

THE POLITICAL ECONOMY OF ASEAN

ERNST UTRECHT

GENESIS

Since its inception, the United Nations has encouraged the establishment of regional organisations in order to promote "the maintenance of international peace and security" (Article 52 of the UN Charter). During the so-called "cold war" the world's superpowers established regional organisations in different parts of the world, not in the first place to promote international peace and security but to secure their spheres of influence. In South and Southeast Asia the Western powers under the guidance of the United States, set up the recently dissolved Southeast Asia Treaty Organisation (SEATO)¹, a regional organisation whose primary aim was the establishment and preservation of Western neo-colonialism in the region.² According to Article 2 of its pact, SEATO's aim was to provide for "collective defence action to resist armed attack...and to counter subversion directed from without against the territorial integrity and sovereignty" of any of its members, and especially the regional members, Thailand and the Philippines. The deliberately vague formulations of the SEATO pact allowed the imperialist powers, particularly the United States, Great Britain and France, to establish and preserve the neo-colonialist order at any time they see fit. Moreover, the SEATO members also explicitly designated (South) Vietnam, Laos and Cambodia as countries against which an armed attack would be considered as endangering their own security. Hence, SEATO's main function was to "legitimize" the imperialist aggression against the people of Indochina.

In 1967, after De Gaulle's government had severed its relations with the United States, France stopped taking part in SEATO's military activities, and in 1974 it terminated providing funds. Pakistan was the first SEATO member that left the organisation, after its unsuccessful requests for SEATO support during the war in East Pakistan, now Bangladesh. In 1975, after the total victory of the communist forces in Indochina, Thailand and the Philippines adapted their foreign policies toward accommodation with the new regimes in Saigon, Phnom Penh and Vientiane, and Peking, and began proposing that SEATO be dissolved altogether. The remaining members were happy to agree, if that was what Thailand and the Philippines, the only regional members, wanted.

SEATO was a regional organisation which was more or less imposed by non-regional powers upon the new nations in the region. The first attempt by these nations themselves to form a regional bloc was the effort in 1961 to establish the Association of Southeast Asia (ASA). But the ASA plans never got off the ground because Indonesia and the Philippines vehemently opposed the formation of the Federation of Malaysia, which originally consisted of Malaya (which had already attained its independence in 1957), Singapore³, Sarawak and Sabah. Sukarno rightly saw Malaysia as a British neo-colonial project to contain communist influence in the region. In order to prevent the British from continuing the project, Sukarno and the then president of the Philippines, Macapagal, offered Malaya membership of Malphilindo (Malaya, the Philippines and Indonesia). However, Maphilindo failed to stop the formation of Malaysia, which was realized September 16, 1963. Sukarno

then had no other choice than to start konfrontasi (confrontation), an undeclared war between Indonesia and the Philippines on the one side and Malaysia on the other. The Philippines levelled a claim on Sabah which it said was part of the Sulu sultanate. Malaysia was militarily backed by Great Britain, Australia and New Zealand, while the United States discontinued its military as well as economic aid programs to Indonesia.⁴

Konfrontasi turned out to be disastrous for Indonesia. The country was riddled by rampant economic inflation, the Sukarno government was replaced by a military dictatorship under General Suharto. The new rulers abandoned Sukarno's economic policy of self-reliance and opened the doors of their country wide for foreign investments and so-called "development aid" by imperialist powers. In order to maximize the investment climate, konfrontasi had to be stopped. The problem for the Indonesians was then how to terminate konfrontasi "without losing face".

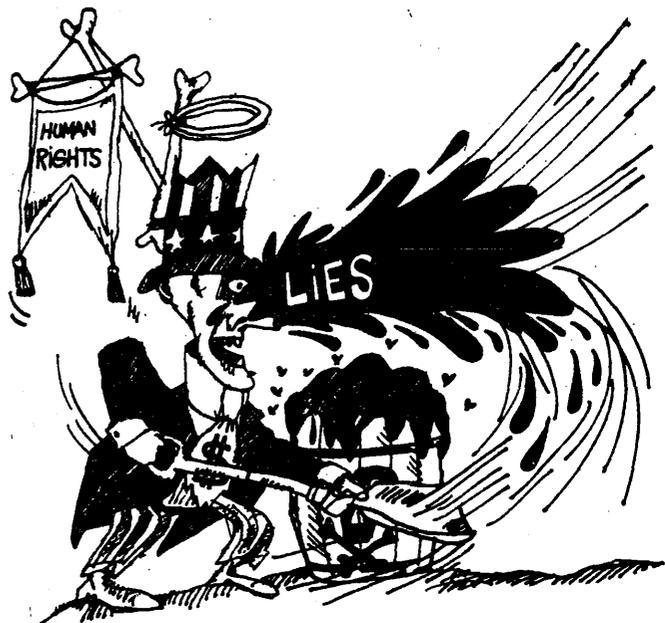
It was Indonesia's then foreign minister, Adam Malik, who found the honourable retreat. Although he had been a firm supporter of Sukarno's konfrontasi, the flexible Malik suddenly remembered that "all Southeast Asians have common ancestors, they belong to the same race, the rumpun Malayu. Instead of fighting against each other, Southeast Asians should unite."

A second reason for closer co-operation between the Southeast Asian nations was the accelerated influx of foreign investments seeking cheap labour in the region during the 1960's. And, finally, there was the need for Southeast Asia's comprador elite to form a barrier against further penetration of communism in the region. Of course, efforts to satisfy this need were very much welcomed by the United States, which in those days already was looking for a new, overt military pact to fill the inevitable vacuum to be left by the imminent collapse of SEATO (Pakistan had already left SEATO while France had stopped providing funds).⁵

In August 1967 the new alliance, Association of Southeast Asian Nations (ASEAN) was born as the replacement of Maphilindo. At the time of its inception, ASEAN could not yet be regarded as a replacement of SEATO. It was not born as a military pact, as SEATO had been, but, originally, as a local co-operation between Thailand, Malaysia, Singapore, Indonesia and the Philippines in intercultural and intereconomic matters. While gradually ASEAN has grown into a more solid regional economic organisation, in particular an instrument against the protectionist trade policies of the United States, the European Economic Community, Japan and Australia, Indonesia and Thailand are now trying to convert it into a military alliance, too.

UNEQUAL ECONOMIC DEVELOPMENT

Developments inside ASEAN have been slow. During the first three years of its existence, ASEAN's viability was even in doubt because within only a half year after its inception the Philippines' president, Ferdinand Marcos, decided to revive the Sabah claim through an act approved by the Philippine legislature.⁶ Although an armed conflict between the Philippines and Malaysia could be prevented, it was not until the first Bali Summit Meeting in February 1976 that ASEAN grew into an alliance of some substance. Even now nobody would think of ASEAN as a too solid



regional organisation. It still suffers from quite serious contradictions between the five member states.

Most contradictions are economic contradictions caused by unequal economic development in the past as well as nowadays. With a population of approximately 130 million, Indonesia is by far the biggest member state. But by economic standards this colossus is the least developed, and therefore the poorest. Its population annually suffer from huge shortages of rice. In order to put more weight in its economic and political relations with the four other ASEAN members, the military regime in Jakarta has adopted an aggressive external policy. Because of lack of prestige and economic devices, Indonesia often intimidates its neighbours. The bloody invasion in East Timor⁷, for instance, has clearly proven that the Jakarta generals do not shrink from using military force in pursuing their political goals.

Indonesia's military leaders incessantly point out that their country is the biggest and is endowed with rich natural resources – oil, natural gas, iron ore, nickel, copper, timber – and agricultural commodities such as rubber, sugar, coffee, palm oil, copra, fish. Therefore, although mining and the processing of minerals as well as agricultural commodities (except sugar) are almost 80 percent in the hands of foreign enterprises, the generals still claim Indonesia's "right" to dominate Southeast Asian politics as well as ASEAN's relations with the United States, the European community, Australia, Japan and the socialist world including China. In order to have Indonesia's "dominant position" clearly expressed, the Jakarta generals have, since ASEAN's inception, insisted that ASEAN's Secretariat should be located in the Jakarta metropolis. This aim has been achieved, and ASEAN's Secretary-General is an Indonesian general, Hartono Rekso Kharsono.

Except for oil and natural gas, foreign investors so far have shown less interest for Indonesia's minerals and agricultural produce than for those of the four other ASEAN members. Of all five ASEAN members, Indonesia is still the least attractive for foreign investors. To the annoyance of Indonesia's military leaders many transnational corporations operating in Indonesia still prefer to have their headquarters in Singapore or even Manila. Also, Indonesia still has no well-equipped and well-developed cheap-labour havens like the industrial and trading enclaves in the other ASEAN countries such as Jurong in Singapore, Penang in Malaysia or Bataan (Mariveles) in the Philippines.⁸ Tanjung Priok, Indonesia's only free trade zone, is still poorly developed.

It is correct to conclude that this disappointing development stems from Indonesia's past anti-foreign investment record. During the Sukarno era, particularly in the days of Guided Democracy (1959-1966), the Indonesian government adopted an anti-foreign investment policy. It was, in theory, the right course. If a non-industrial country has no direct access to the world market for its agricultural produce, the alternative should be the establishment of its own processing facilities and new domestic markets. To open the country for foreign enterprises that have direct access to the world market would mean the surrender of the country to ruthless exploitation by internationalised monopoly capital. Sukarno nationalised Dutch and British property in Indonesia⁹ and then tried to follow China's or North Korea's model of economic development. Although the Jakarta generals, after the military take-over of March 11, 1966, have done their utmost to root out any hostile attitude towards foreign investments, there are still elements in Indonesian society, even among members of the country's armed forces, who oppose the new regime's open door policy. The January 1974 riots in Jakarta have clearly showed that the renewed inflow of foreign investments has not been accepted by all groupings in Indonesian society.¹⁰

A constant source of conflict between Indonesia and Singapore were the operations of the state-owned oil company Pertamina under directorship of General Ibnu Sutowo. With the solid backing of the Indonesian government and a number of military commanders, Ibnu Sutowo had tried to undermine Singapore's position as Southeast Asia's foremost centre of trade and industry. He even tried to build a

"mini-Singapore" on the island of Batam off the coast of Singapore Island. Pertamina's 1975 bankruptcy and Ibnu Sutowo's forced dismissal in March 1976 were received with much delight by Singapore's business world.¹¹

Singapore is geographically ASEAN's smallest but economically its most advanced member. Its 1960 industrialisation program has transformed Singapore, with its present huge industrial apparatus, into a subcentre of metropolitan capital. On its road to becoming Southeast Asia's centre of industry and trade, it has benefited most of the rapid inflow of foreign capital seeking cheap labour. Also, by ruthlessly oppressing its labour force the benefit could be maximised.¹²

Because of the lack of natural resources, Singapore's only alternative was to become a highly developed service state. It has achieved that goal by developing into one of the world's biggest banking centres. As the host of the Asian dollar market, Singapore now acts economically as ASEAN's leader. In particular, Indonesia's and Malaysia's monetary policies are to a certain extent determined by monetary measures of Singapore's banks.

It has to be mentioned that Singapore has intelligently made use of its position as ASEAN member to acquire its present position. It joined ASEAN for two reasons. First, it wanted to improve its relations with Malaysia and Indonesia at low cost. Its leaders preferred to see Singapore's future identity linked with the region and its image as a Chinese state in Southeast Asia minimised. At that time Anti-Chinese feeling ran high in both Malaysia and Indonesia. Second, to maximise the benefit of foreign as well as domestic capital, the Singapore leaders wanted to have in the region the easiest and cheapest access to raw materials and markets for their country's rapidly growing industry.

In addition, since the "separation" from Malaysia in 1965, Singapore had very little option but to join ASEAN because the country could not afford to run counter to the trend of regional groupings and to adopt a drop-out policy when its neighbours, particularly Indonesia and Malaysia, were the Association's main proponents.¹³

For its raw materials Singapore is only partly dependent on Indonesia. Singapore's oil refining industry is the world's third biggest after Houston in the United States and Rotterdam in the European community. However, more than 90 per cent of the crude oil is imported from the Middle East. Indonesia's crude goes mainly to Japan and the United States. On the other hand, for the upgrading of the quality of its rubber sheets, Indonesia is almost totally dependent on Singapore. Also, for the maintenance and repair of its bigger ships, Indonesia is dependent on the Singapore docks and ship-repairing facilities. It is only for its cigarette factories, soap, margarine and some other minor industries that Singapore is dependent on imports from Indonesia.

Also in the relations between Singapore and its other neighbour, Malaysia, there is some strain, which is the result of unequal economic development. The British developed Singapore as a place from where Malaya's (West Malaysia's) plantations (rubber, tapioca, coffee, tobacco) had to be financed and from where Malaya's agricultural produce was mainly shipped to the world market. In other words, Singapore was made the custodian over Malaya's plantation economy. As far as West Malaysia's agricultural production is concerned, this situation has been continued almost unchanged to the present day. But it is likely that in the near future Penang will take over Singapore's present role as main exporter of West Malaysia's agricultural produce. Of course, Singapore's prime minister, Lee Kuan Yew, tries to stop this new development.

It is obvious that Malaysia's membership of ASEAN has in the first place become a gain for Singapore. It gave Singapore's business world easier access to Malaysia's natural resources, domestic markets and, in particular, cheap-labour reservoir. More than half of the manpower in Singapore's factories and workshops are young Malaysians.

Obviously, it was not for economic reasons initially that Malaysia joined ASEAN. Malaysia has still troubled border areas in West Malaysia (with Thailand) as well as in East Malaysia (with Indonesia and the Philippines). It had hoped, and still continues hoping, that by joining ASEAN it would be able to maintain the security of its borders with its neighbours.

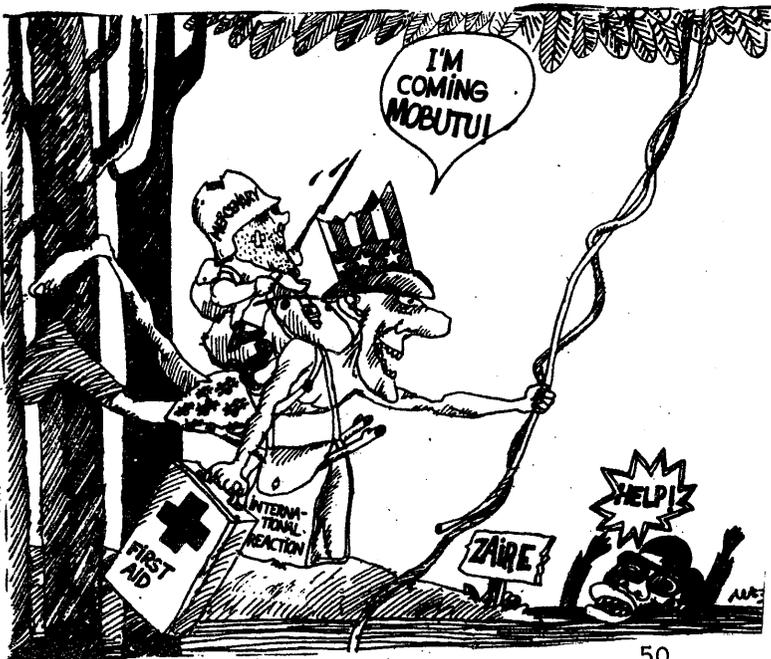
A second reason were Malaysia's efforts to establish stronger control over the Straits of Malacca, which is extremely important for Singapore's world trade.

Thailand was, and still is, seen by the other ASEAN members and the United States as a buffer against the "imminent" expansion of Asian communism. The Thai elite expected that as a result of Western defeat in Indochina their country would be hemmed in by hostile communist neighbours. So, closer ties with the non-communist nations of Southeast Asia had to be sought.

With its huge surplus of rice, Thailand is economically ASEAN's most independent member. The bigger food shortages are in the four other ASEAN members, the stronger Thailand's strategic position in ASEAN will be.

But the unrest in the areas along the border with Malaysia have to a certain extent clouded the relations between Bangkok and Kuala Lumpur.¹⁴ Many Thai politicians regard the Indonesian Army as the only Asian military power able to stop a possible invasion of the Malaysians in the Moslem parts of southern Thailand. In the hope that Indonesian military presence in south Thailand will cause the Malaysian authorities to refrain from invading the Thai border area, the Bangkok regime has invited trigger-happy anti-communist soldiers to participate in the military operations against "communist insurgency" in South Thailand.

Although less developed than Singapore's, the industrial apparatus of the Philippines is more advanced than that of Indonesia, Malaysia or Thailand. The Philippines has even become an exporter of Filipino capital. For instance, there is a considerable amount of Filipino capital investment in Indonesia's timber industry. The southward drive of Filipino capital in timber has been caused by a decline in Philippine log output. Like in Sabah and Indonesian Kalimantan (Borneo), there is rapid deforestation in the Philippines.¹⁵ In an effort to minimise the influence of Singapore's Asian dollar, the Philippine government is now implementing a plan to create a "second Asian dollar". In October 1976 it authorised the establishment of so-called "offshore banks" and allowed domestic banks to take foreign currency deposits.¹⁶ The Philippine plans to create another Asian dollar have annoyed the Singapore leaders. Manila is now growing into a major money centre and has become increasingly competitive with Hong Kong and Singapore.¹⁷



The Philippines are far less dependent on food imports than Indonesia, Singapore and Malaysia. In 1968 and 1969 there were rice surpluses. From 1970 onwards rice production declined rapidly, but since 1976 the country has again become self-sufficient in rice. However, it is not certain that during the next decade satisfactory rice crops can be maintained.

Also the problem of security in the Sulu archipelago and Mindanao was an important reason for the Philippines to join ASEAN. Among the Christian Filipino leaders in Manila there is strong suspicion that Indonesian and

East Malaysian Moslem leaders are secretly supporting the separatist movement in the southern Philippines.

The unequal economic development within ASEAN has resulted in a much smaller percentage of trade between the ASEAN countries than the trade of ASEAN with the rest of the world. For Singapore's giant industrial apparatus ASEAN is too small a market. The purchasing power of the region's inhabitants is, compared to that of the population of most developed countries, extremely low. In 1976, Singapore's trade (imports plus exports) with the ASEAN partners accounted for only 19.2 percent of the country's total trade (with the whole world), while that with the United States, Western Europe and Japan accounted for 39.7 percent.¹⁸ Approximately 80 percent of the consumer goods produced in ASEAN's cheap-labour havens goes to markets outside Southeast Asia.

Table I
ASEAN AND WORLD TRADE, 1966-1974

Year	Trade within ASEAN		Trade with rest of world	
	US\$ million	%	US\$ million	%
1966	1,712	18.3	7,631	81.7
1967	1,654	16.7	8,278	83.3
1968	1,643	15.1	9,209	84.9
1969	1,967	16.3	10,121	83.7
1970	2,092	15.7	11,199	84.3
1971	2,360	16.8	11,688	83.2
1972	2,583	16.2	13,361	83.8
1973	3,556	15.6	19,239	84.4
1974	4,776	12.8	32,537	87.2

Source: Quoted from See Poon-kim, "A Decade of ASEAN, 1966-1974", Asian Survey, Vol. XVII, No. 8 (August 1977), p. 760.

ASEAN AS A CHEAP-LABOUR HAVEN

Unequal economic development of the partners is not the only source of contradictions within ASEAN. The Association's comprador bourgeoisie have transformed Southeast Asia's non-socialist countries into cheap-labour havens where metropolitan capital has been provided with the most favourable conditions to maximise the internationalised production of surplus value. Consequently, within the Association the comprador governments are involved in an ever-sharpening competition in shameless selling out of their own labour force to foreign monopoly capital at lowest prices. The Philippine government, for instance, states in advertisements in the London Times that the Philippines is the only country where a skilled truck driver earns not more than US\$30 and a housemaid US\$12 per month. So invest in the Philippines!

The imperialist exploitation of the peoples of the developing countries through Western Capital investment (which usually introduced the capitalist modes of production) has developed through different stages.¹⁹ In the traditional pattern of imperialist exploitation which developed in the nineteenth century, capital invested in the developing countries (most of which were colonies at that time) was concentrated in the production of foodstuffs, minerals and industrial raw materials for export to the imperialist centres (of metropolitan capital) on terms highly advantageous to the latter. Earnings from these exports (along with further

Table II
 AVERAGE MONTHLY WAGES IN THE ASEAN COUNTRIES IN AUGUST 1977

Thailand	1,200 Baht	(US\$60)
Malaysia	250 Dollar	(US\$115)
Singapore	400 Dollar	(US\$183.50)
Indonesia	15,000 Rupiah	(US\$35)
The Philippines	300 Pesos	(US\$46)

capital inflows) would then finance imports of manufactured goods from the imperialist centres, providing entrepreneurs there with additional markets as well as raw materials. The developing countries have reached their present condition after undergoing, over many decades and in a fashion that served the needs of the main capitalist countries rather than those of their own populations, a process that has been termed "growth without development" or "development of underdevelopment".²⁰

In the second half of the 1950's and the 1960's, the international division of labour developed new dimensions. There was a tremendous exodus of labour-intensive manufacturing industries from the developed capitalist nations into the developing world — an exodus largely promoted by the transnational corporations based in the developed countries themselves. This occurred for a number of fundamental reasons.

In the first place, there was the problem of "too high wages" in many industrialised countries. In their home countries, where they had their basic plants providing employment for their own national labour force, the companies constantly had to comply with the demands from their workers for higher wages and better social conditions. Since they did not wish to cut down on their profits and feared any restriction of the expansion of their plants (destined to facilitate competition with other companies), they had no alternative but to raise the prices of their products. Excessive production costs became for many a corporation an inevitable threat to the loss of both profits and markets in the affluence consumer societies of the home countries. There developed a new impetus for establishing overseas subsidiaries in order to continue the accumulation of capital: to make use of cheap labour in less developed, populous countries where a huge agrarian crisis is uprooting millions of peasant farmers and driving them into shanty towns and city slums. Comparative costs (of production) proved that there was much more profit to gain by relocating production overseas, in cheap-labour countries, and by then importing consumer goods fabricated by one's own overseas subsidiaries. That the export of employment might damage the interests of their own national work force did not cause too many serious considerations for the corporations which relocated production internationally.²¹

Secondly, the comprador bourgeoisie of the developing countries²² which could offer the foreign companies the cheap labour, did all they could to attract foreign capital investment. They removed all usual restrictions on the transfer of profits, granted a so-called "grace period" for the initial investment, and forced local workers to accept the lowest possible wages. They hoped that in this way they could prevent social upheavals by creating new jobs for the vast numbers of unemployed and under-employed in these countries.

Since the early 1960's, comprador elites (in the developing world) have been seeking ways to attract foreign investment by establishing production and trade enclaves called "industrial zones", "industrial estates", or "free trade (or production) zones", where international companies can cheaply produce for the world market, paying the lowest possible wages, totally protected against unionism or any

form of labour "unrest". Such enclaves can be found in many parts of the developing world. In these zones, workers are subjected to particularly poor working conditions, intense exploitation, and strong political repression. It is in these cheap-labour havens that the internationalisation of the production of surplus value can be maximised perfectly. In these cheap-labour havens one encounters the highest stage of human exploitation by internationalised capital.

The third factor promoting the transfer of labour-intensive manufacturing industries to developing countries was the fact that the traditional division of labour was considerably weakened when the former colonies gained political independence. Companies engaged in taking minerals and other raw materials out of these countries now face host governments which increasingly seek to control this process and to maximise the benefits they can obtain from it through so-called "resources diplomacy". Where these governments can succeed in establishing monopolistic control over the utilization of their own natural resources through international cartels such as the Organization of Petroleum Exporting Countries (OPEC) and, perhaps in a more distant future, associations like ASEAN, they will be able to restrict exports and raise world prices, so that the benefits flow to the producer nations rather than the consumer nations of the developed world. Even a world power such as the United States was not able to do much against the resources diplomacy of OPEC but attempt to reduce its own use of petroleum.

REPRESSIVE ASEAN GOVERNMENTS

Competition in ruthless selling out their work force at lowest prices to metropolitan capital has forced the ASEAN governments to become highly repressive in dealing with their citizens, particularly workers, labour unionists, politicians, journalists and progressive academics. In all five ASEAN countries the internationalised mode of production based on cheap labour has produced gross violation of human rights.

In Singapore, for instance, the present PAP²³ government has deprived its workers of their rights to properly organise in true unions. Therefore, it can compel the workers to accept, in the name of "sacrificing for the establishment of a social state", low wages set in accordance with the needs of foreign investors and their compradors. It has become more and more obvious that Singapore's workers cannot live on their monthly income of Singapore \$150-140 while prices steadily increase. The National Wage Council (NWC) three times recommended wage increases: 9 percent in 1973, 6 percent plus S\$40 in 1974, and 6 percent in 1975. But the increases recommended in 1973 and 1974 were ignored not only by many employers but also by the authorities concerned. Moreover, the recommended wage increases could not keep up with the price hikes caused by the inflation.

Although the Employment Act of 1968 (amended in 1975) sets the standard work week at 44 hours, many labourers put in seven days a week of 11- or 12-hour work days. Overtime is often 140-160 hours a month and only paid for 70-80 hours. In a number of textile and electronics factories young women work twelve hours a day, because there are only two shifts instead of three.

There is no indexation of wages, no unemployment benefits — when a worker loses his job he gets only one month gratuity for every one year he has worked, no pensions and no right to strike in order to get the wages increased. Some companies do not like to see their sick workers go into hospital for medical treatment because that would increase production costs, and they tell the sick workers who need treatment in hospital that "all beds are occupied". They even threaten them that they will be retrenched.²⁴

Industries like electronics, textile and garment factories employ predominantly women workers. About 40 percent of these women came from West Malaysia and more than half of the women immigrants are young women between 16-25 years of age. At the time of their arrival they were totally unskilled. The labour-intensive electronics and textile factories have found out that employing very low-paid

unskilled female labour is still cheaper than running mechanized production under supervision of highly paid technicians. When the women have reached the age of 23-25 years they have to leave the factory because they have become too expensive workers. Moreover, inexperienced and unmarried young women are more easily exploited.

The Singaporean female workers are also strongly discriminated against. They are paid much less than their male colleagues. According to Labour Force Survey 1974, 61 percent of the working women earn below S\$200 (US\$91), as compared with only 31 percent of the men. At the other end of the pay scale, 25 percent of the working men make over S\$400 a month, while only 12 percent of the employed women qualify for this category. In other words, although women do form over one-third of Singapore's labour force today, their wages represent only about 15 percent of the country's total wage bill.²⁵

The female labour force is totally defenceless. Young women are continuously intimidated into refraining from having dealings with labour unions. Many of them are recruited from Malaysia's countryside, and are only too glad to be employed, that is, in fact, exploited, in the Singapore metropolis. It is because of their defencelessness and exploitability that capitalist enterprises, local as well as foreign, are eager to employ them as the cheapest labour force in the world, and hence create the possibilities of maximising their profits.

On August 20, 1975, the Amendment Act (amending the 1968 Employment Act) legalised child labour. The new act states that a child between the ages of 12 and 14 must seek approval from the Ministry of Labour before he is allowed to be an apprentice. However, children between the ages of 14 and 16 (they are considered as "young people" under the law) can be employed by any industrial establishment without prior approval from the Ministry of Labour. The law entirely excludes the non-manufacturing sector. Nothing is mentioned about the approximately 50,000 children toiling in coffee shops, hawker stands, etc. They are totally unprotected by the law.

There are many so-called "apprentices" in the ship-building and ship-repairing industry. These apprentices are bonded by a contract for a couple of years. During the contract period, their wages are meagre, though there is no difference in the nature of their work from the other workers. Hence, under the cloak of "apprenticeship", the existence of child labour is cleverly concealed. The exploitation of a child, who is still in a stage of physical and mental development, forms a double exploitation in the production of wealth for the capitalist entrepreneur. In the first place, it is an exploitation of the child's wealth produced by him. Secondly, due to inexperience of children and their ignorance of their rights, they are easily and often cheated: opportunistic wage-cuts, very low pay for overtime work, etc.

Those who defend the institution of child labour argue that there is a labour shortage in Singapore. However, since the economic recession this argument is certainly not valid any more. The figure of unemployment has risen to more than 60,000, whereas there is still an influx of workers from Malaysia. Now the authorities are saying that as a consequence of too many drop-outs from schools, the legalisation of child labour is very useful: "It prevents children from mischief"! This statement is, of course, not convincing at all. The Singaporean students, who are vehemently opposing the new law, correctly point to the fact that "as long as the propagation of PAP's materialism and decadent culture values continues, the children will seek all means to satisfy such materialistic desires. There is no logical relationship between employment or unemployment."²⁶

In reality, the recent legalisation of child labour has been another move to ensure low wages for foreign companies. Children can be kept away from the influence of labour unions and consequently they can be given any wage that suits the employer. However, a significant fact was that none of the labour unions was

willing to take a strong stand against the introduction of the new amendment legalising child labour.

The PAP government's policy towards labour unions has been one of stifling the growth of an independent labour union movement which might raise wages (thus deterring foreign investment), and which could serve as a base for an effective political opposition.²⁷ The government's general attitude towards union stoppages was summarized by Premier Lee Kuan Yew's comment on a proposed dock workers' strike: "I will declare this high treason. I will move against the strike leaders. Charges can be brought in court later." Lee Kuan Yew articulates his "socialism" in a way that will reassure even the most timid investor: "The five-day week of 40 or less hours, fully paid holidays of a month a year, free medical services, heavily subsidized housing, and high personal income tax, they are worse than irrelevant. They will cripple our economy."²⁸ In general, those who dare to publicly criticise the PAP government's anti-social industrial policies run the risk of landing in the notorious Changi Jail. The Singapore government now has its political prisoners held in a number of prisons without trial for many years.²⁹

During the economic recession which followed the 1973 oil crisis, the PAP government arrested everybody regarded as a "communist" or an "anti-national".³⁰ With the number of political detainees increasing considerably, there has been increasingly vehement protests from outside Singapore, as a result of which the PAP was forced to withdraw from membership of the Socialist Internal.

The same bad labour conditions prevail in the four other ASEAN countries. Besides even lower wages (see Table II) there is also violent oppression of the workers, intense exploitation of a large female labour force and more or less legalised child labour. In the Philippines labour unions are even officially forbidden to operate in trade and industrial enclaves such as Bataan Export Processing Zone, while Indonesian labour unions are contained by compulsory membership of the government-established federation of labour unions Golongan Karya (GOLKAR), the leadership of which is totally controlled by the Indonesian Army.³¹

PROTECTIONISM

Since 1974, however, in Southeast Asia's cheap-labour havens the investment boom of the 1960's and early 1970's is over. Transnational corporations, already in the havens, stopped or slowed the expansion of their operations. The number of new projects has dropped drastically. The comprador elites, in a desperate effort to promote a new influx of foreign investments, have stepped up the oppression of the local labour force. The Singapore government even arrested the unions' lawyers (among others, Gopalan Raman, while another lawyer sought by the Singapore Police's Special Branch managed to escape by leaving the city-state in time).³²

Some idea of the changing profile of manufacturing investment in Singapore can be got from statistics. For example, whereas industrial chemicals represented 56 percent of total investment commitments in 1974, by 1976 the percentage had shrunk to 1.4 percent. Investment in petroleum products fell around 34 percent to just over 4 percent between 1975 and 1976.

Likewise, the proportion of total investment commitments represented by non-electrical machinery was more than halved between 1975 and 1976, from around 40 percent to 18 percent of the total, while investment commitments in transport equipment shrank from 13 percent to under 2 percent of the total between 1974 and 1976. By contrast, commitments in electrical machinery and appliances jumped from 3.5 percent to 45 percent of the total between 1975 and 1976. This largely reflected the continuing buoyant demand for semi-conductors and consumer electronic products of most kinds.

The output of the electrical and electronics industry rose by 49 percent last year to Singapore \$2,215 million, where it represented just under 15 percent of total manufacturing output of S\$14,959 million, and was exceeded only by the petroleum sector which contributed S\$6,167 million, or 41 percent of the total. The other significant single-sector contributors were food, beverages and tobacco at S\$1,172 million and transport equipment at S\$1,208 million.³³

At the moment the gravest deterioration in investment is occurring in Indonesia, a country with the highest number of political prisoners in the world.³⁴ The Far Eastern Economic Review's correspondent in Indonesia, David Jenkins, gives the following account:

On January 10, 1967, the Indonesian government enacted a landmark foreign investment law which opened the door wide to foreign capital and paved the way for a resurgence in the national economy after the decline and stagnation of the Sukarno years. Today, 10 years later, the momentum created by that decree has been lost. The rate of new foreign investment, sluggish for the past two years, is slipping back month by month.

In 1976, the value of applications approved by the Capital Investment Co-ordinating Board (EKPM) totalled only US\$423 million, as against \$1,944 million the previous year, \$1,392 million in 1974 and a 10-year average of \$681 million a year. (The 1975 figure is misleadingly high due to the signing that year of the huge \$850 million contract for the Asahan hydro-electric project.)

Approval was sought in 1976 for only 34 new projects, in contrast to the average since 1967 of 85 a year. This was the lowest number of new projects in 10 years. More disturbing still, barely half of the \$423 million was for new investment; a total of \$189 million was for increased capitalisation of existing investment, only \$234 million for totally new investment. Over the past 10 years, 75 percent of the \$6,800 million in foreign investment approvals has been for new investment, as opposed to expansion of existing plant.

The situation so far this year (1977) is even worse. Only seven new projects, with an approved capitalisation of \$25.8 million, were approved during the first quarter of 1977. Increases of \$45.8 million in the capitalisation of 18 existing projects brought the total of new funds in the first quarter to \$71.6 million. Projecting this on an annual basis, one recent report noted, new foreign investment may reach only \$280 million; this would be only two-thirds of last year's five-year low of \$423 million.³⁵

In the oil industry, which is dominated by Japanese and American companies, it is expected that a number of Japanese firms will gradually move their operations to China in order to restore the balance in the trade between Japan and Indonesia.

In Malaysia, where since 1970 a number of cheap-labour havens have been established in the vicinity of the capital of Kuala Lumpur and the island of Penang, in 1976 a total of 425 new projects were approved, compared to 461 in 1975 and 525 in 1974, which was reflected in a sharp drop in total authorised capital to Malaysian \$1,021 million (US\$411.69 million) from M\$1,366 million the previous year.³⁶

Compared to many other developing countries, Thailand's economy was in general not too badly hit by the aftermath of the October 1973 oil crisis. In fact, export commodity prices began to fall already before the crisis. After the crisis the oil prices tripled and many industrialised countries curbed their

imports from Thailand. However, despite an increased trade deficit, tripled capital inflows (mainly from Japan) and high service receipts still produced a record balance of payments surplus of US\$400 million and boosted international reserves to a new level.

This was 1974. The 1975 situation was not so good. Continuing deterioration of the country's terms of trade and a quite large drop in total private investments due to political and economic uncertainty, reduced these international reserves to a more modest level and turned around the balance of payments to a \$100 million deficit. At the same time, however, reduced demand brought down inflation, which, after a period of relative price stability, had been running at 24 percent in 1974 and 6 percent in 1975. A rate around 8 percent was anticipated for 1976.³⁷

In 1976, there was a very modest beginning of recovery in some sectors of the Thai economy. For instance, mining and a number of manufacturing industries. Gross Domestic Product (GDP) rose from 4.6 percent in 1974 to 5.5 percent in 1975, and the figure for 1976 is 6.1 percent. However, there was no significant increase in industrial investment except for new investments in certain small-scale industries. The increase in certain export items was countered by problems of price or demand faced by export commodities such as sugar, textiles and gunny bags. In December 1976, the unemployment rate was still high, at about 1.06 million persons out of the total labour force of 19.20 million.³⁸

Also in the Philippines the inflow of foreign investment has become sluggish. Since Proclamation 1081 in September 1972 instituting martial law, foreign investment has been promoted. Yet the inflow of new or additional equity has not been as rapid as the Marcos regime hoped, or as other ASEAN members, particularly Singapore and Thailand, have achieved (before the 1974 aftermath of the October 1973 oil crisis), while divestment continued. However, since the Marcos government's decision in May 1975 allowing American corporate landholders to sell or donate their lands to and then lease them back from government enterprises or real estates affiliates in which the seller-donor-lessors may own up to 40 percent, there seems to be a very slight improvement in the investment situation.

The slump in capital investment in the cheap-labour havens of Southeast Asia has been caused by three recent developments: a general decline in the flow of capital from the centres of metropolitan capitalism to the peripheral world being a result of a slowdown in capital spending in the centres; deteriorating political conditions in some parts of the Southeast Asian region; and increasing protectionism directed against imports of manufactured goods from cheap-labour countries in the industrialised states.

For most developing countries, decisive is still the investment situation in the United States. But one may draw the conclusion that in this foremost centre of metropolitan capitalism the hopes for a reasonable post-Vietnam war recovery in the economy has hardly been filled. The level of capital investing in the United States is at the moment lower than it was in 1974. In such industries as computers, steel, textiles, tires and rubber, and the airlines, there is hardly any investment growth.³⁹ American investment overseas is far below the levels of about 10-15 years ago, when the annual increase often exceeded 40-50 percent. Moreover, the bulk of the recent American overseas investment went to West Europe. It seems that for many American transnational firms Europe still offers the best guarantees for overseas investment.

The acquisition of a market is the main goal of the operations of any business enterprise. Because of the low purchasing power of the population of most developing countries, the peripheral world only offers a poor market for manufactured goods. For most transnational firms the markets for consumer goods are to be found in the developed states and not in the developing countries. Therefore, the more recent trend in Japan's investment policy is to move more production to the United States and other buying countries. Moreover, by moving factories and workshops to the centres and sub-centres of metropolitan capitalism, the growing

opposition to Japanese manufactured goods in the United States and many West European countries might be abated and at the same time high tariff walls and special tax regulations avoided.⁴⁰

Undoubtedly, events like the Indonesian aggression against the people of East Timor, the rebellion in the Indonesian province of West Irian⁴¹, the liberation movements in the Malaysian-Thai border area, North and West Kalimantan and the Southern Philippines, the numerous armed conflicts between Thailand's armed units and the guerrilla groups backed by the socialist neighbours, and, last but not least, the rampant corruption in the bureaucracies of the majority of ASEAN's member states⁴², have strengthened reluctance to invest capital in the region.

Protectionism is now a widely spread phenomenon in the developed countries.⁴³ At the moment Western Europe is the prime source of protectionist rationalisations. This is easy to understand, for of the three biggest centres of metropolitan capitalism, the United States, Japan and Western Europe, it is Western Europe that has the worst unemployment problems. In the past Western Europe was the most ardent advocate of free trade theory and practice. Both free trading principles and former imperial relationships have meant that the European Economic Community has provided by far the largest market for manufactured goods from the developing countries. However, gradually West European technology has lagged. The assumption that a single West European market would create a vast domestic market and provide economies of a scale strong enough to push back dominance by certain industries in the United States and Japan has turned out to be a miscalculation. Recently, in an effort to save employment in the textile industry, the EEC has succeeded in curbing textile imports from South Korea and Hong Kong.⁴⁴ However, international organisations such as the General Agreement on Tariffs and Trade (GATT) and the International Monetary Fund (IMF), and also West Germany, itself a member of the EEC, have strongly criticised the EEC's latest protectionist measures.⁴⁵ They pointed out that the measures will severely damage international trade between the developed and developing countries as well as between the developed states themselves and will have a boomerang effect for the EEC itself.

Also ASEAN is now bitterly fighting against metropolitan protectionism. And ASEAN's war against high tariff walls started with an attack on Australia's protectionist measures against certain goods manufactured in Asia's cheap-labour countries. It was Malaysia that fired the first shot in Canberra's direction.

Malaysia's only business daily, Business Times, reflecting some of the comments made by officials, diplomats and traders here, said in an editorial today:

Australian leaders of all parties profess a strong interest in close ties with ASEAN both because of neighbourliness and an affinity of outlook on many matters.

But the policies Canberra is adopting on trade matters show an increasing insensitivity to the interests of ASEAN and other developing countries which belies their professions.

While ASEAN governments have sympathy for Australian difficulties (such as their unemployment problem), they cannot give countenance to the trend towards increasing protectionism.

Malaysia's Minister for Trade and Industry, Hamzah Abu Samah, said the imposition of a quota on textile imports, which led to the closure of an Australian-Malaysian joint-venture to export shirts to Australia, could be seen as the Australian government's discouragement for Australian investments in Malaysia.

Any new Australian investor in Malaysia would be reluctant to invest in projects for export to Australia because his products could come under quota restrictions by a protectionist-oriented policy.

Business Times summed up: "ASEAN countries are not expecting any miracle either, but they do expect the men in power in Canberra to mount a bigger effort than they have so far made to educate the electorate on the benefits of freer trade...It is up to Canberra to mend matters quickly if solidarity has to have any real content at all".⁴⁶

Malaysia received full support of the other four ASEAN members. A tariff war broke out between the five members of ASEAN and Australia.

The five ASEAN members called today (August 6, 1977) on developed countries to drop immediately protectionist measures which they said affected the livelihood of their 200 million people. The demand came in a 20-page communiqué issued after two days of summit talks here (Kuala Lumpur) between ASEAN leaders.

They called for policies in the richer countries which would promote trade with ASEAN nations and increase investment, which has fallen in recent years in Thailand, Singapore and Malaysia. The five leaders said they wanted better access to markets outside Southeast Asia for their new materials — primarily rice, as well as manufactured and semi-processed goods.⁴⁷

The Australian companies in the ASEAN countries⁴⁸ are also hit by Australia's protectionist policies. But so far Australia has refused to lower the tariffs on grounds that she has to save employment for her workers.⁴⁹ Therefore, the Australian workers support the policy of high tariff walls⁵⁰, whereas the Australian companies support the ASEAN governments' efforts to get the walls down. The companies also accuse the Australian workers of having claimed "too high wages", which was the main reason why they went to the cheap-labour countries in Asia. In August 1977, the Australian government even took further steps, and posed sharp cutbacks on the imports of Asian textiles.⁵¹

During his visit to Southeast Asia in the same month, Japanese Prime Minister Fukuda promised to seriously consider ASEAN's claim for more trade with Japan and lower tariffs. However, no agreement has been reached so far.⁵²

ASEAN's fight against metropolitan protectionism and for a better position in world trade has given this regional organisation more substance. It is now developing into a more effective weapon in the battle of the five Southeast Asian comprador governments against the metropolitan powers' neo-colonial dominance in and economic exploitation of the region. During the first ASEAN summit meeting, held in Bali in the last week of February 1976⁵³, the foundations for closer economic as well as political co-operation were laid. As may be remembered, the original emphasis of ASEAN had been on economic (and cultural) co-operation only. But in Bali the five heads of government underlined that political and economic co-operation always go hand-in-hand. Economic co-operation is two-fold: industrial and trade co-operation.

As for industrial co-operation, the member states pledged themselves to establish "large-scale ASEAN industrial plants". Indonesia has now two-thirds finished the construction of a giant urea-fertilizer plant, Singapore recently finalized the preparation of the building of a US\$800 million petrochemical complex⁵⁴ and completed the blueprint for a diesel engine project, and in the Philippines, where an ASEAN superphosphate plant will be established, officials have just finished a pre-feasibility study.⁵⁵

Trade co-operation is directed to the transformation of Southeast Asia into a free trade area for the ASEAN members. In the trade between the five ASEAN members there will be no duties on imports and exports. However, most commentaries on ASEAN economic co-operation doubt whether these aims can ever be achieved.

Cynics — and there have been no shortage of them watching ASEAN's growth from the time of its rather auspicious birth nearly ten years ago — doubted that the blueprint for economic collaboration laid down by heads of government from Indonesia, Malaysia, Singapore, Thailand and the Philippines at their pioneer summit meeting in Bali in February last year would be given much substance.

The obstacles are considerable.

One is that the five ASEAN economies tend to be competitive rather than complementary. This is reflected in the value of intra-ASEAN trade. For the period 1970-75 the Philippines trade with its ASEAN partners amounted to a mere 2.96 percent of its total trade. The figure for Thailand was 9.05 percent, for Indonesia 9.89 percent. For Malaysia 20.1 percent and for Singapore 24.74 percent.

Another obstacle is that two of the five ASEAN members — Singapore and the Philippines — have achieved a more advanced level of industrial development raising fears in the other three member states that preferential trade will work to the distinct advantage of the front runners, and especially to the transnational corporations based there. A third obstacle is that in countries such as Indonesia and Thailand, direct taxes generate only a relatively small proportion of government income. Indirect imposts, particularly customs duties, are a major source of budget revenue.

The agreement on preferential trading arrangements is ASEAN's first definite response to the delicate tasks of reconciling national interests with the promise of regional co-operation.⁵⁶

During the Kuala Lumpur Summit of August 4-5, 1977, which was also attended by Prime Ministers Fraser, Muldoon and Fukuda, the ASEAN leaders succeeded in making one front against the protectionist trade policies of Australia, New Zealand and Japan. United as they were in their verbal attack on protectionism, there is still a measure of doubt whether the five ASEAN members, with their conflicting interests, will be able to launch real combined activities, such as a boycott of consumer goods made in Australia, New Zealand and Japan, in a concerted effort to pull down the high tariff walls set up by these countries.

ASEAN AS AN INSTRUMENT OF REPRESSION

Whereas ASEAN's transformation into a more substantial economic alliance has been a very retarded process, its political dynamic is much faster. Therefore, confronted with this reality, the Bali Summit had to acknowledge that during the first ten years of its existence ASEAN has gradually become a solid political organisation which is fruitfully used by the ASEAN governments "to maintain security in the region".

Almost since ASEAN's creation, the comprador governments of its five members have had to cope with social unrest in the rural as well as urban areas. In the territories of four of the five members, Thailand, Malaysia, Indonesia and the Philippines, one even finds liberation movements, which form a social as well as political threat to the position of the comprador bourgeoisies. And often international co-operation was needed to counter "subversion" or to destroy a rebellious movement particularly in the border areas.



Victor
'Ah, it's a great day to be alive. And rich.'

As early as 1968 Indonesian and Malaysian military units launched joint operations against two genuine liberation movements, the Pasukan Gerilya Rakyat Sarawak (PGRS, People's Guerrilla Army of Sarawak) in the Indonesian-Malaysian border area of West Kalimantan and South Sarawak, and the Pasukan Rakyat Kalimantan Utara (PARAKU, North Kalimantan People's Army) in the Indonesian-Malaysian border area of Central and East Kalimantan and South Sabah. ASEAN also facilitated combined patrol activities by Indonesian and Malaysian naval units in the Straits of Malacca. The governments in Jakarta and Kuala Lumpur try to intercept the night-time crossing of this vital sea lane by Sumatran guerrillas into Malaysia and Malaysian (Malay as well as Chinese) guerrillas into Indonesia. Besides, there is a joint effort to eliminate the smuggle trade between Sumatra and the Malay peninsula. In the Malaysian-Thai border area Indonesian military units, too, participate in the Malaysian-Thai military operations against Moslem and communist guerrillas. The army intelligence services of the five governments now closely co-operate throughout the region. It has even become extremely difficult for dissidents of one ASEAN country to apply for asylum in another. It seems justified to conclude that the closer the co-operation between the ASEAN bourgeoisies, the more oppressive the nature of the alliance will become.



CONCLUSION

ASEAN has gradually grown into an indispensable cornerstone in the present United States' Indian Ocean policy. The alliance has become one of the pivots of the new American line of defence running from East Africa through the island of Diego Garcia in the Indian Ocean to Australia and Japan. It has a two-fold strategic function: it links South Asia with Australia and Australia with Japan. Although at present the United States has military bases only in the Philippines (it pulled out of Thailand in mid-1976), it still gives substantial military aid to ASEAN countries. And it is likely that it will step up this aid, particularly to block a Soviet Russian inroad.⁵⁷ For instance, to prevent Russian intervention in Jakarta's efforts to incorporate East Timor into Indonesian territory, the United States in 1976 doubled its military aid to the Indonesian aggressors. Moreover,

the Kriangsak Chamanand government in Thailand, which inevitably will lose the country to communist influence, does its utmost to have the Americans back in Thailand. Although as a consequence of the present worldwide economic recession ASEAN has become less important for the American economy, its significance for America's global military strategy has not reduced at all.

For Japan, however, Southeast Asia continues to be its major supplier of raw materials. Therefore, unlike the EEC, the United States or Australia, it cannot go too far in its protectionist policy towards the ASEAN countries. The Fukuda government is now preparing a new equilibrium in its economic relations with the ASEAN countries.

Successive Australian governments during the last decade have tried to secure an entry into Asia, for reasons of regional security as well as economic reasons. They have fostered a good neighbour policy towards the countries of Southeast Asia. But so far the achievements have not been impressive, and particularly Indonesia has been a menace. It is obvious that "good neighbour" Indonesia has proved to be a highly unreliable and dangerous ally, an imperialist in its relations with its weaker Asian neighbours, for instance, Malaysia. By sticking to the ill-founded belief that Indonesia is a "good neighbour" with whom Australia needs to have "good relations", the Australian government allows herself to adopt an attitude towards other Southeast Asian peoples and nations which, in fact, is dictated by the Indonesian generals through intimidation and blackmailing, that is, by the threat that any other attitude will lead to bad relations with Jakarta.

The three states of Indochina, Vietnam, Laos and Cambodia, have clearly denounced ASEAN, qualifying it as an instrument of United States' imperialism. As for the military aspects of ASEAN — in fact, ASEAN is gradually developing into a military alliance, too — this assumption is correct. The Indochinese leaders still vividly remember the long years of imperialist aggression against their people, when Thailand and the Philippines were the major American military bases from where the dreaded B-52's took off and when Singapore was the main supplier of military equipment to the aggressors and one of the main economic supporters of Nguyen Van Thieu's corrupt puppet regime.⁵⁸

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Notes

¹SEATO was founded under the 1954 Manila Pact with eight members — the United States, Great Britain, France, Australia, New Zealand, Pakistan, Thailand and the Philippines — at a time "when the growing power of newly Communist China, as much as the communist movement in Indochina, was the dominant source of fear and suspicion among western Southeast Asia strategists" (John Rogers, "SEATO's demise 'premature', says Sunthorn", The Bangkok Post, May 19, 1977).

²G.B. Starushenko, "Abolition of Colonialism and International Law", in Grigory Tunkin (ed.), Contemporary International Law, Moscow, 1969, pp. 77-96. "Colonialism is a system not only of political domination but of the economic exploitation of other countries, a system which prevents the free development of their productive forces — especially the most important productive force, the working people — and which makes use of military, political, economic and ideological means" (pp. 85-86).

³In August 1965, Singapore withdrew from Malaysia.

- ⁴For konfrontasi see J.A.C. Mackie, Konfrontasi - The Indonesia-Malaysia Dispute 1963-1966, London, 1975.
- ⁵See Malcolm Caldwell, "ASEANisation", Journal of Contemporary Asia, Vol. 4, No. 1 (March 1974), pp. 36-70.
- ⁶Marcos had received information that the Malaysian authorities "were preparing an invasion in the Sulu archipelago and the island of Mindanao".
- ⁷For the Indonesian Army's aggression against the East Timorese people see Helen Hill, The Timor Story, Melbourne, 1976; Richard W. Franke, East Timor: The Hidden War, New York, 1976.
- ⁸Cheap-labour havens in East and Southeast Asia: in South Korea - Masan Free Export Zone (MAFEZ) and Iri Free Export Zone (IFEZ), and more than ten others; Hong Kong; in Taiwan - Kaohsiung Export Processing Zone (KEPZ) and Nantz Export Processing Zone (NEPZ); in Singapore - Jurong Industrial Estates and a number of similar areas; in Malaysia - Penang Island and Kuala Lumpur; Thailand - Chon Buri and Chiang-mai; in Indonesia - Tanjung Priok near Jakarta; in the Philippines - Bataan Export Processing Zone (Mariveles). See Special Issue of Ampo, Free Trade Zones and Industrialization of Asia, Tokyo, 1977. For Singapore see Ernst Utrecht, Industrial Estates and Australian Companies in Singapore, TransNational Corporation's Research Project, University of Sydney, June 1976.
- ⁹The nationalised foreign enterprises were placed in the hands of military managers who had little know-how of business management. Consequently, many enterprises were ruined by the new managers within only a short span of time, one or two years. For the management and organisational structure of the nationalised enterprises see J. Panglaykim and Ingrid Palmer, State Trading Corporations in Developing Countries, Rotterdam, 1969.
- ¹⁰See Ernst Utrecht, "Recent Conflicts Inside the Indonesian Army", Journal of Contemporary Asia, Vol. 4, No. 3 (September 1974), pp. 324-335.
- ¹¹For the collapse of Pertamina see Ernst Utrecht, "United States of Indonesia? The Pentagon and the Generals", Arena, No. 42 (July 1976), pp. 70-84.
- ¹²See Ernst Utrecht, Industrial Estates and Australian Companies in Singapore.
- ¹³Quoted from See Poon-kim, "A Decade of ASEAN, 1967-1977", Asian Survey, Vol. XVII, No. 8 (August 1977), pp. 753-770, particularly p. 756.
- ¹⁴It has happened a few times that Malaysian military patrols pursuing Thai Moslem guerrillas, crossed the border line into Thailand without having obtained prior consent of the Thai authorities (for instance, in the Betong incident). There is some suspicion in Kuala Lumpur that the Thais secretly support the Chinese members of the guerrillas, which has now also great following among the Moslem Malay population, too.
- ¹⁵Far Eastern Economic Review, December 2, 1977, pp. 46-66. At the moment there is in Southeast Asia a serious plunder of rich forests by metropolitan capital (particularly Japanese investment in timber) which is totally jeopardizing longer-term prospects for forestry and investment in timber-based processing industries.
- ¹⁶Eugene Carlson, "Offshore Banking System Approved by Philippines. Nation Seeks Prestige, Greater Capital Inflows from Foreign Bankers", The Asian Wall Street Journal, October 1, 1976; Far Eastern Economic Review, October 15, 1976.
- ¹⁷Far Eastern Economic Review, April 8, 1977, Banking in Asia '77, pp. 94-95.
- ¹⁸Far Eastern Economic Review, August 12, 1977, Singapore '77, p. 36.
- ¹⁹I have mentioned these stages in an earlier study, "Imperialism in Singapore", Intervention, No. 8 (March 1977), pp. 21 ff.
- ²⁰For the Baran-Frank thesis see E.L. Wheelwright, "Under-Development or Revolution? The Baran-Frank Thesis", in Wheelwright, Radical Political Economy, Sydney, 1974,

pp. 249-258.

- ²¹ According to Barnet and Müller, labour union hostility to transnational corporations is based not only on objections to the exploitation of cheap labour, but also because their own bargaining positions are undercut by this development. Companies now deliberately duplicate production facilities so that they can shift operations smoothly from one plant to another in the event of trouble (Richard J. Barnet and Ronald E. Müller, Global Reach - The Power of the Multinational Corporations, New York, 1974, p. 22).
- ²² Ernst Utrecht, "Corporate Compradors in Southeast Asia", Arena, No. 47-48 (August 1977), pp. 107-119.
- ²³ People's Action Party, Singapore's ruling political party. See Thomas J. Bellows, The People's Action Party of Singapore: Emergence of a Dominant Party System, New Haven, 1974. For PAP's demagogic leader, Lee Kuan Yew, see T.J.S. George, Lee Kuan Yew's Singapore, London, 1973.
- ²⁴ The Employment Act of 1968 sets the standard working week at 44 hours, with payment at one and one-half times the hourly rate of pay for overtime and double time for holidays and for regular weekly days of rest. Overtime is limited to 72 hours per month. Retirement benefits may be payable after five years' service. Paid sick leave after one year of service is limited to 14 days without hospitalization and 60 days with hospitalization in any one year. The Act also provides for a maximum of 11 paid public holidays and for 7 days annual leave after one completed year's service, and 14 days annual leave after an employee has completed ten or more years' service with the same employer. We have seen how this labour legislation, in itself bearing no resemblance to a true progressive labour law, has been implemented in such a way that it has served as a legitimisation of many violations of human rights.
- ²⁵ See also Ho Min Fong, "A Long Way to Go, Sister", Singapore Trade and Industry Year Book 1976, Singapore, 1976, pp. 87-93. This article, however, conceals partly the bad conditions in which the young women workers often have to live.
- ²⁶ University of Singapore Students' Union, The Economic Need: \$\$ for Repression, Singapore, 1975.
- ²⁷ For more details see the excellent study by University of Singapore Students' Union, Trade Unionism in Singapore, Singapore, 1976.
- ²⁸ Quoted from Roger A. Freeman, Socialism and Private Enterprise in Equatorial Asia, Stanford, 1968.
- ²⁹ Amnesty International Report, London, 1975; FUEMSCO (with an introduction by Malcolm Caldwell, "Lee Kuan Yew - The Man, His Mayoralty, and His Mafia"), Singapore: Behind the "Economic Miracle", London, 1976.
- ³⁰ For recent cases see University of Singapore Students' Union, Trade Unionism in Singapore, pp. 89-97 (Gulf Plastics incident in 1973), pp. 98-119 (American Marine incident in 1974 and the trial and disappearance of student leader Tan Wah Piow).
- ³¹ See Elaine Capizzi, "Trade Unions under the New Order", in The British Indonesia Committee, Repression and Exploitation in Indonesia, London, 1974, pp. 35-49.
- ³² For the Raman case see Singapore newspapers The Straits Times, February 11 ff., 1977, and New Nation, February 10 ff., 1977; The Mirror, Singapore, Vol. 13, No. 8 (February 21, 1977) and No. 12 (March 21, 1977); The Economist, February 26, 1977; The Financial Times, March 14, 1977; The Guardian, March 14, April 9, 14, 25 and 30, 1977.
- ³³ Far Eastern Economic Review, June 3, 1977, pp. 42-43.
- ³⁴ Amnesty International, Indonesia, An Amnesty International Report, London, 1977.
- ³⁵ Far Eastern Economic Review, July 29, 1977, Investment in Asia '77, p. 59.

- ³⁶Investment in Asia '77, p. 62.
- ³⁷Investors Chronicle, Thailand Survey, London, June 18, 1976, p. 9.
- ³⁸For the economic prospects of 1977 see Business Review, Bangkok, December 1976.
- ³⁹Special Report, "The Slow-investment Economy", Business Week, New York, October 17, 1977, p. 60.
- ⁴⁰Recent statistics issued by the American government show that Japanese labour costs are the same as in Britain, France and Italy or higher. Japan's international competitiveness is maintained by better technology and automation. See "The Gathering Forces of Protectionism", International Herald Tribune, October 6, 1977.
- ⁴¹See Nonie Sharp, The Rule of the Sword: The Story of West Irian, Malmsbury (Melbourne), 1977.
- ⁴²For rampant corruption in Indonesia see among others Peter Britton, "The Indonesian Army: 'Stabiliser and Dynamiser'", in Rex Mortimer (ed.), Showcase State, the Illusion of Indonesia's 'Accelerated Modernisation', Sydney, 1973, pp. 83-98; "Indonesia: Fading Hopes", Newsweek, November 8, 1976, pp. 6-11.
- ⁴³For metropolitan protectionism and its effects on ASEAN's economies see Far Eastern Economic Review, November 11, 1977, pp. 46 ff.
- ⁴⁴NRC/Handelsblad, Rotterdam, December 2, 1977; De Volkskrant, Amsterdam, December 3, 1977; International Herald Tribune, December 6, 1977.
- ⁴⁵International Herald Tribune, September 13, 1977; NRC/Handelsblad, September 21 and 27, 1977.
- ⁴⁶The Sydney Morning Herald, June 14, 1977.
- ⁴⁷The Sydney Morning Herald, August 6, 1977.
- ⁴⁸For Australian companies which have moved to Southeast Asia and the Pacific see the five articles by Michael Southern in The Australian Financial Review, November 23-25, 1976, and January 11-12, 1977.
- ⁴⁹The Sydney Morning Herald, August 8, 1977.
- ⁵⁰The Nation Review, Bangkok, August 20, 1977.
- ⁵¹The Asian Wall Street Journal, August 19, 1977.
- ⁵²"Fukuda Gives Asian Pledge", Business Standard, Hong Kong, August 19, 1977; South China Morning Post, Hong Kong, August 19, 1977.
- ⁵³The Straits Times, February 25, 1976; The Bangkok Post, February 25, 1976; Far Eastern Economic Review, March 5, 1976.
- ⁵⁴This project will be partly financed by a consortium of Japanese petrochemical industries under the Japanese giant Sumitomo Chemical. The project is also called the Sumitomo petrochemical complex. See Far Eastern Economic Review, August 26, 1977.
- ⁵⁵"ASEAN Plans Take Shape", Far Eastern Economic Review, March 25, 1977.
- ⁵⁶Michael Richardson, "ASEAN Move for Trade Area", The Australian Financial Review, February 28, 1977.
- ⁵⁷One of the inroads could be the operations of the Moscow Norodny Bank in Singapore. See Jusuf Wanandi, "Politico-security Dimensions of Southeast Asia", Asian Survey, Vol. XVII, No. 8, particularly pp. 772-774. For Soviet influence in Southeast and East Asia see "Soviet Power in the Pacific", in Far Eastern Economic Review, Asia 1977 Yearbook, Hong Kong, 1977, pp. 44-47.
- ⁵⁸It is important to note that since mid-1971 trade relations between Saigon (now

Ho Chi-minh City) and Singapore have been developing rapidly, as have relationships between China-North Korea and other ASEAN countries. See "Relationships", Asia Yearbook 1977, pp. 53-63.

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