have connections with regional or global terrorism networks. As a result, many countries' historically complicated problems that resulted in groups demanding freedom from oppression whether in the form of separatism or other strategies are all now easily labelled as acts of terrorism, particularly if the groups involved in the conflicts or those pursuing the acts of separatism are people who believe in Islam. Many national security or anti-terrorism laws enacted in the South and Southeast Asian region in the aftermath of September 11 have one similar feature, that is, a clear violation of the basic principles of human rights.

Southeast Asia, the once widely held symbol of an outstanding economic success story, has now increasingly attracted the world's attention concerning its home grown terrorists and their linkages to regional or global terrorism networks. A third of the world's Muslim population resides in Southeast Asia, constituting religious majorities in Indonesia, Malaysia, and Brunei, and minorities in Burma (Myanmar), Singapore, the Philippines, and Thailand. The sense of concern has become even stronger in the aftermath of the Bali Bombing of 12 October 2002. Many who see Islam in Southeast Asia as a potentially caustic force point to a variety of radical Islamic groups, either with linkages to al-Qaeda or fellow travelers, which have become apparent in Indonesia, Malaysia, Singapore, the Philippines, and Thailand. To them, prominent radical and/or terrorist groups in Southeast Asia, like Jemaah Islamiyah, Laskar Jihad, the Front Pembela Islam, Abu Sayyaf, the Moro Islamic Liberation Front, the New People's Army, Indonesian Mujahidin Council, and the Malaysian Military Muslim Group pose dangers to peace and stability in the region as well as to the national interests of the United States.

Empirical evidence, however, tends to suggest a very different picture. Indonesian politics expert Greg Fealy questions "Washington's tendency to lump them ('radical' groups in Indonesia) into a radical camp simply based on their Islamist credentials." Citing Indonesian vote statistics, he doubts whether Indonesian Muslims want Islam to play a larger role in the life of the state. In the 1955 election, six Islamic parties got 43 per cent of the vote. The figure dropped to 38 per cent in the 1999 election. From the 1940s to the 1960s, every Islamic party in Indonesia supported a constitutional amendment that would oblige Muslims to uphold Islamic law or Sharia (known in Indonesia as the Jakarta Charter). But in the 1999 election, the first free election after the
Suharto regime was forced out of power in May 1998, the Islamic parties championing the Jakarta Charter got only 4 per cent of the vote. "And in 2002, Indonesia's two largest Islamic organizations, Nahdlatul Ulama and Muhammadiyah (with combined membership of 60 million), flatly rejected the Jakarta Charter." And for those who are au fait with Indonesian politics, it is hard to deny that the election this year, like it or not, may even see more votes in support of the Golkar party of the dictator Suharto who was forced to step down in disgrace. The reason behind the anticipated boost for the Golkar party has nothing to do with Islamic fundamentalism but rather "discontent over lackluster growth, high unemployment, rising prices and corruption." The outcome of the Malaysian general election on 21 March 2004 is also worthy of note. Malaysian voters awarded the National Front coalition 90 per cent of the seats in the national parliament, a 77 per cent rise from 1999. While the party also succeeded in getting control of 11 of the 12 state governments at stake, its share of the popular vote jumped from 57 per cent in 1999 to 64 per cent in 2004, clearly signaling rejection of a fundamentalist Muslim party that wants to impose an Islamic state in the country. The election results in the two countries with Muslim majorities and elected governments do not seem to suggest that these countries are getting more fundamentalist.

In fact, these results don't surprise those who know that Muslims in Southeast Asia prefer a moderate path. Though Islam is a political factor throughout the region, Islamic parties espousing Islamic fundamentalism do not govern political life in the region. The existence of radical Islamic political groups in Southeast Asia does not necessarily mean that the region is destined to live through the Islamic-inspired violence that has occasionally racked the Middle East and South Asia. But too much Western attention and interference, which seem to be on the increase today, could provoke and deepen anti-Western (mainly anti-American) sentiments. And in the long run the existing radical groups could easily expand their bases by recruiting more members, and the pattern of conflicts could shift more toward the regional/global one.

There is now a growing body of literature on Southeast Asia's Muslim terrorist organizations, but at the same time there are doubts whether any of the literature that has been produced so far profoundly mirrors these organizations and the ways they work. In fact, what anyone knows about these organizations is only slightly more than what these organizations expect them to know. Or else, it would be difficult for these organizations to succeed in their goals. Also, it is worth pointing
out that each case of conflict in Southeast Asia and elsewhere that concerns political Islam enjoys uniqueness with a great deal of historical detail. Generalizations made so far make every case look like an epidemic that requires the same vaccine or cure—the war on terrorism. There are no doubts that transnational terrorist networks exist in Southeast Asian countries, but how and to what extent they are affiliated with local people or groups are not always clear. The information and knowledge supplied by the press and American sympathizers pointing toward Islam radicalism in Southeast Asia is largely overrated, particularly in the case of Thailand.

The tragic south

The following part of this paper is an attempt to understand the case of southern Thailand which the author believes is still a “local” rather than “regional” or “global” case as many have advocated. But at first, it is necessary to answer the inevitable question: what are the causes of violence in the south of Thailand? There are a number of reasons. The first reason is suppression for the sake of assimilation. The problem of southern Thailand is deeply rooted. Since the south was incorporated into the Kingdom, the Thai government has continuously employed what Arong Suthasana calls the “check and rule” means to suppress the potential threat in the southern provinces as well as to force people there to assimilate with Thai culture. According to Arong, this “check and rule” comes in various forms. One of the oldest forms that the government has used since the administrative integration of the year 1901–2 is the appointment of Thai Buddhist local officials in the far southern provinces from the highest level of governorship to the lowest clerical positions. However, the government occasionally has changed towards a policy of “rule by the local people,” but such attempts tended to be long on words but muted in action.15

Another disciplinary measure employed by the government in the name of assimilation is imposing central Thai education on the Muslim community in the south and at the same time using force (mostly by the police and occasionally by the military) to crush Muslim dissidents. Historically, as part of his nationalist upsurge in the 1930s and 1940s, prime minister Field Marshal Phibun Songkram crushed dissent in the southern provinces. In the late 1930s and early 1940s, apart from banning Islamic dress and law, the government tried to oblige attendance at Thai-language schools. As a consequence, the community not only
offered resistance but also “threw up a new cadre of religious leaders.”

In 1952, Haji Sulong Tomina, a Muslim leader who had demanded the formation of a semi-independent state within Thailand, disappeared. It is now widely believed that he was actually abducted and killed. In fact, abduction and secret killing have always been employed by the Thai state in managing dissidence. In the late 1950s, Field Marshal Sarit Thanarat, who overthrew Phibun and his government, kept up the legacy of his predecessor. He forced the far south to take on Thai language and other selected parts of the Thai national curriculum. By operating 500 pon-oh (a corruption of the Malay pondok) schools which taught Islam and Malay language rather than Buddhism and Thai, Muslims continued to resist the expansion of the centralized educational system imposed by the government. The attempt to ease understanding between Thai bureaucrats and Muslim citizens came in the late 1960s when the Training Center for Malay Language and Muslim Culture was established under the umbrella of the Faculty of Arts, Chulalongkorn University. The course was largely designed for those who were classified as “non-native” bureaucrats that were stationed or were about to be stationed in the far south. The course at Chulalongkorn University faced problems largely because less than 50 per cent of those enrolled were able to pass the final test. The program was then moved to Prince of Songkhla University at Pattani campus where it was believed the course would satisfy the needs of the situation in the south. In 1977 for unknown reasons the Ministry of Interior banned the entire program. Although currently there are over 400 pon-oh schools with many unregistered in the predominant Muslim provinces, Muslims until this very day demand a separate educational system that pays importance to their Islamic culture. Some travel abroad to pursue their further education in the Middle East and South Asia where programs of studies satisfy their needs. Undeniably, it is via education abroad that many of them learn not only about Islamic studies but also the guiding philosophy and practices of guerrilla warfare against the authorities that they feel oppress them. The entire effort to force the southern Muslims to assimilate with Thai culture, apart from education and other means, included changing names of places and individuals which did not sound very Thai. Arong calls the entire scheme of assimilation as “Thai-isation.”

The southern Muslims tried to use the parliamentary system to make their voice heard, but they were not successful. In 1957, Amin Tomina, the son of Haji Sulong Tomina who had become an MP, was jailed for
three years after raising Malay Muslim demands in Parliament. He and a fellow MP were accused by Sarit of plotting a separatist revolt. They fled to Malaysia after their release. As a result of the Thai government's use of force, new and radical organizations emerged. The Pattani United Liberation Organization (PULO) was founded in 1968 and had strong contacts with resurgent Islamic movement in the Middle East. The Barisan Revolusi Nasional (BRN) and several other groups driven by the philosophy of Islamic socialism joined hands with the Malaysian Communist Party across the border. These groups employed various guerrilla tactics to terrorize and destabilize local government. By the late 1960s their links extended to the Communist Party of Thailand (CPT) and they assisted the CPT in establishing "a second base of support in the hills extending up from the Malaysian border through the southern region." As the end of the Cold War approached, the CPT disappeared. But the organizations based on Islamic ideology in the fight for justice and/or freedom from Thailand survived, albeit with difficulties. The difficulties were partly because of differences among themselves as they do not see eye to eye, particularly on issues concerning leadership, priorities, and tactics.

Today, there remain popular organizations that claim to represent the Thai Muslims in the far south of Thailand. According to their claims, they are there to fight against Thai colonialism. Most of them consider the Thai constitution illegitimate in the area and their members are not under Thai jurisdiction. Therefore, if the Thai judicial system performs in an inhumane manner, they reserve the right to react accordingly. These organizations include the BRN, Gerakan Mujahideen Islam Pattani (GMIP), Kumpulan Mujahideen Malaysia (the GMIP's Malaysian cousin founded in 1995), New PULO (split from PULO and established in 1995), and Rabitat-ul Mujahideen (an alliance believed to be linked to Jemaah Islamiyah founded in 1999).

The second factor is the budgetary factor. Since large amounts of money (let alone emergency and special budgets) have always been allocated to the security agencies to combat secessionism in the south, these agencies are believed to have sponsored acts of violence in order to legitimize the need for a permanently large allocation of budget. Also, there are a number of complaints pointing out how certain state authorities use their authority to exploit illegal businesses, functioning like protectors and mafias in some areas. They have also from time to time intimidated and got rid of those who pose threats to their vested interests. It is also worth pointing out that historically the far south...
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(particularly the provinces of Satun, Pattani, Yala, and Narathiwat) has served as a dumping ground for corrupt and incompetent civilian and military bureaucrats. Some Muslims have incessantly complained in various reports that their loved ones are sometimes kidnapped by unknown gunmen in the middle of the night. Simply, they do not trust the state authorities. It is something that current deputy prime minister Chaturon Chaisang wholeheartedly accepted when he was assigned on a fact-finding mission. He said, “People don’t trust state officials. They aren’t confident that they can be safely protected by state officers.”

Daily life there, particularly in urban areas, is constantly disrupted by common banditry and lawlessness, making it more difficult to differentiate between criminal lawlessness and terrorist acts committed by domestic Thai terrorist or Muslim separatist groups. According to a Thai politician who is believed to have thorough knowledge on the south, “only about 20 to 30 per cent” of the violence is actually commissioned by terrorists. The rest is caused by personal conflicts of interest similar to events in other regions of the country. What makes the violence in the south different from elsewhere is that “the media like to link the violence in the south with acts of terrorism.”

But at the same time, the bureaucrats working for the then Southern Border Provinces Administrative Center (SBPAC) (known to Thais by its acronym “sau-aor-bau-tau”), a special unit of the army, police, and Interior Ministry set up to oversee the security region, and the Civilian-Police-Military Task Force 43 (CPM 43) also claim they were able to accommodate the southern region’s unique security and social needs, and succeeded in calming the violence down to a large extent. According to them, the current violence is partly a result of the prime minister’s decision to abolish these two agencies in 2002. Whether the claim is valid or not, the prime minister, after witnessing the unprecedented violence from January 2004, ordered the army, civilian military police, and Ministry of Interior to establish an intelligence apparatus and control headquarters, creating something similar to the dismantled SBPAC and CPM 43.

The third factor is ignorance. A large number of state authorities hardly understand the culture of Islam. Only a few of them can speak the local language. In many cases, the authorities working or patrolling the area lack sensitivity to the culture of Islam. Some are biased against Islamic culture because it is not their own culture. In one recent incident, it was reported that the police transferred from the center of the country to the south searched mosques with dogs. Only an incorrigibly
The ignorant person would not know that this amounts to a serious insult to the Muslim population. And until now there are no formal codes of conduct for officers stationed in the south, apart from a sloppy 20-page manual which was published as recently as 16 March 2004.30

The fourth factor is deprivation. Here Michael Parnwell’s words in 1996 on Thailand’s pattern of uneven development are still valid and also applicable to the south of Thailand. Despite the epithets and metaphors which have been widely used to depict Thailand’s economic “miracle,” there is another Thailand “where change is much slower, improvement less obvious, and prospects less bright.”31 Poverty, unemployment, lack of education, lack of public infrastructure, lack of capital, lack of land, low quality of living standard, lack of markets for agricultural products, flooding, and other economic related factors were almost all reported in the nine amnphoe (districts) of the three provinces in the south where Prinya Udomsap and his team conducted a research survey.32 The problem concerning male youths in the south is also a key concern. As unemployment looms high, some join criminal gangs to make a living. Some who are drug addicted also join criminal gangs, so they can get money for further drug consumption.33

The fifth factor is Thai foreign policy. This factor is largely ignored by analyses of the violence in the south. What many do not notice is that apart from coming out in a large crowd to protest against the American wars in Afghanistan and Iraq, many Muslims in southern Thailand have until this very day continued to boycott American products and goods. They also increasingly perceive Thai foreign policy to be lopsidedly supportive of the United States. Many feel that their voices have never been heard by the Thai government. The Islamic Committees of the five southernmost provinces passed a resolution calling for the government to take a clear stance against the US-led war in Iraq and asked the government to explain its action of expelling three Iraqi diplomats from the country in March 2003. Yet the Thai government not only embraced the American version of anti-terrorism policy wholeheartedly but also changed its initial stance on the war against Iraq. Initially it undertook to act according to the UN Security Council resolution, but then switched to deploying troops in Iraq to join the US-led coalition force, with the cost to date of two Thai soldiers’ lives. The following details are some of the developments that clearly indicate the special tie between the Thai government and the United States in the aftermath of September 11, which help explain why the Thai Muslim community feels more isolated from the center.
1. The issue of "People's Protection and Internal Security Act of 2002" and the "Executive decree amending the Anti-Money Laundering Act of 2003" to show the United States that Thailand has pledged to fight against terrorism as the United States desires. The latter act is an amendment that modifies the law so as to include terrorism within its ambit and permit the state to freeze assets of suspected terrorists. The amendments have been criticized on the grounds that the provisions are very broad, making the act draconian in nature.

2. The secret deal believed to have been made with the United States for Thailand not to sign the treaty of the International Criminal Court which is supposed to punish perpetrators of some of the worst human rights abuses—genocides, war crimes, and crimes against humanity.

3. The handover of Riduan Isamuddin (known to the world as Hambali) captured in Thailand in August 2003 to the United States without providing a fair trial for him in Thailand, despite the prime minister's claim that Hambali used Thailand as a base to commit crime within the sovereignty of Thailand. Thaksin told reporters: "The result of investigations show [sic] that Hambali came to Thailand not only to seek a safe haven but he also planned to make a move during the APEC meeting. He (Hambali) came here to work and was using Thailand as a base for committing acts of terror. Investigations reveal some connection to APEC, but we still have to investigate further."

4. The deployment of more than 400 Thai troops to join the United States led coalition force in Iraq in September 2003, disregarding the fact that the United States and Britain made war against Iraq without the passage of the second UN Security Council Resolution, not to mention the hidden agendas behind the so-called war of "preemption" where until now no weapons of mass destruction have been found.

5. The designation of Thailand in October 2003 as a Major Non-NATO Ally in reward for Thailand's commitment to the war on terrorism, and Thailand's decision to send troops to join the United States led coalition force in Iraq.

Prime minister Thaksin Shinawatra later explained why the United States is very important to the Kingdom: "Thailand and the US are allies. When the United States requests help from us, we respond. It is a gesture of hospitality." On another occasion he straightforwardly said: "Let's not forget that the United States is our largest market for Thai goods. We enjoy a trade surplus of 400 billion baht with the United States."

The sixth factor is the prime minister's style of management itself. Thaksin, since he came to office in February 2001, has shown that he
believes in the philosophy of pursuing violence and using money to solve every problem. Witness his gung-ho premiership: alongside the revival of the death penalty and repression of protest, more than 2,500 suspected drug dealers were killed as part of a three-month “war on drugs” program launched in February 2003. The extrajudicial killings of drug suspects and the failure of the police to bring the suspects to courts were widely condemned by human rights groups. Even “the United Nations is not my father,” Thaksin thundered. He personalizes every conflict as if it is a test of his manhood. In the pursuit of using money to solve problems, Mr. “Great Spender,” as he should be known, has spent more than any leader in Thai history on a number of his populist policies in the hope that he will win all the elections in order to stay in power for at least twenty years. With the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003, Thaksin promised to give compensation of one million baht (US$25,000) to any tourists contracting the disease in the Kingdom. The same mentality emerged with the outbreak of bird flu in 2004. As the country’s billion dollar poultry export industry dwindled, Thaksin urged Thais to eat chicken and eggs, saying the food was safe and pledging 3 million baht (US$75,000) of his own pocket money (allocated by his wife) in compensation to anyone who died from eating well-cooked chicken products.

His leadership style, single-mindedly based on money and violence, is scary when applied to the problems in the south. Although he, like many others, is confused whether the violence in the south is the work of BRN militants, or the work of “some government officials who have conflicts of interest,” or the work of ordinary criminals, or the work of “well-trained militants crossing from Malaysia to Thailand to stir up chaos in exchange for financial reward from some Middle East countries,” his solutions were the same combination: more violence and more money. Refusing to negotiate or to find peaceful ways of solving the problem, he vowed to use force to keep order and to hunt down those behind the violence. But when this approach did not seem to be working, Thaksin vowed to use money instead, promising that “over the next five years I will aggressively develop these three provinces (in the south). Our next generation must not face poverty. They must be given an education and get good jobs. This is an urgent task.” Many ponder how much money the government will use to solve the problem given that in some provinces in the far south nearly a third of the population is living under the poverty line. Some believe the recent violence in the south has been the expression of anger directly against the prime minister’s reactions to
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the problem. One Muslim from the south said:

Local people there are really scared of the violence. They won't talk about it because they never feel safe. They are scared from terrorists and bureaucrats. The only thing they can do is to shut up. And here comes Thaksin Shinawatra, the man who believes he knows everything. What does he (Thaksin) think of himself? In the beginning he labeled those who struggle to fight for justice as ordinary criminals. When they responded more to tell him that they are not criminals, he began selling them economic development packages. I want to know what is in his mind. Does he think that they have done this to ask for money? I must also tell you that people down there are sick of promises.44

Lastly, the leadership style of the prime minister, coupled with the philosophy that he is the only voice of reason, makes the political structure deeply centralized. The government's CEO (chief executive office) style of management, running the country as a company, has eroded many of the political reforms of the past twenty-five years. "A company is a country. A country is a company. They're the same. The management is the same," Thaksin propounded in 1997.45 Treating democracy as "a tool not, (a) goal,"46 the administration has not only threatened civil society but also suppressed alternative agendas, as well as reduced citizens to mere consumers. A leading Thai economist has this to say:

I see Thaksin as the leader of a big business project to seize the state in order to protect big business against both external and internal threats, and in order to achieve a "great leap forward" into advanced capitalism. Thaksin and his allies want to manage the economy more actively by using state tools to mobilize resources and deepen capitalism. They want to manage the society to suppress alternative agendas which might obstruct this great leap forward, particularly agendas which prioritize rights, democracy, or equity above growth.... (In one of its many approaches,) the government has added several repressive laws to counter protests. It has partially rehabilitated the military to serve as an ally and resource. It has aggressively targeted the NGO movement.... It has tamed the media through a mixture of law, regulation, intimidation and money. The media is possibly tamer now than any time in Thailand's modern history except the immediate aftermath of the 1976 massacre.47

His way of running the country as a company can be assumed to have strong relationship with his way of managing the crisis in the south. That is, if he thinks he is the only voice of reason and believes protesters, NGOs, intellectuals, the National Human Rights Commission of Thailand, and the United Nations mean nothing, then it is inevitable the
structure of administration will become more centralized. And it is this centralization that further exacerbates the problem in the south because it threatens the struggle the southern Muslims have continuously fought to gain more political participation so they can determine their own way of life. “Thailand has never lived with a central power so strong, and this has created defiance” among the Muslims in the south, claimed a Thai Muslim scholar.48

Since the south of Thailand has now become one of the most pivotal issues on the national agenda and with a general election to be held no later than February 2005, it was quite worrisome in the beginning that Thaksin would rashly deal with the region with a flick of his hand and declare victory in the south after many centuries of conflict. Local leaders eventually decided to cooperate after the former interior minister (Wan Muhammad Nor Matha) made an apology for the mistakes that the authorities might have made, and Thaksin’s approach to the problem has since become much softer and better than before. Yet it is clear that the state’s relationship with the southern Muslim community is now at an all-time low. Violence continues.

The violence in the south is caused not only by Islamic militants consisting of Thai terrorists and Muslim separatist groups but also by common banditry pursued by ordinary criminals and bureaucrats. However, it would be unfair to say that Thaksin should be responsible for the entire tragedy for two reasons. First, the problem in the south is cumulative in nature. It is born of a long history of distrust. Second, concerning Thailand’s policy on “war on terrorism,” any prime minister in the Kingdom of Thailand constrained by the American hegemonic power would have done the same not to strain the relationship with the United States. But at the same time it is also clear that he should not be exempted from criticism for his mismanagement of the crisis deriving from his philosophy of cash and his gung-ho style of leadership. What has worsened the problem in the south is his premiership which is based on money and violence, making him so arrogantly incapable of pursuing peace and seeking a dialogue of understanding as seen in earlier times.

The far south has long suffered unrest, notably in the 1970s and 1980s when separatist movements rumbled on, but the latest violence in Narathiwat, Pattani, and Yala provinces was so well-coordinated and organized that some perceive a departure from anything seen before. Yet, it is insufficient as well as premature to claim that the nature of the problem has already shifted from local to regional/global or transnational terrorism for two main reasons. First, the Thai terrorists’ targets have so
far been domestic targets. The burning down of government schools in
the far south of the country reflects the anger some terrorist organizations
harbor towards the government’s Thai-language curriculum imposed on
Muslim children. Though in 1994 the Kingdom witnessed an attempt to
blow up the Israel Embassy in Bangkok, there is no evidence to what
extent the two foreign suspects behind the attempt were involved with
local militants. Second, the definition of the words “transnational
terrorism” is vague and is therefore subject to interpretation. In a
hundred ways one may say that they are internationally connected with
one another. One can even say that there is nothing new at all about
transnational terrorism in Thailand since both Thai terrorist and
separatist organizations have had contacts with the Middle East and
South Asia for decades even before the word “globalization” came into
existence. Moreover, Thai terrorists have always sought support from
radical groups in Malaysia for philosophy, funding, logistics,
accommodation, and so on. However furious one may feel, is it not
natural for them to seek support there because of historical and
geographical reasons?

Terrorism is undoubtedly unacceptable and so is “state terrorism.”
Also, we must admit that terrorism cannot be contained by the pursuit of
violence and money but by understanding and solving the root causes
behind it. It is naïve as well as misleading to believe that force alone can
bring terrorism to a standstill. The increasing violence that we witness
today throughout the world shows that using force alone only creates
more violence. Journalists and scholars who take pleasure in focusing
only on the violence committed in acts of terrorism should enlighten
society by correcting the imbalanced literature on terrorism in Southeast
Asia in two ways: first, by explaining how unbalanced and myopic some
states have been in treating their minorities and particularly on the issue
of “state terrorism”; and secondly, by elucidating how the United States
has so speedily universalised its sin by pressing a number of states to
accept its version of the “war on terrorism” so that local terrorists cannot
differentiate between the countries recruited by the United States and the
United States itself.

Recommendations

There are a few recommendations that the Thai government must
seriously take into consideration. First, the government must accept that
deploying armed forces and selling attractive economic development
packages alone will never put an end to the unrest. Ethnic conflicts are always complicated and their cure requires dialogue and understanding. The government must always remember that there are hundreds of Osama bin Laden and Hambali roaming around the world. “Hunting down terrorists only deals with the symptoms but not the underlying disease.” Second, the government must accept that it undeniably needs the support of local Muslim leaders. The gung-ho practice of the prime minister which in the beginning resulted in him giving Muslim leaders the cold shoulder (when they demanded to meet the prime minister to discuss about the conduct of security forces in the region to prevent the recurrence of past mistakes), must never be repeated. Muslim leaders’ views and suggestions must not be taken for granted. Third, the government must be aware that the current problem can slide into a religious conflict. So far there have been no attempts to approach Thai Buddhist communities in the south to understand their perception and concern on the violence. Fourth, the government must establish an independent body consisting of both central and local members to ensure that appropriate measures are taken, first, to listen to the needs of local people and satisfy those needs as much as possible; second, to take actions against those (whether bureaucrats or not) exploiting illegal businesses functioning like mafias, protectors, and gangsters; and third, to bring those violating human rights into a court of law. The government must also take into consideration that its mentality of running the country as a company, pursuing economic growth above anything else, and in particular its CEO style of governorship, could do more harm than good. Relying on the “CEO” governors could result in them telling the leader of the country only what he or she wants to hear. Fifth, although difficult but not impossible, the government must find strategies to prevent Thai (foreign) policy being lopsidedly supportive of the United States especially on issues that are dubious, immoral, and based on American unilaterism. The government’s decision to deploy troops in Iraq, whether or not for humanitarian reasons, was a mistake. If Malaysian prime minister Mahathir Mohamad could react against the American call for war on terrorism by saying that extremist groups in Malaysia “are directing their attacks at us, and we can take care of them,” and Malaysia still performs well economically, then the Thai government can also find ways to avoid being dragged into problems created by the United States.

At the time of writing this paper, four policemen allegedly responsible for the kidnap of Somchai Neelapaijit, a lawyer who
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represented Jemaah Islamiyah militants and suspects charged with involvement in the January 4 attack on a military camp, among other charges, surrendered. Whether it is true or not that Somchai was about to expose how bureaucrats violated human rights in the southern provinces, he is now believed to be dead. If these four policemen really kidnapped Somchai as has been alleged, then it is reasonable to ask who ordered them to do so. Is not this a time to admit that the acts of violence in the south are not about violent and lunatic people who uncompromisingly reject modernity? There is more to the story. Unless the problem is quickly and wisely tackled as suggested, it is highly likely that the Thai government will see not only more violence but also new targets.

Notes

7 According to journalist Nicholas Lemann, in the aftermath of September 11, Condoleezza Rice, the National Security Adviser, asked senior members of the National Security Advisory to think about “how do you capitalize on these opportunities,” comparing to those of “1945 to 1947.” The above is quoted in John Pilger, ‘America’s bid for global dominance,’ New Statesman, 12 December 2002 quoted in Soravis Jayanama, ‘The United States, globalization, and world order,’ Warasan sangkhommat (Journal of Social Science, Chulalongkorn University), 34, 1, January–June 2003, p. 93.
8 The benefits the United States provided to different countries in connection with the Bush administration’s global struggle against terrorism are listed under different categories. These are, for example, Foreign Military Financing, Economic Support Fund, International Military Education and Training. Since the September 11 attacks, military and financial aids have increased enormously. For more details on each category of funding or assistance, see ‘War on
Terrorism” Security Assistance Tables’ at <http://fas.org/terrorism/at/docs/WaronTerroraid.html>. It seems to suggest that the present American attitude is reminiscent of the United States government policy during the Cold War period. Also, during the past two years, the Bush administration strengthened military ties and signed intelligence-sharing agreements, particularly with old allies and other members of the Association of Southeast Asian Nations. In return, these nations promised to help identify al-Qaeda bank accounts and to crack down on lax immigration enforcement that has made borders porous. Manila received about $92 million of military training, equipment and maintenance support. Apart from economic and military aid, the United States also announced the designation of certain countries as Major Non-NATO Allies. The Philippines and Thailand were designated for this status in 2003.

The United States acted differently in the case of Sri Lanka where both parties of conflict are not Muslims. Soon after the election result was officially announced, the United States congratulated the Sri Lankan people “on the conclusion of a largely peaceful parliamentary election with an impressive level of voter turnout,” but at the same time it also called for “the government and the Liberation Tigers of Tamil Eelam to return to the negotiating table as quickly as possible to forge a lasting peace.” For more information, see <http://usembassy.state.gov/srilanka/wwwhpr20040403.html>.

Kalpalata Dutta, ‘A mapping: national security or anti-terrorism laws in the South and South East Asian region,’ compiled for the 7th Annual Asian Training and Study Session on Human Rights, 5–25 October 2003, Bangkok, Thailand. The document provides the summary of the major acts passed in the name of national security and anti-terrorism both before and after the September 11 attacks.


Arong Suthasasna, ‘Muslim minority in the context of Thai politics,’ Warasan sangkhomsat (Journal of Social Science, Chulalongkorn University), 31, 1, July–December 2000, p. 82.

Pasuk Phongpaichit and Chris Baker, Thailand: Economy and Politics,
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17 For Haji Sulong’s demands, see Areepen, ‘Local administration,’ p. 3.
18 Pasuk and Baker, Thailand, p. 273.
19 Arong, ‘Muslim minority,’ p. 83.
20 Arong, ‘Muslim minority,’ p. 88.
22 Pasuk and Baker, Thailand, p. 292.
24 For thorough investigations concerning safety and incompetent bureaucrats, see Prinya Udomsap et al., The Findings to Understand Fundamental Problems in Pattani, Yala and Narathiwat (in Thai), (Bangkok: National Research Council of Thailand, 2002), pp. 80–3.
26 Areepen, ‘Local administration,’ p. 5.
27 Niphon Bunyapataro, ex-director of the SBPAC, was one of those who argued that the government abolished the SBPAC because the prime minister, his Cabinet members, and his security advisors did not understand how vital the SBPAC had been. He also claimed that soon after the government realized that it had made a mistake in abolishing the SBPAC, it began establishing an organization resembling the dismantled SBPAC with a different name. For more details, see Niphon Bunyapataro, ‘Problems in the three southern provinces: ordinary criminals or God’s Army’ (in Thai), presented at Seminar on ‘Looking ahead: tendencies and way out of the crisis of the south,’ 29 January 2004 at Chulalongkorn University.
32 Prinya et al., Findings, pp. 62–6; and Areepen, ‘Local administration,’ p. 5.
33 Areepen, ‘Local administration,’ pp. 5–6.
34 The government secured the anti-terrorism law without going through the legislative process, violating parliamentary procedure. Sunai Pasuk, a researcher at Forum Asia, argues: “there is no need for a new law to combat terrorism
(because) the Thai penal code has enough clauses to punish perpetrators of terror; so do the national security law and anti-money laundering law.” Additionally, for those who know how the Thai security agencies work, the law makes no different to the way they practice. It only serves symbolic purposes. For Sunai’s quotation and more criticism on this, see ‘Thai gov’t faces political storm over anti-terrorism law,’ 13 August 2003 <http://www.africa.oneworld.net/article/view/65553/1>; and for thorough details on the Thai anti-terrorism law, see Kalpalata Dutta, ‘A mapping,’ pp. 29–30, 33.

40 ‘The PM talks to people’ (the radio program that prime minister Thaksin uses to broadcast his message to Thai people on Saturdays), 2 November 2002.
44 Interviewed by the author early this year, an elderly Muslim man from Yala province expressed his thoughts on the violence in the south at the Foundation of Islamic Center of Thailand, Bangkok.
45 Quoted in Pasuk Phongpaichit, ‘A country is a company, a PM is a CEO,’ paper presented at International Forum on ‘Statesman or Manager?: Image and Reality of Leadership in Southeast Asia,’ 2 April 2004 at Chulalongkorn University.
46 Quoted in Pasuk, ‘A country is a company,’ p. 5.
47 Pasuk, ‘A country is a company,’ pp. 4–5.
50 See Pares Lohason and Piyanart Srivalo, ‘PM brushes off Muslim leaders’ call: 2 more dead,’ The Nation, 10 February 2004. See also ‘It doesn’t hurt to talk things out,’ Bangkok Post, 11 February 2004.
51 Quoted in Simon, Managing Security Challenges, p. 28.
Contesting US hegemony: a case study on Myanmar

Pin-kwan Pratishthananda

Abstract

In the “unipolar” world, the US claims to use its power to liberal states and civil societies. Myanmar is an anomaly, seemingly untouched by this influence. Since 1988, the military has vastly expanded its power and its roles in the society. The number of armed forces has increased. Intelligence gathering has proliferated. Military-created institutions have taken a larger role in the economy, generating more funds for various activities. The military has neutralized most of the ethnic insurgents, and created a wide range of organizations with roles in society. It has also inculcated an ideology in which the military is indispensable for political stability, and demands attention as a source of mobility and patronage. At the same time, there is no independent judiciary; civil society organizations are crushed; political parties are harassed; the universities are strictly controlled; and the Buddhist sangha is closely monitored. Sources of change lie in outside pressure, economic crisis, and internal conflicts within the military machine.

The end of the Cold War and the collapse of communism as an alternative political and economic order have led some to suggest that the new international environment would turn into a “unipolar” system, directed by the only remaining superpower, the United States. The success of Bush Senior in the first Gulf War along with Clinton’s interventions in Bosnia and Kosovo appeared to indicate that “Pax Americana” was in fine shape. The quick triumph in Afghanistan and the initial military success in Iraq strengthened the belief that now and more than ever the US has a greater share of world power than any other country since the emergence of the nation-state system. The US claims to use this power to support the growth of liberal states and civil societies. But in former colonies without active political participation at the grassroots level, efforts to create a military strong enough to protect the political community from internal and international threats may result in a military that dominates the state and becomes an instrument for
internal repression. This is especially interesting in a country with cultural pluralism, since communal disparities between ethnic groups pose difficulties for an orderly democratic regime. To control inter-communal conflict, the army sometimes assumes command of the state and expands its role beyond national security to include politics, government, and economy. Myanmar stands out in South East Asia on such case in point.

Literature review: military, political science, and the debates

The literature in English on post-colonial Myanmar discusses the rise of direct military rule. Some analyses focus on control and coercion. Martin Smith, for example, terms the Myanmar regime as a state of fear.\(^1\) According to Smith, despite the promise of fundamental change since the great democracy uprising, the situation today is without doubt more repressive than at any time in the recent past. Christina Fink agrees with these diagnoses when she maintains that successive military regimes in Myanmar have managed to hang on to power by using a combination of repression, intimidation, financial incentives, and propaganda.\(^2\) Given the extremity of the situation, it is not surprising that some recent works have preferred to highlight the roles of repression, media bias, patronage, coercive legislation, and politically motivated arrests of oppositional figures. Unfortunately, these accounts fail to distinguish whether the authoritarian characteristics of the regime merely act as an added lever for dominance, or are fundamentally responsible for military rule.

Another genre of explanations has been based on widespread traditionalist claims that military rule in Myanmar came about due to flaws in Myanmar society. Lucian Pye says that the military rule derived from Myanmar socialization practices: infants are not given predictable security, children are routinely subjected to fear, and Myanmar culture evinces a deep ambivalence about power. Mikael Gravers claims that the initial explanation of Myanmar’s present situation must be sought in the legacy of the colonial era or rather in the nationalistic paranoia which was generated by developments following independence in 1948—a paranoia linking fear of the disintegration of both union and state with fear of a foreign takeover of power and the disappearance of Myanmar culture.\(^3\) In these traditionalist claims lies the notion that military activities, behaviour, and characteristics are determined primarily by social forces—classes, political associations and collective personalities. However, one can argue that the attitudes, beliefs, and values of the
The origins of military rule in Myanmar

The post-war period began in chaos. In 1945, nationalist leader General Aung San and his nationalist forces turned against their Japanese allies by forming a shaky alliance with communists and the British Special Operation Executive. The result was a tenuous coalition of mostly ethnic Burmese nationalists fighting alongside the Anglo-Burman and Karen troops against whom they had fought in 1942 and whom they considered “mercenaries.” Upon defeating the Japanese, these British-led
forces were reorganized under conditions of considerable division both between and amongst British officials, indigenous loyalists, Burmese socialists, communists, and rightists. Tension was rife and within two months of independence in 1948 the country was beset by rebellion, insurrection, and disorder. By this time, one half of the government troops had mutinied and nearly that proportion of the army's equipment was gone; important cities like Mandalay, Maymyo, Prome, and even Insein (a suburb of the capital, Rangoon) fell to insurgent control. At the same time, private “pocket armies” were rallying under competing politicians all around the country. Hence, by the time Ne Win assumed the position of commander-in-chief in 1949, he commanded only two thousand remaining troops.

In part, the tatmadaw developed the governing capabilities that made military rule possible because civilian rulers despatched the army to many parts of Burma to fight communists and US-backed Kuomintang units, to enforce martial law, and to establish military administration during internal crises. In the first step toward reform, Lt. Col. Aung Gyi formed the Military Planning Staff (MPS) to provide immediate advice in “charting a clear cut course of military activities and in advising the Government to map the road to peace within the State and readiness for national emergency covering all aspects, military, political, social, economic, etc.” The military was alone among the state's three major institutions—the others being the bureaucracy and the Anti-Fascist People's Freedom League (AFPFL)—in consolidating some kind of authority that stretched to the borders.

The development of the Cold War also privileged the tatmadaw among institutions in Burmese society. Responding to the insecurity of Burma's geographical and ideological position in the Cold War, the MPS completely restructured the division of labour between civilian and military leaders over defence policy, notably shrinking the civilian secretary's control over internal army affairs. Furthermore, the MPS terminated the contract of the tatmadaw's British advisors, wrote the first draft of military doctrine, and created educational and training institutions that remain in place to today. As observed by Robert Taylor, the tatmadaw took a leading role in managing the impact of the world economy and of the international states' system in the 1950s; by the end of the decade, the army fully managed the impact of the world economy on the national economy through its import-export operations under the Defense Services Institute. The MPS also created the Psychological
Warfare (Psywar) Directorate, a pet project of Prime Minister Nu, as a quid pro quo for Nu agreeing to finance the army's ambitious reorganization plans. Former communists and socialists were invited to write an ideology synthesizing communism and socialism within the context of Buddhist society. Oddly enough, the early drafts contain many sentences and concepts that became the basis for the post-1962 socialist regime's core ideology, "The Burmese Way to Socialism." The effectiveness and autonomy of the MPS contrasted with the position of the ruling AFPFL, and suggests another early source of the army's growing strength vis-à-vis other institutions within the postcolonial state. As weak civilian institutions came apart under the domestic and global pressures of the 1950s, the tatmadaw was busy with what can only be seen in hindsight as state-building activities.

The socialist period

The institutional innovations of the tatmadaw in the 1950s made possible the two coups of 1958 and 1962, which brought army leaders to national political power and eliminated their civilian competitors. Under the leadership of the commander-in-chief, General Ne Win, the 1962 coup group formed a Revolutionary Council and established the Leninist-style Burma Socialist Programme Party (BSPP). The army-dominated BSPP restructured state and society and ruled unchallenged for thirty years. The strength of the regime merely represents one side of military rule. On the other, the failure of the armed forces and its founder to allow the BSPP to become a viable governing party in its own right gradually weakened the government in the long term. In Robert Taylor's view, the inability of the party to move away from its military character stemmed from the unwillingness of the army leadership, and especially General Ne Win, to allow autonomous institutions to develop—perhaps to safeguard the regime, perhaps for reasons of personal survival.

The failure of the BSPP regime to institutionalize itself was further reflected in the state's leaders' inability to incorporate their own ideological construction, the "Burmese Way to Socialism" and The System of Correlation of Man and His Environment, into their own beliefs. As Brig. Gen. Aung Gyi writes in a series of his open letters, "Just because the General wanted to go the way of socialism, did everyone try to out-socialist each other." Unlike the ideological beliefs of socialist leaders in China and Vietnam, these constructions had not grown out of
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political or revolutionary experiences of party leaders or followers. As with one-party systems in Europe, Asia, and Africa, the military origins of the BSPP made it extremely difficult to develop into an institution able to provide individuals with either effective channels of communication or meaningful opportunities to participate in the country's political processes. The party's weaknesses became chronic when the larger state political and economic structures became bankrupt and the necessary financial resources to keep the system working were no longer available.20

By 1988, the long-overdue collapse of the isolated socialist economy and severe mishandling by the police of a series of political disturbances led to an outpouring of anti-government demonstrations. With the resignation of party chairman General Ne Win and his promise of a multiparty system, it seemed to the Burmese public and the international community that a transition to democratic rule was inevitable. In the years surrounding the uprising, various state and social institutions competed for scarce material resources, human capital, and political power. The army suffered from organizational weaknesses during this period, yet its three decades of counterinsurgency warfare had built institutions with far more staying power than any others. On grounds that the army alone could contain the venality and self seeking of civilian politicians, tatmadaw units deployed throughout most of the major urban areas on 18 September 1988 and replaced the BSPP government with a new junta: the State Law and Order Restoration Council (SLORC).

The resilience of military regime in the 1990s: the military, economic, and political build-up

In the first year after the 1988 uprising, the new SLORC regime seemed shaky, with no apparent sense of direction. Privately, a number of senior tatmadaw leaders admitted in off-record interviews during the 1990s that they never had any grand plan for government after the upheavals of 1988; for the first two years at least, they were simply reacting to events.21 As in the 1950s, the institutional renovations that transformed the army into a powerful force came out of day-to-day decisions by staff officers who were responding to particular crises, intentionally taking a chokehold on political power unparalleled in Myanmar history.

The reassertion of military dominance was achieved through a massive expansion and strengthening of the armed forces. According to
Andrew Selth, the tatmadaw has dramatically increased in size over the past ten years. Estimates vary greatly, but the number of Myanmar soldiers appears to have more than doubled from around 186,000 in 1988, to between 350,000 and 450,000 in 1999, besides another 85,000 personnel in the paramilitary People’s Police Force and People’s Militia, although these have limited combat performance. Myanmar’s defence expenditure amounts to around 14 per cent of GNP, and the defence sector accounts for over 40 per cent of public sector spending. The annual defence budget is more than double that devoted to health and education combined. The United Nation Development Program has estimated that arms imports comprise more than one-fifth of Myanmar’s total imports. All of these figures are approximate, but by any estimation it was a remarkable expansion in a very short time. Even without counting the People’s Police Force and People’s Militia, the Myanmar armed forces are now the second largest in Southeast Asia, and if Vietnam continues its planned troop reductions, Myanmar’s may soon become the largest.

The regime’s ability to maintain control over the whole country has been additionally underpinned by the military extensive intelligence apparatus. Although its structure appears in many respects to have remained the same, the size and scope of its operations, and the means by which they are conducted, have dramatically changed, according to J. H. Haseman and Andrew Selth. Enormous resources and effort are put into the surveillance of all potential enemies and dissidents, above and below ground, at home and abroad. Under the SLORC/SPDC, the National Intelligence Bureau has been retained as the country’s highest intelligence organ, deciding broad policy and overseeing the activities of the country’s other intelligence agencies. The Bureau reports directly to the SLORC/SPDC without going through the regional military commands. However, it appears that the Bureau is completely dominated by the Directorate of Defence Services Intelligence which also directs the Military Intelligence Services, the largest intelligence organization in Myanmar. Outside the tatmadaw the intelligence agencies include the Criminal Investigation Department, the Special Investigation Department (or Special Branch), and the Bureau of Special Investigations, which are under the formal jurisdiction of the Ministry of Home Affairs. Other intelligence functions have also been exercised by the Ministry of Foreign Affairs, the Ministry of National Planning and Economic Development, and the Ministry of Immigration and Population.
Winning civil war

Another part of the explanation of the Myanmar generals’ successful political recovery—or “re-equilibration” as political scientists call it—lies in their success over the last decade at forging “standfast” agreements with seventeen of the twenty-four ethnic armies that operate in or near sections of Myanmar’s long and remote land frontiers. Some claim that this has been achieved as a result of the expansion and enhancement of the tatmadaw’s operational capabilities since 1988. Others assert that the insurgent groups no longer have the same sort of external backing they once had and can hardly obtain resupply for major military equipment.

Whether or not the government’s counterinsurgency programme is sustainable, the benefits of ceasefire agreements for the tatmadaw are clear. They neutralize political challenges to the military regime and bring insurgent groups directly under the army’s management, through the border areas development ministry. They also keep the democratic opposition politicians out of reach of these ethnic groups. These quid pro quo arrangements mean that the Myanmar state, unlike such “failed states” as the government of Sierra Leone, has managed to reassert a degree of control over the disposition of the “lootable” resources that its country offers.

The management of dominance: economic growth and redistribution

The army modernization programme has additionally allowed the tatmadaw to strengthen the military’s predominance in key economic sectors. The military’s involvement in business has been firmly institutionalized. The Union of Myanmar Economic Holding Ltd (UMEH), formed in 1990 jointly owned with the Directorate of Defence Procurement, has established itself as the largest indigenous firm with a capital investment of over 4018 million kyats. As there is no public reporting of UMEH finances, the company operates an immense off-budget slush fund on behalf of the military leadership, who probably have channelled the profits into arms acquisitions programmes and dozens of initiatives aimed at constructing the tatmadaw’s new privileged social order and reordering the civilian population throughout the countryside.

Another military backed economic organization is the Myanmar Economic Corporation (MEC). The government authorized MEC to
undertake a wide range of economic activities and to act like a holding company for all other economic enterprises which were government monopolies under the State-Owned Economic Enterprise Law of 1989.\textsuperscript{38} The MEC has a capital of 10 billion kyats. In other words, MEC is a government within a government.\textsuperscript{39} The Directorate of Ordnance runs other tatmadaw-backed businesses some of which are commercial ventures and other exclusively for military supplies. According to Maung Aung Myoe, through the UMEH and MEC in particular, “the tatmadaw will be able to maintain its hold on various sectors of the economy.”\textsuperscript{40}

Managing dominance: stretching political bases, ideologies, and legitimacy

While the SLORC/SPDC seeks to consolidate its economic and military power, it is also building up bases for its political influence. One strategy is to guide the population through ideology. After dropping socialism as a state doctrine and tool of legitimization, the military has tried to place itself at the centre of national ideology and legitimacy.\textsuperscript{41} According to Steinberg, the tatmadaw has gone from being the “flag bearer” of socialism to becoming in a sense the central ideology of the state.\textsuperscript{42} However, the propagation of ideology has not been a total ideational construct. The military points to historical experience, especially the army’s role in winning independence from the British and the development of the tatmadaw as a powerful institution of control after Burma’s early years of insurrection and disarray, to give a certain plausibility to the idea of the tatmadaw as the stable and certain manager of society. When protests began in 1988, there was much anxiety in the officer corps about the future of the army and the integrity and independence of the state. The ethnic tensions that surfaced during the uprising also prompted a garrison mentality in which the tatmadaw portrayed itself as the guardian of the Myanmar people and protector of the Union. The tatmadaw proposed the ideology of the so-called “three national causes”: non-disintegration of the Union; non-disintegration of national solidarity; and perpetuation of national sovereignty.\textsuperscript{43} The SLORC/SPDC has further commissioned a series of new studies on Myanmar history and has built numerous museums throughout the country, all with the purpose of emphasizing to the people and its own personnel that “nothing good in contemporary Myanmar came to pass without the hard work of the tatmadaw.”\textsuperscript{44}

It is doubtful whether the SLORC/SPDC has succeeded in winning
the acceptance or support of significant segments of the civilian population. However, military control appears to be facilitated in more subtle ways by popular attitudes, beliefs, and values that impede the mobilization of organized opposition to the regime. Mary Callahan examines the attitudes of the population towards the military, and concludes that while the top generals and regional commanders are widely vilified, the military institution and particularly the individual soldiers are much less so. As she points out, one of the consequences of the militarization of Myanmar society is that almost every family has personal connections with the military. The military is practically the only avenue of upward mobility and an important source of patronage. It is thus “not a faceless institution, but a shelter, a benefactor and a safety valve.”

Regime-sponsored organization

The regime has also been extending control over the populace by establishing mass organizations under military leadership. The most important group is the Union Solidarity and Development Association (USDA) which now has almost 12 million members. Registered as a social organization under the Ministry of Home Affairs, the USDA draws support mainly from military and civil servants who are not allowed to become members of political parties. Its membership is mandatory for all government employees and sometimes necessary for such fundamental transactions as school enrolment. It has also engaged in various economic ventures, and at the national level controls several companies. Some analysts point out that the USDA is the “Golkar for the tatmadaw,” adapting the relations between the Indonesian armed forces and the Golkar party in Indonesia during the Suharto era into the Myanmar context. Furthermore, it is widely believed that the USDA will be transformed into a political party should the regime hold another election. In the mid and late 1990s, the regime also set up several new professional organizations such as the Auxiliary Fire Brigade, the Computer Entrepreneurs Association, Myanmar Chamber of Commerce and Industry, the Myanmar Maternal and Child Welfare Association, and the Myanmar Red Cross.

The resilience of a military regime in the 1990s: state power

The situation in Myanmar can be approached by highlighting the power of the state and the weakness of civil society. State power is
indicated by the high level of public revenues and surpluses which make up 46.7 per cent of GNP. State power is also reflected in what can be called state autonomy and capacity. The state is said to be autonomous because it is independent from intermediary institutions which in liberal society articulate the interests of citizens. In Myanmar, the state controls those interest groups in the sense that it has neutralized their potential to challenge the authority of the state. The power of the SLORC/SPDC also resides in a wide range of state instrumentalities (laws, legislative powers) which the regime controls and uses to ascertain compliance with its will. In particular, many of the laws which the military regime relies upon to support its actions are inaccessible and unknown. These laws are often introduced and applied in an ad hoc manner, and seldom do the authorities respond to requests for information or clarification concerning such laws. The power of legislation is strengthened by the lack of an independent and impartial judiciary and due process of law. According to Amnesty International, between 1988 and 1992 all political prisoners were tried by military tribunals—summary courts often held within jails—at which the defendants had no right to legal representation or to call witnesses.

State autonomy and capacity are likely to increase in the near future. A hand-picked National Convention was established to draft a new constitution promulgated in January 1993. The constitution provides for military control over the legislature and executive branches of government, with 25 per cent of seats reserved for tatmadaw officers in both houses of parliament, 110 out of 440 seats in the lower house (Pyithu Hluttaw) and 56 out of 224 in the upper house. In addition, the future president will be required to have military experience, and the three key security portfolios (defence, internal affairs, and border areas) are to be reserved for military officers.

Civil society and its key actors: democratic opposition parties

Democratic opposition parties continue to be the most significant factors in civil society although many have been de-registered and they cannot operate freely. The National League for Democracy (NLD) is the largest party. During the 1990 campaign it had over two million members and offices country-wide while winning 392 of 485 seats. Although the party is still legal, the regime attempts to squeeze it out of existence. Campaigns to crush the party have been waged using propaganda in the state-run media, labelling Aung San Suu Kyi as an
"axe-handle," "destructionist," and a "minion of neo-colonialism," among other hostile characterizations. MPs and other active members have been pressured to resign, and offices were closed. NLD associates who resist have been threatened with loss of business permits, transfers if they are civil servants, and denial of educational opportunities for their children.

The Shan Nationalities League for Democracy (SNLD), a legal party, continues to play a significant role in national politics. Its chairman Khun Htun Oo and several other SNLD delegates attended the regime-organized National Convention, but his party issued a letter of protest to the National Convention Convening Committee after that body proposed a constitution which bore little resemblance to the draft drawn up by the delegates. Khun Htun Oo has frequently represented the ethnic political parties in meeting with diplomats. In mid 2001, SNLD party members, like those of NLD, were reported to be under regular surveillance by military intelligence.

Students and the universities

Another important intermediary between the state and the people is the education system. As elsewhere, the state uses its education system to inculcate certain attitudes in the minds of the country's youth. University students' political role effectively ended soon after the military retook control of the country in September 1988, with the arrest of student leaders and the imprisonment of hundreds of anti-government student activists. Teacher and student unions are banned, and in 1991 SLORC Law No. 1/91 prohibited all civil servants from engaging in politics. The decree does not however prohibit them from joining the USDA.

All universities' top administrators are government appointees. In 1991 and 1992, several teachers and university professors were believed to have been dismissed from their jobs for holding views contrary to those of SLORC. Some have been arbitrarily transferred, denied advancement, and ostracized by their more conformist and career-oriented colleagues. Academic conferences are tightly controlled to ensure that no anti-regime discussions emerge. Many scholars choose to emigrate to more liberal countries. The military government appears willing to sacrifice the country's education system at all levels to keep trouble at bay. All universities were closed after the uprising on 8 August 1988, and not reopened until July 2000. Campuses were relocated from the capital to satellite towns, and a number of regional colleges were expanded.
Religious groups

Other organizations and institutions with the potential to counter the authority of the state are closely supervised or controlled by the government. The Buddhist sangha, which has traditionally been at the forefront of social justice movements in Burma such as the 1930s independence movement and the 1988 uprising, has been subjected to tighter control through a complex mix of regulations. Following the Saw Maung coup in 1988, the Buddhist clergy were again ordered to register themselves, as had been the case under the BSPP. To keep monks in line, the SLORC promulgated a new law in October 1990 banning all independent organizations of Buddhist monks and limiting sangha sects to nine. Leaders of the Christian and Muslim minorities have also complained of severe restriction under the SLORC/SPDC. Any activity that might be construed as proselytizing is banned and care has to be taken not to break the 2/88 Order which limits the size of public gatherings.

Conclusion: future openings and possibilities for change

The military government in Myanmar currently appears to be as strong as at any time in the country's history. The regime controls all public aspects of political life and important parts of the private sector economy. Various institutional means have been put in place to ensure the continuity of military rule, including a robust and well-organized domestic intelligence apparatus. Despite its considerable strength, the regime's stranglehold on power does have some vulnerability, especially economic fragility, international pressure especially from the United States and the European Union, and the possibility of intra-military rivalry—field commanders versus intelligence officers, the Yangon-based junta versus the regional commanders, and Defense Services Academy (DSA) graduates versus Officer Training School (OTS) graduates.

The military regime may be hurt by external sanctions, but domestically it seems to be in stronger position today than ever. A large scale expansion of the tatmadaw and its own intelligence apparatus over the last decade has greatly increased the junta's capacity to control both the economy and politics. Besides a range of off-budget revenue sources, the generals' involvement in business has been strengthened throughout the state economic enterprises which account for over three-quarters of medium and large establishments. The SLORC/SPDC has created state-
controlled mass organizations using ideological as well as institutional means in order to reinforce its civilian support base and pre-empt the formation of a genuine civil society. Moreover, the domestic military threat to the government in Yangon has been eliminated, at least for the time being, as most former insurgent groups have agreed to ceasefires.

The power of successive governments since 1988 also resides in a wide range of state instrumentalities and bureaucracy. The country's legal system has been systematically run down in the absence of an independent and impartial judiciary and due process of law. Furthermore, the NLD, which remains the most significant political opposition force, has been under immense pressure from the authorities and is weakened by large-scale resignations from the party and the forced closure of many branch offices. It seems likely that the forces for democratic reform are supported by a majority of the population, but as long as these forces remain unorganized and immobilized, such support has little impact on national politics.

This is not to say that the current authoritarian rule is free from tensions. The government's attempt to expand its administrative capacity throughout the country has been plagued by many difficulties. The intra-military rivalries cited above may develop into internal factions and collusive social-political links. A prolonged economic crisis and international pressure could very well test the legitimacy of the administration, although no one can be clear about what the political alternatives would be. Yet it is worth remembering that the tatmadaw is capable of institutional unification and has the option, if pressed, to rely on the more conformist and career-oriented corps. The tentative dialogue between military government officials and Aung San Suu Kyi in 2000 suggests that the generals could shift towards a more participatory system while gaining legitimacy in the process. With greater difficulty yet still within the realm of possibility, one could imagine the long-ruling military regime relinquishing its grip on power and giving way to democracy in the foreseeable future.

Notes

3 Mikael Graver, *Nationalism as Political Paranoia in Burma: An Essay on*
the Historical Practice of Power (Richmond: 1999), p. 8.


7 Callahan, ‘Origins of military rule,’ p. 4.


9 Callahan, ‘Origins of military rule,’ p. 5.


11 This term refers collectively to the army as well as the much smaller navy and air force. In this study, the name will be used interchangeably with “army” and “military.”


13 Mary P. Callahan, ‘Building an army: the early years of the Tatmadaw,’ Burma Debate 4, 3, p. 4.


15 Taylor, ‘Burma in the anti-Fascist war,’ p. 58.


17 Callahan, ‘On time warps,’ p. 60.


22 Andrew Selth, The Burmese Armed Forces Next Century: Continuity or
Contesting US hegemony: a case study on Myanmar

23 Selth, Burmese Armed Forces, p. 4.
26 Selth, ‘Armed forces,’ p. 91.
34 ICG Report No, 11, p. 17.
38 Maung Aung Myoe, The Tatmadaw in Myanmar since 1988: An Interim Assessment, p. 11.
40 Maung Aung Myoe, Tatmadaw, p. 13.
43 ICG Asia Report No. 11, p. 8.
45 Callahan, ‘Cracks in the edifice?’ pp. 31–3.
46 Callahan, ‘Cracks in the edifice?’ pp. 31–3.
48 Maung Aung Myoe, Tatmadaw, p.8.
51 Zunetta Liddell, ‘No room to move: legal constraints on civil society in Burma.’ In Burma Center Netherlands (BCN) and Transnational Institute (TNT), eds., Strengthening Civil Society in Burma (London: 1999), p. 57.
54 ICG Asia Report No. 27, p.15
55 ICG Asia Report No. 27, p.15.
57 Fink, Living Silence, p. 182.
58 ICG Asia Report No. 27, p.19.
59 ICG Asia Report No. 27, p.16.
61 Liddell, ‘No room to move,’ p. 66.
62 Smith, State of Fear, p. 66.
Cultural diversity and coexistence in Asia

Amara Pongsapich

Abstract

When the world was divided into capitalistic-democratic and socialist-communist regimes, most states in both camps as well as Third World countries adopted nationalism as a necessary ideology. National integration was perceived as not only necessary but possible only in a homogenous society. In many countries, cultural diversity existed but was not recognized in nation-building processes. After the fall of communist regimes at the turn of the decade, cultural pluralism became obvious in USSR and Eastern European countries. After 1989, in Eastern European countries where diversity was recognized, the concepts of civil society and good governance were promoted. Economic and social globalization make the process of nation building more complicated. National security can no longer be viewed as the most important goal in the nation building process. Because of the negative impacts of economic globalization, social globalization is a process introduced in the international arena as a counterbalance. But after the September 11 incident, fears over national security have returned.

Discourse on sovereignty, culture, tradition, ethnic relations, and national security

After the Second World War, the world was divided into capitalistic-democratic and socialist-communist regimes. Most states in both camps as well as Third World countries adopted nationalism as a necessary ideology. Furthermore, national integration was perceived as not only necessary but possible only in a homogenous society. In many countries ethnic diversity was not recognized; in others it was recognized but had to be managed. Policies adopted for ethnic relations stressed assimilation or integration. When assimilation or integration was not totally successful, conflict arose between majority and minority communities sometimes leading to overt militant or separatist movements. After the
September 11 incident, the word terrorist is used to label movements that adopt violent means to solve conflict.

In Asia, national security was used to justify military rule in non-communist countries. Thai governments before the Second World War viewed the country as ethnically homogeneous, consisting only of Thai people. Those who were ethnically non-Thai were outside the Thai social structure. They lived as separate groups but intermixed with Thais, having free cultural and economic exchanges. Among lowland groups, cultural borrowing, adoption, and assimilation were accepted, or even welcomed. The question of ethnic differences became important only after the formation of the nation-state, and especially after the Second World War.

In the case of Malaysia and Singapore, the concept of integration was adopted when they established their nation-states in 1954. Both Malaysia and Singapore recognized the co-existence of the Chinese, the Malays, people of Indian origin, and expatriates. At the same time, national security was the main concern of the governments in terms of nation building. Adoption of integration as the ethnic relations policy implied that all ethnic groups were recognized as coexisting in the country. However, in practice, they were not treated equally. In Malaysia, bumiputra Malays were given privileges over other ethnic groups. In Singapore, the Singaporean Chinese appeared to have privileges in certain areas. At the same time, expatriates and foreign investors were provided with economic privileges for the purpose of promoting economic development.

After the Philippines were colonized by the Spanish and the Americans, and with the existence of multiple ethnic groups living in the many islands of the country, the ethnic relations policy adopted by the government has been somewhat ambiguous. Tagalog was declared the official national language. Ethnic groups speaking other languages were considered minority groups. Similarly, in Indonesia, after being colonized by the Portuguese and the Dutch, and with large number of ethnic groups living in more than 10,000 islands, the ethnic relations policy of the government was also ambiguous if not confusing. The policy of panjasila was adopted by Sukarno right after independence. At the same time, bahasa Indonesia was declared the official national language. Non-Muslims who did not speak bahasa Indonesia were considered minority groups. All of the countries mentioned above recognized cultural and ethnic differences but, because of the concern for
national security, attempted to build their nations using nationalism as a uniting ideology. However, in the case of East Timor, it is clear that the majority Indonesian Government was not successful in using nationalism as a tool for nation-building.

During the period after the Second World War when many countries were in the stage of state formation, most countries adopted state sovereignty for reasons of national security and as an organizing principle for nation building. The discourse on ethnic relations was built around a dichotomy between majority and minority groups. One culture or ethnic identity assumed dominance over others. A language of the majority group was selected as the official national language, one of the symbols of sovereignty.

As a result, ethnic unrest took place in most countries. One of the problems of adopting the majority/minority group dichotomy is the marginalization of minority groups, sometimes leading to ethnic conflicts which later developed into militant and separatist groups if the governments were unable to deal with the conflicts in a peaceful manner.

An analysis of modern states by Mills explains the ethnic unrest which takes place when the ethnicity of a majority group is used to attempt to create a homogenous national entity for the sake of national security. He states:

Camilleri and Falk point to three functions of the modern state. First is the “organization of space.” The locus of community is territorial, which is theoretically permanent. Continuity is prized over transformation. Second, the state performs an economic function, supporting property and other rights, providing a medium of exchange, and creating the infrastructure necessary for economic development. Third, the state has had a cultural function, responding to the growth of nationalism by joining culture and politics, although this has not happened evenly. (Mills, 1998: 34).

Thus, it appears that during this period, most governments in Southeast Asia gave priority to the issue of control over territory and state formation, i.e., political functions. At the same time, most governments adopted nationalism as a tool to build a politically and culturally unitary nation.

However, the cultural functions performed by the concept of “nationalism” led to unequal treatment of marginalized groups and gave rise to cultural/ethnic conflicts, the most prevalent human rights issue which cannot be easily solved.
Globalization and the shift in development paradigm

There has been a shift of paradigm in the development literature. The development paradigm during the 1980s and 1990s evolved around the interaction of economic globalization and social globalization. The definition of globalization used in the UNDP Human Development Report (1999) is as follows:

Globalization, a dominant force in the 20th century's last decade, is shaping a new era of interaction among nations, economies and people. It is increasing the contacts between people across national boundaries—in economy, in technology, in culture and in governance. But it is also fragmenting production processes, labor markets, political entities and societies. So, while globalization has positive innovative, dynamic aspects—it also has negative, disruptive, marginalizing aspects. (UNDP, 1999: 25)

In other words, economic globalization is the expansion of capitalism globally, through the spread of multinational corporations and financial institutions, information technology, and consumerism. Social globalization, on the other hand, is about human development, people centered development, and related issues.

The need for a new development paradigm has been recognized for a few decades. The expansion of globalization and its negative impact resulted in a larger income gap between the rich and the poor within the same country as well as between rich countries and poor countries. Exploitation of natural resources is one of the most important dimensions of the negative impact of globalization.

Globalization from above and below

Globalization is not a simple but a very complex set of processes that operate at multiple levels—political, economic, and cultural. Aziz (1999) adopts Richard Falk's distinction between two kinds of globalization: globalization-from-above (GA) and globalization-from-below (GB). The dialectical relationship between GA and GB is demonstrated in the interaction between the different manifestations of globalization—political, economic, and cultural. Aziz states

Although GA and GB are fundamentally opposed, at one level GA creates the space (and the issues) for GB; and ultimately, GB works against GA. For instance, political GA creates the space for political GB through allowing grassroots social movements some political space for operation as a result of “democratization.” These movements whose
collective actions—the formation of transnational linkages and, especially, the articulation of alternative political visions—are essentially political GB, work against political GA and provide its antithesis. Further, I concur that GA is essentially homogenizing and hegemonic in its tendencies whereas GB is inherently pluralistic. (Aziz, 1999: 34)

In this paper, what is relevant is cultural globalization from below. What Aziz means here is "tenacious resistance against the onslaught of Western (imperial) culture." This may take several forms: struggles for cultural survival of indigenous peoples; critique and rejection of Western-based notions of modernity and secularism; and deconstruction of "given universals" that are a function of historical colonialism and imperialism.

Human security and human rights as a basis for coexistence

The concept of human security prioritizes human-centered development. It also suggests indicators which may be used to monitor achievement. The definition of human security presented in the UNDP Human Development Report 1994 states that human security is a people-centered concept which has universal concern whose components are interdependent and easier to ensure through early prevention than later intervention. Furthermore, threats to human security can be considered under seven main categories, i.e., economic, food, health, environmental, personal, community, and political.

In other words, human rights are a component of human security and human development, which is a social globalization process separate from economic development. Therefore, both human security and national security are essential components of nation building.

Once the Helsinki Accords put human rights high on the political agenda, it would have been difficult for the West not to side with the forces of democracy and human rights. Aided by the new electronic media, the issue of human rights was globalized. Global political change put human rights much higher on the political agenda at the end of the twentieth century. Discussion on the concept of human rights cannot avoid the debate on two issues:

Universalism. Believers in universalism hold that human rights are basic rights, natural rights, and universal rights. They argue that we all have rights by virtue of our common humanity. Individuals have certain kinds of rights as members of particular communities, but human rights belong to all humanity and do not depend on the legal and moral
practices of different communities.

Communitarianism. Defenders of communitarianism hold that people have rights by virtue of their community and not based on the notion of common humanity. The central claim is that morality is culturally bound and values can only be grounded in tradition. Individuals do not possess inalienable rights but individuals are embedded in a complex network of communal duties and familial responsibilities.

Discourse on culture, civil society movements, and new social movements

In present day Asia, as in Europe in the seventeenth and eighteenth centuries, there is a crisis in social order and a breakdown of paradigms of social order. Global society needs a new paradigm to describe the social relationships between different organic groups united by ethical and moral bonds and working towards the same unified social order. The western concept of “civil society,” with its two major components of democracy and people’s participation, appears at the institutional level in the forms of civic groups, organizations, and constitutions. As a phenomenon in the realm of values, beliefs, or symbolic action, it can be observed in the form of civic movements and advocacy activities towards certain ideas and goals (Seligman, 1993).

The concept of civil society recognizes the equality of different organic groups in society, with no discrimination based on gender, class, or ethnicity. While cultural pluralism is an aspect of civil society, it is only one form of ethnic relations. Other forms include acculturation, assimilation, and integration, all of which indicate compatible relationships between ethnic groups. Non-compatible relationship may be seen in civic movements such as militant and separatist movements. In these latter cases, ethnic conflicts may start between minority ethnic groups but develop to become conflict between one ethnic minority group and the state. The minority people may feel and in fact be marginalized.

A distinction should be made between “civil society organizations” and “civic movements.” “Civil society organizations” are organic groups or “civic groups” whose members are bonded together by social relationships working towards the same objectives of maintaining a unified social order. “Civic movements” are activities in pursuit of specific goals which are for the benefit of the “public” instead of
individual group interests. These organizations are separate from the state structure and hence termed non-government organizations. They are usually non-profit-making informal groups working for the public interest. Sometimes the term “third sector” is used to encompass diverse forms of civil society organizations which are non-government and non-profit.

In a civil society with ethnic heterogeneity, ethnic organizations can function as non-government organizations to fulfill the needs of different ethnic groups when government fails to do so. In welfare state societies, the government is required to satisfy the need for public goods and social welfare services. In free market societies, demand for public goods is supplied by market systems but where these fail, government must step in to perform this role. However, in heterogeneous societies where demands are diverse, it may be difficult for either the market or the government to supply satisfactory public goods. If both market systems and government systems fail to provide public goods, civil society organizations then move in to perform this role.

The demand for non-profit production of quasi-public goods is differentiated because people’s preferences for such goods are very varied, especially as a result of cultural differences. This diversity is geographically dispersed and most government cannot accommodate these demands. James showed clearly that the differentiated-demand model explains the development of private educational sectors in modern industrial societies. Ethnicity and religion are the two most visible factors differentiating civil society in both developed and developing countries (James, 1987). One could then expect the size of the civil society sector in a country to vary directly with the degree of religious and ethnic diversity in the population.

In summary, civil society organizations can perform political and cultural functions for marginalized ethnic groups in cases where these groups need support in terms of social services and political back-up. However, promotion of ethnic civic groups may lead to fragmentation of society instead of integration. Multiethnic civil society activities and issue-based movements are less detrimental to national security.

Social globalization is a social transformation towards the achievement of people-centered development. Development processes taking place in the Third World have led to wider income distribution gaps, greater social inequality, and social disintegration. The concept of human-centered development is offered as an alternative strategy to bring about more equity. Strategies must involve activities at the national,
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multinational, and international levels.

Both in Europe and in Asia, the end of the Cold War and the destruction of the wall dividing the communist and capitalist countries brought about many sociopolitical changes. The most important political changes observed in every country are the change in the role of the state. Military or autocratic rule is no longer required for the survival of the state. Globalization also increased the exchange of all kinds of information. Multinational corporations became powerful and economic competition unavoidable. In addition to concerns over “national security,” the governments of all nations have to pay attention to international trade security as well. Most governments find that internal control is as important as international negotiation. The shift from “governing” to “governance” is a realistic solution. Rigid government structures became obstacles to modern forms of management. There is a need to de-bureaucratize and deregulate.

Civil society movements and new social movements

Civil society movements and new social movements are different. Habermas (1981) re-introduced and gave new emphasis to the concept of the New Social Movements and during the past two decades the concept has developed into concrete reality. Andre Gunder Frank and Marta Fuentes (1989) state that “New” Social Movements are actually “old” but have some new features. These new characteristics are visible in anti-globalization movements and activities. Two points of emphasis are made. First, in the New Social Movements paradigm, the definition of “politics” has moved beyond traditional limits encompassing the nation-state, government, political parties, etc. Second, the New Social Movements need to be viewed as “resistance movements” and “civil disobedience,” not directed against any particular nation-state or government, but against transnational identity. Individual identities are maintained but only as part of the larger transnational movements. The demand is for more space for ordinary people, reduction of the gap between the government and the people, and more humane government.

There is a shift from representative democracy to dialogic democracy in the process of social movements. This allows for public discourse and negotiation. The New Social Movements work towards reinterpretation of democracy. In the liberal theory of democracy, the concepts of personal rights and social justice frequently come into conflict. Giddens (1994) introduced the radical democratic theory which is more dialogic and responsive to plural conditions. Based on the concept of civil
disobedience, the New Social Movements argue for the legitimacy of illegal political action. 

New Social Movements differ from civil society movements of the past. Voluntary organizations, non-profit organizations, or even nongovernment organizations are community-based or civic groups which cooperate with government and are depoliticized. In contrast, the New Social Movements are a politicized civil society with concern over public issues and not merely the well-being of certain disadvantaged groups.

Therefore, New Social Movements are an alternative way to create political space to replace conventional representative democracy and traditional concepts of government. They do not merely replace “government” with “governance” but bring social justice to global society. The anti-globalization New Social Movements are supra-national entities with a high degree of changeability, adaptability, and flexibility. They provide political space for negotiation with other supra-national structure and at the same time allow for a certain degree of negotiation with the nation-state as well.

Different forms of civil society cultural movements and actions

Since individual organizations have lost power to advocate issues on their own, it is essential that network support be provided to empower individual organizations to perform within their own territory. Based on the concept of mobilization and the perception that greater cooperation could benefit all organizations in civil society, networking among organizations became very strong. One of the first networks created in Asia was the United Nations University Southeast Asian Perspectives Network. It was established in 1985 in West Java, Indonesia, at a workshop attended by members of various organizations engaged in development programs at the grassroots level, as well as some academicians. They emphasized grassroots development activities under local initiatives. They felt that there was too much concern with economic development. They established advocacy programs for natural resource management, human resources, community-based development, and institutional development. The People’s Plan for the 21st Century Campaign (PP21) and People’s Forum were two other networks established in the 1980s.

The responses of peasant groups in Southeast Asia took different forms. Civil society groups developed different coping strategies. In reaction to government’s paradigm of development and natural resource
management, “Alternative Means” of development were proposed. Alternative agriculture, alternative energy, alternative medicine groups are recent civil society groups with networks across many countries in Southeast Asia. Recognizing cultural diversity allows actors to see things differently. In case of conflict over natural resource management, compromise solutions may be reached through negotiation. By allowing for diversity in perception and cognition, and recognizing the different levels of social order and competing moralities, it is possible to achieve linkage between different social systems and levels of social order despite structural discontinuities based upon differences of normative value (Lowe and Ward, 1997: 270).

Rural and agrarian movement of grassroots and community-based civil society organizations conflict over development paradigms

The idea of “moral economy” discussed by James C. Scott in 1986 is a modernist counter to Max Weber, rejecting the “protestant ethic” and “spirit of capitalism” which bring about modernization and industrialization. Farmers have traditionally seen themselves, and been seen by others, as guardians of the natural environment harnessing nature to meet society’s needs for food, water, energy, and other necessities required for livelihood. Resistance to the “spirit of capitalism” takes many different forms which Scott (1988) calls “weapons of the weak.” But farmers are confronted by regulatory officials armed with bureaucratic powers and with a new form of moral authority. Farmers and civil society groups who prefer participatory, human-centered development strategy come into conflict with regulators who adhere to rational bureaucratic development processes.

Philip Lowe and Neil Ward (1997) studied conflict over farm pollution in Britain. They maintained that the dichotomy between nature and society was a false dichotomy adopted by most modernists. The interlocking dichotomies and their morally prescribed boundaries between natural and unnatural, identity and social behavior, become fixed as a social structure. Farmers who see themselves as guardians of the environment identify themselves with natural morality, and perceive regulators as imposing a different human and societal morality. The task of the researchers is to identify where claims about morality are made and to ask how is the moral order constructed and how is this order then imposed upon others.

Financial and economic crises in Asia are overt manifestations of the negative impact of economic globalization and growth-centered
development, the paradigm adopted by most nations prior to the advocacy of human-centered development. Even developing countries which had achieved rapid growth were vulnerable to crisis. Existing international mechanisms have not been able to deal with these crises effectively. On the contrary, multilateral financial institutions such as the IMF made the situation worse. The growth-centered development paradigm is no longer appropriate, as is evident in the imbalances and asymmetries in the international economy. Gaps between developed and developing countries have been widening. Income levels of developing countries still lag behind those of developed countries. The growth-centered policy created competition among nations causing disadvantaged nations to lag even further behind on the development path. Within each country, globalization and growth-centered development have marginalized certain groups, specifically those in agriculture and manufacturing sectors which cannot compete in export markets. International trade lead to exclusion of certain groups and widening of the gap between rich and poor.

After the Second World War, most countries adopted strategies for increasing production, intensifying use of natural resources, and developing infrastructure to bring about economic growth. Globalization has been one outcome of these strategies. Other outcomes include unwise use of natural resources, poorer quality of life for certain groups of people, and social inequity. Rejection of globalization was seen in the form of communism and socialism.

Networks of consumers' associations, organizations working on sustainable development, and natural resource conservation groups have been established and maintained through regular exchanges of activities. Movements against dam construction are very strong. Local and foreign civil society groups link together to exchange information on specific dam construction projects. They pool financial and human resources to help organize demonstrations or mass rallies. For example, techniques used in the opposition to the Sardar Sarovar Dam on the Narmada River in India were transferred to Thailand to help the protest against the Pak Mun Dam. Along the same lines, civil society groups in Thailand have been able to stop or postpone construction of many of the dams planned by the authorities.

Prior to the World Bank and IMF meetings in Bangkok in 1992, a People's Forum was planned to protest and convey to participants the message that the international financial institutions should not support construction of infrastructure projects which have a negative impact on
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environment. Participants were invited to visit the Pak Mun Dam, which was supported by a World Bank loan, in order to study its negative impact. As a result, the World Commission on Dams was established to review some of the projects supported by the Bank. The report came out after two years of intensive research in the field (World Commission on Dams, 2000).

Environmental groups are now fighting for natural resource conservation, arguing that some resources such as forest areas should remain undisturbed. During the 1980s, forestry projects and forestry masterplans were proposed in many countries in Asia. Civil society groups protested without much success. They claimed that such masterplans would face the same dilemma as Brazil’s Tropical Forest Action Plan, a scheme for tropical forests based on a model for evergreen forests in northern Europe. They stressed that biodiversity was much more essential for tropical forests and called for a ban on monocropping of trees. Civil society groups also believed that the promotion of tree plantations would result in the supply of softwoods to paper mills and hardwoods for furniture factories, both oriented toward world consumption, particularly in wealthy countries. The project would benefit rich countries while poor countries would sacrifice their natural resources.

Protests against monocropped tree plantation schemes or other forms of economic forestry have occurred in most developing countries. Civil society organizations encourage local communities to make their voices heard. Local leaders are identified and activities are organized to stop forest concessions. People’s movements now have sufficient power to exert some influence on the decision-making processes of some governments.

The revival of cultural identity, nationalism and anti-globalization movements

Prior to 11 September 2001, the loosening up of the national security syndrome led to the recognition of diversity, dynamism, and complexity of groups. Changing from “governing” to “governance” allowed governments to relax control and allow different groups to emerge. Civil society organizations were better able to respond to the needs of diverse groups than the government. With limited resources, most governments now realize the importance of civil society organizations. However, the incident of 11 September 2001 has revived fear of being attacked, and provided new justification for governments to
invest in arms and other military requirements for reasons of "national security."

Anti-globalization movements organized by transnational civil society groups
Since international institutions have not been successful in achieving social development goals, civil society groups have taken action into their hands. The critique of globalization has to be carried out globally. Civil society movements have thus been organized across continents.

Firstly, civil society groups criticized the role of international financial institutions and their impacts on human security. Rigid rules and regulations on loans and payments forced most countries to give priority to economic returns and neglect social development issues. Civil society organizations staged rallies at meetings of international financial institutions to express their concerns on the international financial institutions' lack of social concern.

Secondly, the support of international financial institutions for construction of large infrastructure projects has been criticized because of negative impacts on the environment. To fight dams and other infrastructure constructions, transnational civil society organizations have provided support to local organizations. Most governments view such support critically. Most governments fail to understand why international groups should have an interest in local issues. They complain about outside conspiracies and threats to national security. However, it appears that international financial institutions now realize the importance of environmental impact and are evaluating loan programs more carefully.

Thirdly, the role of trade organizations and their impacts on human security issues have also been viewed critically. Civil society organizations feel that trade negotiations between developed and developing countries emphasise economic gains and neglect the impact on the little people. Because of their political and economic superiority, developed countries have had advantage over developing countries in these negotiations, further widening economic disparities.

The above three issues overlap, especially when developed countries bring social development criteria into trade negotiations. The role of international financial institutions and trade-related organizations are interconnected both structurally and financially. Civil society groups therefore choose to bring issues into the open through rallies and protests in order to gain global attention.

Civil society organizations showed their strength outside the WTO
meeting rooms at Seattle in 1999 to indicate to the world that international organizations are being pressured to shift their politico-economic stand towards the new development paradigm outlined above. Realizing the need to pay attention to the human side of development, UNDP and UNCTAD launched a collaborative project on “Trade and Sustainable Human Development.” The objective was to promote development strategies which take into consideration social, human, and environment dimensions of trade. In order for sustainable, human, and social development to come about, national and international institutions must cooperate and agree on development paradigm for the next decade. The UNCTAD X meeting which took place in Bangkok in February 2000 provided some space for civil society groups and allowed them to express their concerns on trade and sustainable development. Some sign of collaborative efforts were made. But the civil society groups were not totally convinced.

Other anti-globalization activities took place at subsequent meetings of the World Economic Forum and WTO. The World Social Forum is a new network established to show the negative social impacts of trade regulations. The role of different international institutions in different spheres has been debated in many circles. The question of whether international institutions and developed countries should put conditions on developing countries in trade negotiations became one of the most important discussion points. International civil society groups have taken the side of developing countries and demanded that social development and environmental issues should be completely separated from any trade negotiations. They argue that the lack of social development and environmental concern are not the fault of developing countries. The developed and colonial countries benefited from the earlier stages of industrialization, and now unfairly wish to impose restrictions and conditions on developing countries, especially as conditions for trade negotiations in the WTO arena. Trade in agricultural products is closely linked to food security, social equity, human rights, and social development.

Anti-globalization and the Cambodian anti-Thai protest

The Anti-Thai outburst in Phnom Penh on 28 January 2003 shocked most Asian observers. Although many analysts agreed that the violence was sparked by the nationalistic electoral campaigns of both Hun Sen’s ruling party and the opposition, it is undeniable that the
causes were not purely political. The attack on the Thai embassy and the violence on the Phnom Penh streets against Thai citizens and their properties happened partly because of memories of past conflicts between the two countries. An article published in The Nation on 1 February 2003 states:

A report that Thai actress, Suvanan Kongying said that the Cambodians must surrender their much-revered Angkor Wat to Thailand prompted Khmer nationalists to defend their pride and identity since this historical site has long been Cambodia's cultural icon, which also asserts a sense of sovereignty and territorial belonging. ...Historically, the Hindu-Buddhist Angkor temple complex was the capital of a powerful Khmer empire covering Cambodia and much of Thailand, Laos and southern Vietnam. The empire, however, entered a period of stagnation and decline when a Siamese army first captured the capital in 1353. The area remained under Thai influence throughout the next five centuries.

Thus, deep in the Cambodian mind, there has been a suspicion over Thailand's expansionist policies. For the Cambodians, the Suvanan Kongying case is the latest in Thai efforts to claim cultural and territorial hegemony. (Laemthong Report, 2003)

The opposition condemned the Cambodian government for being incapable of protecting Cambodian national interests in the face of foreign influence. In 2002, there was a movement against construction of modern Thai-style housing in Phnom Penh to prevent Thai cultural hegemony over Cambodia. However, it is also known that Hun Sen has close connection with Thai capitalists. The expansion of Thai investment as part of capitalistic globalization has threatened the existence of traditional Cambodian culture. This is seen most strikingly in the domination of modern Thai culture in mass media. Throughout the past decade, western and modern Thai culture has penetrated Cambodian society through Thai soap opera, news broadcasts, and music videos. In this process, anti-globalization and the anti-Thai movement became one and the same. At the same time, it is undeniable that anti-Thai nationalism has been used by both the Hun Sen and opposition parties against each other. The sudden revival of Khmer nationalism was therefore a move to stop financial support of the Funcinpec Party by unnamed Thai businessman. At the same time, the movement was a tool to discredit Hun Sen for supporting Thai investors. Most of the looted premises owned by Thai investors were those connected with Hun Sen.
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It is clear here that the Anti-Thai movement in Phnom Penh is a “cultural process in global systems.” Friedman (2000: 25) states:

Cultural process in global systems cannot be understood without considering the phenomena of hegemony of countervailing identities, of dominant and subaltern discourses. Our starting point, in global terms, must be the center itself, since it is in the geographic expansion of the system that its cultural properties emerge. The cultural complex that appears most closely linked to the emergence of commercially based centers might be characterized in terms of modernity:

a) Modernity—modernism: individualism, developmentalism, society as a collection of atomic units, democracy, alienation, existential vacuum.

b) Integrative transformation of peripheries and identities of dependency.

c) Fluctuations of identity forms and social movements: (i) modernism (including class), traditionalism, postmodernism; (ii) ethnicity and nationalism.

Thus, a cultural social movement combined with nationalism can become a very powerful tool to convey messages of anti-globalization, anti-cultural hegemony, and demand for national sovereignty in the global process.

Conclusion

Traditional ethnicity is a kind of cultural identity based on descent. It has been an important issue debated in the discourse on national security, resulting in the sublimation of ethnic and cultural identity for the sake of national security. More recently, cultural and social movements are now seen in different forms, not necessarily closely linked with ethnicity. Class, gender, group, and geographical identity can all be criteria for formation of new social movements. The construction of cultural identity involves the local social context within the larger global system. In the present world, marked by the expansion of cultural imperialism in multicultural systems, resistance movements can take different forms.

As people in different regions practice their own culture, a growing civil society also means a growing pluralism. Local civil society organizations have to solve local problems as well as joining with transnational civil society groups in bringing about a more just and fair
society. Civil society organizations, decentralized governments, good governance, and sustainable development are development objectives desirable in most countries. At the same time, cultural and ethnic differences need to be recognized. There has to be a balance between national security and human security. Coexistence in the global process is a very complex situation with multidimensional issues.

Notes


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