ABSTRACT

The end of the Cold War period represented a critical juncture in the global expansion of capitalism, freeing up resources on the part of the U.S. to lead and support an accelerated neo-liberal push. Economic regimes that stood in the way of neo-liberalism came under increased scrutiny and support for authoritarian political regimes became more difficult to rationalise. Following the 1997-98 Asian financial crisis, concerted pressures towards governance reform in the region, notably from U.S.-dominated international financial institutions, also intensified. However, new security concerns by the U.S. are likely to play an important role in mediating such conflicts as U.S. economic and security interests become more fused. This paper explores the implications of this process, with examples drawn from Singapore and Thailand, where, in different ways, the advance of neo-liberalism has posed challenges for established economic and political interests. However, we argue that the U.S.-led ‘war on terror’ is also creating opportunities for some of those interests to consolidate or promote authoritarian rule.
INTRODUCTION

Neo-liberal globalization is a relatively recent set of processes marking the further expansion of capitalist economic relations. Earlier processes – such as mercantilism, colonialism and imperialism – may also be identified as significant stages in global capitalist development. What is common to each phase of capitalist expansion, though, is conflict: local and global, as well as social, economic and political in nature. The exact nature of conflict has varied over time, affected by watershed events associated with the continual restructuring and re-organisation of capitalist production and/or the changing geopolitical context within which capitalism has developed in Asia and elsewhere. These watersheds have not only influenced the form of conflict but also the sorts of economic and political regimes accompanying the region’s incorporation into the global political economy. Consequently, the compatibility or otherwise of the region’s prevailing regimes with global capital accumulation strategies has changed dramatically over time (Sum 2001; Cumings 1987; Bernhard and Ravenhill 1995; Stubbs 1994; Ikenberry and Mastanduno 2003).

Watersheds in global capitalist development affecting the political economy of Asian countries in recent decades include the internationalisation of manufacturing production, the increased importance of financial capital and the end of the Cold War. In their different ways they have had major implications for the alliances and frictions between social and political forces, as well as for the rules and regulations determining the exercise of economic and political power in these countries. However, this essay is dedicated to an analysis of two more recent watersheds – the 1997-98 Asian economic crisis and the subsequent ‘war on terror’ and their significance for the direction of neo-liberalism and economic and political regimes in the region.

The Asian crisis brought with it unprecedented pressures on assorted regional economies to allow greater access for international capital and the adoption of governance regimes that challenge the positions of many of the region’s economic and political elites (Robison et al. 2000; Beeson 2001; 2002). Yet, as it is argued here, the way that these tensions are played out will be significantly influenced by the US-led ‘war on terrorism’ and the increasingly unilateralist US foreign policy that accompanies it (Jervis 2003; Kumar 2003). These are foreign policy directions that some writers depict as symptomatic of a ‘new imperialism’ reflecting a growing dependence of US capital on military and political power for its global ascendancy (Harvey 2003; Panitch 2003; Wood 2003), a scenario with increasingly destabilising consequences for East and Southeast Asia (Johnson 2003).
This paper draws particular attention to how US geopolitical concerns are now tempering both the neo-liberal emphasis on free trade mediated by multilateral economic institutions – partly accounting for the interest in bilateral trade deals in the region – and the championing of democracy that had enjoyed increased US diplomatic support during the 1990s following the end of the Cold War (Steinmetz 2003). Such a development has a resonance with the earlier anti-communist phase of globalization, a possible ‘closing of the circle’ that sees authoritarian regimes increasingly tolerated or even supported by the US in its war on terror (Carothers 2003). We will advance this argument with special, but not exclusive, attention to the cases of Singapore and Thailand, emphasising that the new geo-political context works in a variety of ways to favour authoritarianism.

The demonstration of this argument is necessarily prefaced by a brief and selective analysis of some of the earlier watersheds involving the organisation of capitalist production and geopolitical developments affecting the region’s incorporation into the global political economy since World War II. This is important for understanding both the continuities and changes in relationships between globalisation, U.S. foreign policy and the development of economic and political regimes in Asia.

COLD WAR’S END & THE RISE OF NEO-LIBERALISM

The initial decades of globalization after 1945 were characterized by a conjuncture between production systems and security concerns that reflected three discernible and inter-related patterns: (i) the harmonization of multiple national development strategies with the internationalization of capital; (ii) the tolerance and even promotion by Western governments of authoritarian political regimes to protect and advance capitalism; and (iii) an unambiguous leadership role by the US in the establishment and promotion of multilateral institutions conducive to the general spread of market systems and international trade. In effect, economic and political regime diversity – so long as it was not hostile to capitalism – was consistent both with the global spread of capital and US economic and political dominance.

Initially after World War II, the further consolidation of capitalism in the West occurred via protectionist economic policies and the refinement of Fordism. Here liberal democratic institutions and social democratic movements, including trade unions, accompanied Fordist production systems and were integral to the struggles over the precise content of social contracts that provided workers with varying measures of welfare (Rupert 1995; Gramsci 1971). However, when capitalism expanded to developing economies, the
political context was different. This in part reflected the fact that often investment was still driven by a search for the raw materials that fuelled the industrial development of the West. In other instances, however, attempts to foster industrialisation through import-substituting production based on protectionist policies occurred without the related and costly welfare policies of the social compromises that had been negotiated in the West. Consequently, wages and living standards generally remained low. A significant element of this contrast had to do with the priority accorded security during the Cold War, which did little to encourage democratic forces akin to those that extracted the social welfare concessions seen in the advanced capitalist countries.

In Asia, the fear of communism helped facilitate a range of political regimes, with few in the Western liberal democratic mould. In fact, authoritarian regimes, some of them quite brutal – as in Indonesia under Soeharto, South Korea under Syngman Rhee and Thailand under a succession of military leaders – were encouraged, so long as they promoted political stability, were anti-communist, and protected the development of economic systems that were broadly capitalist. Indeed, so important was the security consideration in the process of safeguarding capitalism that some exceptional economic models emerged in Japan, South Korea, Taiwan and Singapore, each with significant US facilitation. In these cases, as Cumings (1987) shows, massive injections of aid and foreign investment helped to establish export-oriented industrialisation (EOI) models, well before these became more generalised as a capitalist investment strategy in response to cost pressures in the developed West and the emergence of new technologies. In each case, the state took a critical economic role and except in Singapore this also involved the strengthening of domestic capitalist classes.

These EOI models gathered considerable momentum in the 1970s and 1980s and were, to differing extents, emulated within and beyond the region. Accumulation became truly global as the competitive need of manufacturing capital to limit the costs of production combined with the technical opportunity to exploit low-skilled labour in developing countries (Fröbel, Heinrichs and Kreye 1981). The enhanced global spread of finance capital soon added another dimension to the new forms of economic integration between national economies that were emerging before the end of the Cold War, including through the rapid infusion of new investment funds (Helleiner 1994).

Initially, it was East and Southeast Asia that gained the greatest economic benefit from this restructuring. In fact, with sluggish growth in the West, especially in the US, an Asian Capitalism model – characterized most notably by a so-called ‘developmental state’
shaping the costs of different factors of production in an attempt to create comparative trade advantage – was recognized as a viable alternative economic model (Deyo 1987; Henderson and Applebaum 1992). Alongside such states, which were most evident in Northeast Asia, there was also a range of other departures from the liberal economic model in the region where market intervention was less guided by national strategic considerations and within which political cronyism and corruption was commonplace, including in Malaysia and Indonesia (Hewison, Robison and Rodan 1993). Yet, as investment poured into these economies, even these regimes appeared viable.

The end of the Cold War left the US as the remaining superpower. This meant that much of the foreign policy security pre-occupation gave way to a more aggressive and focused expansion of international capitalism that was less tolerant of obstacles to capital mobility. US dominance within multilateral organizations such as the International Monetary Fund (IMF) and World Bank, as well as through the General Agreement on Tariffs and Trade/World Trade Organisation (WTO) and other institutions was used to exert pressure on the domestic economic policy of individual states to limit those obstacles (Gill 1998). The Cold War’s end had been a watershed in the global expansion of capitalism, freeing up resources and energy on the part of the US to lead and support an accelerated neo-liberal push, especially vis-à-vis finance capital. In this context, economic regimes in East and Southeast Asia that stood in the way of the neo-liberal ideal came under increased scrutiny and Western support for authoritarian political regimes was more difficult to rationalize.

The advent of another watershed, the Asian financial and economic crisis in 1997, intensified pressure on economic and political regimes, introducing new conflicts generated by neo-liberal policies. The crisis and its associated conflicts had profound implications for ideas about alternatives to economic and political liberalism in the region. The crisis instantly generated confident neo-liberal attacks on ‘Asian capitalism’, the developmental state and authoritarian regimes. These assaults came from both within and beyond the region and involved a conjuncture of forces for economic and political liberalism, sometimes intersecting with each other’s reform agendas but not always.

For neo-liberals, the crisis was seized upon as evidence that finally ‘Asian capitalism’ had failed. Led by the IFIs, neo-liberals embarked on a drive to promote a range of market-oriented reforms. This was ironic, given that accelerated exposure to international market forces as a result of liberalizing reforms in banking and financial sectors during the 1990s had played a role in generating the crisis (see Wade 1998; Wade and Veneroso 1998).
However, the neo-liberal argument that quickly gained wide currency laid the blame for the crisis on the inadequacy of the supervisory, regulatory and other governance institutions. The term ‘crony capitalism’ was adopted as a depiction of corrupt state-business relationships. It was suggested that capital flight reflected concerns about the absence of predictability and credibility in governance regimes in the region (Camdessus 1998a). As neo-liberals saw it, the crisis had demonstrated the need for a convergence towards the same institutional arrangements to be found in the advanced capitalist economies (Soederberg 2002).

Politically liberal critics also seized on the crisis for evidence of a positive link between political liberalism and the sustainability and advancement of capitalist markets. This idea had its heritage in the modernization theory of the 1950s and 1960s but had been constantly challenged by the ability of authoritarian political regimes to preside over increasingly sophisticated market systems. Following the crisis, however, critics asserted that the absence of liberal politics, including developed civil societies, attention to human rights, enhanced democractization, media freedom and political institutions that subjected powerful elites to scrutiny and accountability were considered to have contributed to the crisis. Improved market information and more effective market discipline, it was argued, required the dismantling of authoritarian regimes and further democratization in Asia (Lohr 1998; Rudolph 2000).

Significantly, economic liberals did not automatically target all forms of authoritarianism, and nor was their criticism of the politics of Asian capitalism limited to authoritarian regimes. The principal targets for these critics were regimes identified as ‘crony capitalist’ or where rent seeking was identified as endemic. Their critique was of practices and institutions that blunted capital mobility and the access of international capital to domestic markets, and their concern for ‘good governance’ was for arrangements that enhanced business opportunities and profitability. Neo-liberal economic policies were thus relatively unconcerned about political liberalization except where these could promote further economic liberalization and transparency. This also meant that the neo-liberal approach discriminated amongst authoritarian regimes, condemning crony capitalism in Thailand, Malaysia, South Korea and Indonesia, but praising authoritarian regimes considered relatively corruption free and open to business, such as Singapore.

More generally, the conception of ‘good governance’ among economic liberals did not amount to a belated embrace of civil society and attendant its institutions in the new phase of capitalist development, so much as a desire to develop institutional capacities to insulate
markets from possible challenges – not just from within the state on behalf of crony capitalists, but also from within civil society (Harriss 2002). It was implicit that an efficient and well-administered governance system would exercise control over the policy process so that ‘special interests’ could not contaminate decision-making. However, the advent of the Asian crisis and resultant attempts to advance neo-liberal economic policies in the region necessarily instigated a range of conflicts. These varied in nature and intensity but in all cases gave expression to the inherently political nature of neo-liberal reform.

In the countries most affected by the Asian Crisis, the economic turmoil was accompanied by political tumult. There were changes of government in Thailand, South Korea, and Indonesia, and in Malaysia, while the ruling coalition held, there was a remarkable political struggle that saw Deputy Prime Minister Anwar Ibrahim removed from office, arrested and jailed (see Haggard 2000). These struggles were reflective of a deeper level of opposition that revolved around the shape of political regimes, the role of the state and national development strategies. These struggles were widespread and had profound impacts on the new regimes and coalitions of interest that emerged in the region.

The crisis thus brought with it a much more concerted set of external structural pressures on Asian capitalism and attendant interests, although the form and extent of conflict this engendered was uneven across the region. Importantly, though, the geopolitical context within which the crisis and its immediate aftermath occurred was one in which, for the first time, the neo-liberal economic reform agenda was unrestrained by global security concerns. Consequently, the promotion of US-dominated multilateral institutions and economic governance systems functional for neo-liberalism became fused with schemes to promote economic recovery in the region. This trajectory, however, was soon to be complicated by another watershed in the development of neo-liberal globalization. This was the emphasis placed on the ‘war on terror’ in US foreign policy after the September 11 attacks.

THE ‘WAR ON TERRORISM’ AND REGIME IMPLICATIONS

Following the end of the Cold War, the lack of an obvious security imperative had directed US foreign policy in ways that had emphasised economic policy and placed a limited but important emphasis on particular liberal political values. This was especially the case during the Clinton presidency (Nye 2004). After September 11, however, the ‘war on terrorism’ raised questions about the continued prospects for the development of economic and political liberalism in East and Southeast Asia, and the contexts within which the respective struggles
to advance them across the region are likely to take place.

The elevation of security concerns within US foreign policy in the ‘war on terror’ heralds new challenges for the development of neo-liberal globalization, which may see a return to the kinds of political concerns that motivated Cold War thinking return to centre stage. Whereas the post-Cold War period witnessed an unprecedented privileging of the neo-liberal economic reform agenda, now this is to be balanced by considerations of how to contain terrorism.

A number of questions arise regarding the security agenda and neo-liberal globalization in the region: How are the conflicts over the nature of neo-liberal globalization affected? Which interests are best able to exploit this security dimension in the struggles over neo-liberal reform? What will be the impact on the nature of political regimes? Will authoritarian regimes be more or less difficult to reproduce? Will political authoritarianism be more sustainable in the new climate?

As has been widely acknowledged, the changed context has empowered neo-conservatives within the US administration, whose perspectives about markets has long been tempered by more traditional foreign policy emphases – or at least a different appreciation of the nexus between US economic and political power – than had been reflected in the earlier reliance on multilateral arrangements (see Higgott, 2004 forthcoming). The point here is not that this new arrangement is necessarily hostile to the global neo-liberal economic agenda, but that it has the potential to moderate the momentum for reform and for permitting differential responses among countries to pressures for economic reform. In the Asian region, an excellent example of this changed perspective lies in recent moves towards bilateral Free Trade Agreements (FTAs), some of which have been specifically negotiated in the new security context.

The (re)newed relationship between security and economics was most clearly displayed at the October 2003 Bangkok Asia Pacific Economic Cooperation (APEC) forum. The US unambiguously tied security to its trade agenda. Washington insisted that Asian states meet its security demands, and was clear that those that did actively support the ‘war on terror’ would have preferential access to the US market. Singapore was one of the first beneficiaries of an FTA with the US, and Thailand, following its capture of terrorist leader Hambali, was next. As US Trade Representative Robert Zoellick explained, the US was ready to extend free-trade initiatives to ‘can-do’ Asian countries (*Far Eastern Economic Review*, 30 October 2003). Majority Muslim nations Indonesia and Malaysia expressed serious
reservations, as did domestic business groups in the region, fearing that security would be an excuse for trade barriers. The point is that security concerns are, as in the Cold War period, structuring economic and political relations in the region, revealing deep divisions across the region over (see Beeson 2003). While security had been an issue since 9/11, it was this meeting of APEC – a quintessentially economic forum – that indicated the unequivocal linking of security with trade in US policy for the region.

In addition to its impact on the way that neo-liberal reform agenda has progressed in Asia, the ‘war on terror’ has been no less significant for the trajectories of political regimes. In the war on terrorism, the US has found itself requiring the co-operation of assorted authoritarian regimes. Reminiscent of the Cold War period, the US-sponsored ‘fight for freedom’ meant that political democracy could wait while the ‘war on terrorism’ was fought. Indeed, this has already seen a strengthening of anti-democratic forces in the region. Not only did authoritarian regimes in Malaysia and Singapore become strategic sites in opposing terrorism, but the exercise of official powers of detention and surveillance expanded considerably in the region (and beyond).

In the case of Indonesia, the Megawati government was widely criticised for not moving as decisively against suspected terrorists as authorities in Singapore and Malaysia where ISA’s were quickly exercised. Having repealed the much-abused equivalent legislation the Anti-Subversion Law after Soeharto’s demise, Indonesia’s authorities were now under pressure to enhance powers for the military and security forces that had been discredited since the fall of Soeharto (Acharya 2002: 200). A number of governments, including China’s implemented repressive laws and decrees said to be aimed at terrorism, but which expanded the state’s capacity to repress domestic dissent through a strengthening of domestic security agencies (see BBC, 2003).

Singapore: Strengthening the trade-security nexus

A close examination of the Singapore case further bears out the point about a more acute nexus between trade and security in the context of the ‘war on terror’. The city-state had not been entirely shielded from the heightened neo-liberal pressures on developmental state economies following the advent of the Asian crisis. The Singapore government also became a strong supporter of FTAs in this period, taking the view that ASEAN and APEC had failed and there was a need to push ahead, even if only bilaterally, towards further trade liberalisation. Indeed, since 1998, there has been unprecedented critical attention on
Singapore’s government-linked-companies (GLCs) – which dominate the commanding heights of the domestic economy – by assorted interests in the financial sector, other elements of international capital and ideological champions of free markets, including within IFIs and the international media. Calls for various forms of privatisation and liberalisation to reduce the power of GLCs and usher in a more level playing field for private –especially international – capital gathered noticeable momentum from 2001 when Singapore experienced its worst economic recession since Independence. The ensuing FTA negotiations between Singapore and the US embodied some of this contention over GLCs.

The US viewed Singapore as an economic hub for many of its interests in the region. However, it also saw the value in using an FTA agreement with Singapore to set down some principles of domestic economic governance for subsequent agreements with other countries. Consequently, negotiations towards the USSFTA – first projected in late 20000 – dragged on for two years and were not concluded until late 2002 and formally approved early the next year. This was in no small part because FTA negotiations brought a significant degree of scrutiny to bear on the GLCs and the institutional mechanisms through which their interests have been protected and advanced. The Singapore government’s steadfast refusal to give ground on its right to impose capital controls in the event of an economic crisis was also a stumbling block.

Although there were matters on which the Singaporeans were forced to shift ground in the course of the USSFTA, it was clear that the dynamics of the deliberations altered after 11 September 2001. From this point on, the willingness in Washington and Canberra to conclude deals intensified and took just a few months to be concluded. It became the first such accord by the U.S. with any Asian country.

Historically, Singapore has been a strong US defence and security ally throughout the Cold War and beyond – including at times when others in the region were becoming more wary about too close an alliance. When US forces were withdrawn in the early 1990s from the Clark Air Base and the Subic Naval Base in the Philippines, for example, the Singapore government offered US forces access to military facilities in the city-state. More recently, Singapore developed the largest dock in the region, designed specifically to accommodate and support US aircraft carriers. However, in the wake of 11 September, the actions of Singapore’s authorities quickly impressed the US that – in a region described as ‘the frontline in the war on terror’ – for the unqualified preparedness to root out suspected terrorists from within and to support the US in international fora on security issues.
The Singaporeans arrested 15 suspected terrorists in December 2001,\textsuperscript{2} averting an alleged plot to bomb embassies and commercial interests of the US and other Western countries. This was at a time when the US was having difficulty getting other governments in the region to fully co-operate in combating terrorism. Subsequently, the Singapore government took measures to curb the capacity for money laundering and financial transactions facilitative of terrorism. It also arrested a further 21 suspected terrorists in August 2002.\textsuperscript{3} In October 2003, a Framework Agreement for the Promotion of Strategic Cooperation Partnership in Defense and Security was jointly announced by President Bush and Prime Minister Goh. This would expand bilateral cooperation in counter-terrorism, counter-proliferation of weapons of mass destruction, joint military exercises and training, policy dialogues and defence technology (Acharya 2004: 4).

The closeness of Singapore’s co-operation with the US in the fight on terror was further reflected in the opening in the city-state of a legal attaché office of the F.B.I. Moreover, the Singapore government provided strong support for the passage of United Nations Resolution 1441 and, eventually, the invasion of Iraq. Foreign Affairs Minister S. Jayakumar explained: ‘We must take a strong stand posed by weapons of mass destruction particularly after 9/11 because the danger of weapons of mass destruction falling into the hands of terrorists, terrorist organizations or extremist groups is not a hypothetical risk’ (quoted in Lee 2003), adding that while no one liked war, the facts clearly showed ‘that it is Iraq, not the US and not the UN, not the international community, which is in the dock’ (quoted in Lee 2003). As a member of the ‘coalition of the willing’, Singapore made available transport and equipment support in Iraq as well as police and health care workers to assist with reconstruction. It also allowed US aircraft to fly over Singapore air space and to use Singapore’s military bases during the war. Thus, leading up to and beyond the signing of the USSFTA in early 2003, the alignment between the respective governments on security matters went from strength to strength.

 Crucially, the security context meant that the major sticking point in negotiations towards USSFTA – the Singapore government’s insistence on the right to impose capital controls in the event of a crisis – was one that the US was prepared to concede new ground on. The US Treasury had consistently taken a hard line on the need for provisions to ‘ensure that US investors have the right to transfer funds into and out of the host country using a market rate of exchange’ (quoted in US Chamber of Commerce 2003).\textsuperscript{4} However, after 11 September the Americans settled for an agreement under which both countries guaranteed investors free
transfer into and out of both countries, but which also gave Singapore the right to restrict capital flows via the Monetary Authority of Singapore.\(^5\)

Emphasis on the security dimension of US-Singapore relations was a feature of the lobbying in the US by business interests associated with investment and trade between the two countries as well as by assorted political groups who also sought to expedite USSFTA’s conclusion after 11 September. Singapore is host to over 1,300 US companies which account for more than half the city-state’s exports to the US. In March 2002, the US-Singapore Free Trade Agreement Business Coalition was formed to muster the requisite political support for the deal. It was chaired by executives representing Boeing, ExxonMobil and United Parcel Services (UPS) and enjoyed institutional endorsement and support from the US-ASEAN Business Council and the US Chamber of Commerce.\(^6\) The steering committee of the Business Coalition also included representatives from other powerful corporations such as General Electric, Federal Express, APL and Lockheed-Martin.

Another lobby group emerged in October 2002, the Singapore Congressional Caucus, which was to work closely with the Business Coalition. This was the Singapore Caucus, a joint initiative of US House of Representatives Republican Curt Weldon and US Congress member, Democrat Solomon Ortiz. Both were senior members of the House armed services committee. The Caucus, boasting over 50 members, advocated stronger ties with Singapore for security and economic reasons. Singapore Foreign Minister, S. Jayakumar, wasted no time in encouraging the new group, writing to Weldon and Ortiz reinforcing the security focus of the Caucus and championing a strong US presence in Asia: ‘We recognise that such a presence is vital to the preservation of regional security and stability’, wrote Jayakumar, adding that Singapore was ‘firmly committed to cooperating with the United states in the global war on terrorism’ (quoted in Hadar 2002).

Jayakumar’s colleague, second Minister for Foreign Affairs, Lee Yock Suan, was beating a similar drum in late October 2002 when he told an audience at the Asia Society in Texas that ‘the real significance of the USSFTA goes beyond economic benefits’ (Lee 2002), contending that in view of strategic trends concerning terrorism in Southeast Asia, ‘concluding the USSFTA sends an important signal that the US intends to remain a dominant player in East Asia’ (Lee 2002).\(^7\)

Political support for the USSFTA within the US included that of the right-wing Heritage Foundation (Lee 2002), which had long been effusive in praise of the Singapore government. It also turned a blind eye to the various impediments to free market practices in
Singapore to consistently rank it among the ‘most free’ of the world’s market economies. Capital’s freedom from organised, collective challenges to its power – a feature of the authoritarian regime in Singapore – apparently more than compensates for the incursions of the developmental state on free market principles.

The link between the USSFTA’s speedy conclusion after 11 September and rapid and uncontroversial passage through the Congress was not a matter of dispute. When asked whether the expeditious conclusion amounted to a reward for Singapore’s support for the US war in Iraq, Congress Republican Representative Pete Sessions responded: ‘Singapore supported us not only on the day of the terrorist attacks, but has since been very involved in our war on terror’. He added: ‘Countries which are our friends are those who will continue to reap the rewards of a closer relationship’ (quoted in Leinin 2003). President Bush, whose visit to Singapore in October 2003 was only the second (after his father’s in 1992) to the city-state by a US President, maintained that ‘the cooperation in the war on terror has been excellent with Singapore’ (quoted in Fernandez 2003).

The security-conscious mood in the US during the negotiations of the USSFTA meant that attempts by the Singapore government’s human rights critics to influence debate were ineffectual. Singapore Democratic Party (SDP) secretary-general, Chee Soon Juan’s efforts in particular to raise such issues aroused little interest among US politicians (Chee 2003a). The considerable resources and networks of the Business Coalition and other supporters of a rapid conclusion to the agreement also helped ensure such questions were marginalised.

The capacity of existing authoritarian regimes to exploit the new geopolitical context for their consolidation is evident in Singapore. Among other things, the war on terror has helped legitimise the controversial Internal Security Act (ISA) which enables indefinite detention without trial and which has in the past been used to silence the government’s political adversaries, although in recent years this techniques has given way to the use of defamation and libel suits through the courts (Seow 2004 forthcoming). Some opposition groups in Singapore had, prior to 11 September, sought to make the repeal of the ISA a major public issue. Now the government was to demonstrate how swiftly it was able to tackle terrorism to deflect calls for reform or repeal of the ISA.

No less significantly, the emergence of the terrorist threat resonates powerfully with the long-fostered official notion of the city-state as exceptionally vulnerable to sudden and unexpected adverse forces. This spectre has been deployed over recent decades to rationalise highly concentrated elite power. Its first manifestation was the ideology of ‘survivalism’
expounded by Lee Kuan Yew and colleagues in the immediate aftermath of separation from the Federation of Malaysia in the mid-1960s (Chan 1971). Subsequently, the need to be constantly alert to pre-empt and/or address unforeseen threats has become a pervasive and more generalised aspect of official ideology.

Meanwhile, security concerns were used to justify amendments in November 2003 to the Computer Misuse Act which empower authorities to take pre-emptive action against ‘cyberterrorism’ through computer hacking. The amendment, carrying sentences of up to three years’ jail and a maximum fine of S$10,000, gives authorities extensive powers to scan the Internet and make arrests in anticipation of possible security threats. The likeness to the ISA prompted criticisms from opposition groups, with the SDP’s Chee describing the law as ‘another disguised attempt by the ruling party to control the use of the Internet by Singaporeans and to curtail the spread of discussion and dissent in Singapore’s cyberspace’ (Chee 2003b).

The immediate background to this accusation by Chee included a directive in January 2002 by the Singapore Broadcasting Authority to a group calling itself ‘Voice of the Singapore Muslim Community’ to register as a political organisation to continue its seven-month old web site, Fateha.com. The site contained a press release by Zulfikar Muhamad Shariff criticising the Singapore government’s alignment with the US and for having ‘trivialised the concerns of the Muslim community for too long’ (Zulfikar 2002). He also called for the detainees under the ISA to be brought to trial (Associated Press 2002). Zulfikar subsequently found himself under police investigations for postings on the web site relating to the appointment of Ho Ching to Temasek, the banning of Muslim headscarves in schools and the performance of the minister-in-charge of Muslim affairs (Tan 2003: 244-6). With the spectre of charges for criminal defamation – carrying the prospect of up to two years’ jail – Zulfikar fled Singapore to reside in Australia, claiming he had no confidence in the independence of Singapore’s courts (Rodan 2004: 104). Arguably it was Zulfikar’s challenge to the PAP’s policies and preparedness to question the system of governance rather than his threat to the peace and security of Singapore that accounted for the authorities’ actions against him.

The preparedness of the Singapore government to use the new security context as a rationale for limiting dissent, at times, even embarrassed US officials. US Ambassador to Singapore, Franklin Lavin, explained, for example, that the removal of peaceful protesters from outside the US Embassy in early 2003 who were demonstrating against US policy in
Iraq, was unnecessary: ‘I don’t see why a group of people who want to stand in front of my Embassy and tell me they don’t agree with a policy of my country should not be able to do so. The right of peaceful expression of opinion is an important element of a successful society’ (Lavin 2003). However, such sentiments were overshadowed by strong endorsements from the US government of the regime’s effectiveness in co-operating in the war on terror.

To be sure, support for the U.S.-led war on terror is not without its problems for the Singapore government. Its relations with domestic Muslim constituencies and with Muslim-dominated neighbouring countries have necessitated care in how the support for U.S. foreign policy is expressed. Prime Minister Goh thus took the opportunity during the visit to Singapore of U.S. Defence Secretary Donald Rumsfeld in June 2004 to make the point that, in relation to global terrorism: ‘The US is essential to the solution but is also part of the problem’ (quoted in DAWN.com 2004). Goh argued that ‘the discomfort mainstream Muslims feel around the world with America’s Middle East policies limits their ability to fight the ideological battles’ (quoted in channelnewsasia.com 2004). Yet Rumsfeld’s appeal to Asian countries to ‘work together’ in the war on terror also presents an opportunity for governments in the region to demonstrate their utility and commitment to U.S. foreign policy. If Prime Minister Goh’s expectation that the war on terror will last at least as many decades as the Cold War (Low 2004), then this may represent a considerable opportunity for leaders of authoritarian regimes to exploit.

**Thailand: Strengthening the capitalist state**

Thailand presents an interesting contrast with Singapore, at least in terms of political starting point. Thailand was arguably the economy that was initially hardest hit by the economic crisis. The crisis was ‘announced’ by the devaluation of the baht in July 1997, and it soon became a site of intense IFI policy advice as the Thai government entered into a range of agreements with the IMF and World Bank that were meant to address the economic and social impacts of the crisis. Driven by neo-liberal policy concerns, Michel Camdessus (1998c), then the IMF’s managing director, argued that the reforms required had to be

> forceful, far-reaching structural reforms to … increase transparency, open markets and … restore market confidence. … [Reforms had] to comply … with internationally accepted best practices…, create a more level playing field for private sector activity, and increase competition.

He added that this neo-liberal agenda proposed reforms that would ‘require a vast change in domestic business practices, corporate culture, and government behavior…’.
The outcome of the crisis and this reform strategy was a recession that had major and negative political and economic consequences. The crisis cut a swathe through the domestic business class, destroying or weakening all of the bank-based conglomerates that had long dominated the domestic capitalist class (Hewison 1989). It also crushed many of the business groups that had mushroomed during the 1990s boom. With the banking sector crippled, even small enterprises found they had no access capital. Foreign investment grew rapidly as joint-venture partners were taken over and cheap acquisitions completed. At the same time, the economic crisis brought considerable negative social impacts, as real wages declined, poverty increased and inequality widened (see Hewison 2002).

As the crisis deepened in the wake of the devaluation and the IMF’s policy prescriptions, a widespread and popular opposition to the IMF’s strictures developed. This resulted in a loose alliance of workers, intellectuals, public intellectuals, NGOs, politicians, domestic business and even the country’s monarch. They were drawn together by a broadly nationalist opposition to a perceived loss of sovereignty over economic policymaking, negative social impacts and a ‘fire sale’ of local assets to foreign interests. Domestic business was especially vocal in its complaints regarding the deepening crisis and the failure of government to support its interests.

The political outcome of this opposition to neo-liberal reform was the emergence of the Thai Rak Thai Party (TRT), led by Thaksin Shinawatra, a major business figure who had emerged in the 1980s and 1990s. More than any previous party, TRT represented the interests of big domestic business. Previously, big business had remained aloof from grubby electoral politics; they had not needed to be directly involved, for government had long supported domestic business (Baker 2004). It was the threat to their interests and power posed by neo-liberal policy reform that caused the remaining tycoons to conclude that domestic capital needed supportive government policies. This could only be achieved by taking control of the state. Many business rivalries were put aside as domestic business coalesced around Thaksin and TRT. TRT thus became the vehicle to oppose the neo-liberal agenda, slow liberalisation in some areas, and to give back a competitive ‘edge’ to domestic business. This was symbolised in the TRT’s runaway 2001 election victory.

TRT built an electoral platform that addressed the aspirations of many voters. Its slogan emphasised the theme that something new was required in politics: ‘new thinking, new ways, for all Thais’. This inclusive slogan, and a party platform tinged with nationalism and populism, promised help for those suffering from the slump, and was especially
appealing to poor and rural voters. TRT also targeted small business, promising to make credit available for them. Most significantly, as noted above, TRT’s policies were designed to permit the party of domestic capital to gain control of the state. These policies demonstrated that TRT was to follow a different path from that promoted by the Chuan government and the IMF.

The problem for those who were not dedicated Thaksin supporters, including the IFIs, was that the TRT was difficult to categorise with groups seen as ‘anti-globalists’ and opposed to liberalisation. Indeed, some of the new government’s policies were congruent with a number of strategies favoured by the international institutions and supported by international business. For example, both the World Bank and government favoured decentralisation, enhancing civil society participation in governance, bureaucratic reform and support for small and medium scale enterprises. In addition, there were many micro-reforms in areas such as some areas of corporate governance and bureaucratic operations that were supported by domestic business. But there was also IMF and World Bank concern that the TRT government’s policies would move too far from the orthodox neo-liberal agenda (Asia Times Online 25 August 2001). These TRT policies included the government’s lukewarm approach to foreign investment, slowing privatisation, promises to roll-back some of the financial sector reforms, and the potential for a budget blow-out to fund the community development scheme (at a million baht per village), a debt moratorium for farmers and an under-funded universal health scheme.

While Thaksin pushed the IFIs aside and, with much nationalist fanfare, in 2003 declared Thailand ‘free’ of the IMF’s shackles (having repaid its credits early), by 2003 the tone of IFI statements regarding Thailand was changing. Indeed, ‘Thaksinomics’ – as TRT’s Keynesian economic policies were labelled – became something that the IFIs cautiously accepted. On the other hand, TRT’s policies had been modified to be somewhat less ‘nationalist’ and ‘populist’, with the economic recovery being supported not by domestic consumption as much by exports.

Part of the reason for this modification reflected both the changing international economic environment (and particularly the emergence of the China challenge) and the geopolitical environment. In the remainder of this section, the focus will be on the geopolitical aspects.

Following the economic crisis, relations between the US and Thailand had not been particularly warm. Thailand had long been a close US ally, and had been a US base for
operations in Indochina during the Cold War. However, the response of the US when the economic crisis struck left many Thais bewildered, for the US made it clear, via Larry Summers and Robert Rubin, that Thailand would not be ‘rescued’. In fact, Treasury Secretary Rubin (1998b) emphasised the need for reform, explaining that these would ‘benefit the American people’. Responding to criticism of the IMF Rubin asserted that the ‘United States needs an IMF that is financially equipped to help protect U.S. interests…. If we close the door on the IMF, we hurt ourselves.’ Speaking to the chairman of the Thai Federation of Industries, Rubin is reported to have made it clear that US investors would not be back until foreign ownership and investment restrictions were fixed (Bangkok Post 1 July 1998). In other words, US support was contingent on policies that would benefit US investors. Thai policymakers were taken aback by such comments and US efforts to thwart ‘Asian responses’ such as the Asian Monetary Fund.

Indeed, when 9/11 occurred and Bush launched his ‘war on terror’, the Thaksin government’s response to the US’s war on terrorism was lukewarm, emphasising the role of the UN and stating that Thailand would be ‘strictly neutral’ (Bangkok Post 12 October 2001). Thaksin did mention support for the US, but declined to comment on whether this would involve military support (Bangkok Post 17 and 28 September 2001). The government did not immediately offer the use of Thai airbases, stating that it would consult with ASEAN if the US requested this (Bangkok Post 12 October 2001). It was only in mid-December when visiting the US, that Thaksin said that Thai troops would go to Afghanistan, but still suggested that this had to be with a UN mandate (Bangkok Post 15 December 2001). This followed somewhat tepid comments by President Bush that the US appreciated the Thai Government's support for his war on terrorism, including efforts to track terrorist’s funds and money-laundering and the passage of some new anti-terrorism measures. Thaksin and Bush, however, expressed their ‘determination’ to expand co-operation in counter-terrorism. Bush clearly pushed Thailand to go beyond its neutralism, and welcomed Thaksin's commitment to sign up to counter-terrorism conventions and welcomed his offer to participate in the reconstruction of Afghanistan. Bush also stated that Thailand would continue to be a priority country under the Enhanced International Peacekeeping Capability Program for assistance and training (Bush and Thaksin 2001). But even after this, some in the Thai government continued to see advantages accruing to Thailand as a safe and tranquil place in a troubled Southeast Asia.

The events that finally ‘convinced’ Thailand of the need for enhanced co-operation
were both political and economic. While the government had regularly rebuffed suggestions
that Thailand was a base or transit country for Southeast Asian terrorists associated with JI or
with al-Qaeda, it was the capture of Hambali in August 2003 that saw this façade shed.
Hambali, arrested in Ayutthaya, was said to be a JI operations leader. The operation to capture
him was international, and it was reported that US agents were involved in the arrest. With
the international terrorism spotlight focused on Thailand, Hambali was whisked away by US
officials to an unknown destination, even when he was wanted by Indonesia and was accused
of plotting an attack on the October 2003 Asia Pacific Economic Cooperation (APEC)
meetings in Bangkok (see Bangkok Post 16-19 August and 30 August 2003).

In fact, the arrest of Hambali and his subsequent handover to the US were based on
the hurried issuance of a series of repressive decrees (circumventing parliament) that were
said to be aimed at terrorism. They also preceded the APEC meeting that Thaksin had used to
promote his own image regionally. While Bush and the US effectively hijacked the meeting
for security issues, the economic gains that Thailand wanted soon became clear. As we have
noted, the US made it apparent that it would support its friends. Thaksin’s support for
Washington's war against terrorism resulted in a decision to designate Thailand as a ‘major
non-NATO ally’ and a quick decision to move ahead with a bilateral trade agreement (Crispin
2003). Thailand also agreed to send a token military force to Iraq.

The significance of these events, and ‘signing up’ for the ‘war on terror’, has been
demonstrated following the 28 April 2004 slaying of more than 100 Malay Muslims in
southern Thailand, when the Asian Wall Street Journal editorial (29 April 2004) echoed a
broadly neo-conservative view on political liberalism:

The U.S., while appreciative of Thailand's contribution to the global war on terror,
has been squeamish about endorsing its campaign against southern insurgents. The U.S. State Department has been put off by tales of kidnappings and
disappearances and accusations of torture by security forces. Of course, it is a
favorite tactic of guerrilla armies to issue human rights complaints – even while
they themselves are slaughtering innocents – to try to turn public opinion against
the authorities. The State Department is particularly susceptible to such claims. It
has accused Thailand of a ‘worsening’ human-rights record. Prime Minister
Thaksin Shinawatra responded by calling the U.S. a ‘useless friend’ but his
government has promised to investigate.... If these attacks are any indication of
what's to come, Thailand is in for a fight with radical Islam. What Bangkok
deserves now is more support and fewer sermons from the State Department.

Apart from the fact that this language is remarkably similar to that used during the Cold War
in dealing with political opponents, it is clear that strong, pro-American regimes are
preferable to those that support democratic politics, human rights and liberal political values.
Such advice is also supportive of the increasingly authoritarianism evident from the Thaksin government.

The human rights record mentioned in the AWSJ has to do with not only the repressive anti-terrorism decrees, but with the Thaksin government’s desire to expand the state’s capacity to repress domestic dissent through a strengthening of security agencies, including the police and military (see Thitinan 2003). Thaksin has, since his election, sought to strengthen his government. Even before the election, the newly-empowered National Counter Corruption Commission had threatened to scupper Thaksin’s political ambitions. He was alleged to have concealed assets by transferring these to maids, gardeners and other staff. Thaksin won his case, but in controversial circumstances, and immediately threatened the independent agencies that had been created under the reformist 1997 Constitution. His party also moved to establish some control of the media and manage its coverage, both domestic and international, effectively limiting criticism of Thaksin, his government, and the TRT. Thaksin also made TRT a larger party by managing mergers with a number of smaller parties, so that TRT controlled almost two-thirds of the seats in the Lower House. This limited scrutiny of the government and meant that there was little to worry about in managing parliament. Indeed, Thaksin argued that parliamentary opposition and government should be united in working for the ‘best interests of the people’. Indeed, he argues that adversarial politics may be a betrayal of the people (Thaksin 2002: 4).

In fact, by minimising and managing opposition, TRT has been making the government of business ‘safe’. For Thaksin, the hope was that his government might stay in power for two or more four-year terms. This was a one-sided view, however, for whenever Thaksin or TRT were criticised, the government vigorously attacked the critics. The targets included the foreign press, the United Nations, independent local media, NGOs, organisations conducting opinion surveys, academics, and independent agencies created by the constitution. The government has also attempted to limit the funding to organisations that criticise it. For example, in 2003 the government attempted to force the Ministry of Foreign Affairs to pressure foreign donors to cease funding Thai NGOs (Bangkok Post 10 May 2003). The military quietly reinstituted its surveillance of political movements (Bangkok Post 20 and 21 May 2003), and the government moved to limit demonstrations (Nation 23 April 2002). In its brutal and bloody campaign against drugs, the government implemented policies that saw thousands of people killed; this showed that the days of the excessive use of state violence had not passed.
Of course, such authoritarian policies, while opposed by many civil society groups, are attractive to those Regnier (2001: 22) identifies as a petty bourgeoisie that emerges in SMEs and services, who are politically right-wing and attracted by populist and nationalist shibboleths.

By minimising and managing opposition, TRT has been making the government of business ‘safe’. For Thaksin, the hope was that his tycoon’s government would stay in power for two or more four-year terms (*Nation* 29 April 2003). Further, Thaksin has also been able to consolidate his control of the military and police by promoting relatives and close associates to positions where they will be at the top of these organisations for some time (*Bangkok Post* 20 March 2003). Staying in power and continuing to control the state is considered critical to the recovery and development of domestic capital.

The problem for Thaksin is that terrorism has increased, probably as a result of his government’s support for the US. Violence in the Muslim-dominated deep South has expanded. While the US might see this as an opportunity to expand the ‘war on terrorism’ more fully in Thailand, this long-standing dispute between the major minority ethnic and religious group in the country is a clear challenge to the capacity of the TRT government to deal with complicated domestic non-economic issues.

**CONCLUSION**

The conclusion we draw is that this new phase of neo-liberal globalization offers the prospect of a return to Cold War politics where there was a high level of tolerance and support for authoritarian political regimes in the interests of security. This means that, apart from those on the wrong side of the terrorism divide, authoritarianism will not be a measure used by the US in determining who are its ‘friends’ in the world. In other words, ‘freedom’ – that is, being a strong US ally in the ‘war on terrorism’ – is elevated above concerns for democracy and human rights. Of course, ‘freedom’ also has an economic element, so that allies need a broad commitment to capitalism. Like the Cold War, this may permit considerable variation in economic organisation in the region. Certainly, for the time being, the zenith of the neo-liberal economic reform rhetoric of the Asian crisis period appears to have passed. Even so, we cannot ignore the certainty that US security concerns will compound existing conflicts and generate additional ones in East and Southeast Asia that may have unforeseen political and economic outcomes.
NOTES

1 To be sure, this ‘new imperialism’ is not something that has suddenly appeared but, according to Wood (2003: 25): ‘As the gap between the economic reach of capital and the extra-economic reach of territorial states grows wider, imperial powers, and the US in particular, have experimented with new forms of extra-economic force to deal with contradictions’. Importantly, in contrast with much of the post-WWII period, heightened tension between the interests of US capital and other capitals now appears to be a feature of those contradictions.

2 The Singapore government alleges that 13 of these people were members of Jemaah Islamiah. See Chua (2002).

3 The Singapore government alleges that 19 of these were members of Jemaah Islamiah. For discussions of the extent and nature of terrorist activities in Singapore and Southeast Asia more generally, see Kumar & See (2004), Wright-Neville (2004), and Desker (2003).

4 The US had previously not accepted any exceptions to the free flow of capital in its investment chapters of FTAs or in Bilateral Investment Treaties.

5 The agreement doesn’t prevent a country from imposing controls, but it does require compensation for US investors where restrictions that ‘substantially impede transfers’ incur damages. This provision is based on the framework used in the US-Chile FTA.

6 ExxonMobil, which built one of Asia’s largest refineries in Asia in the city-state, is among the largest investors in Singapore. Apart from Singapore Airlines being a significant customer of Boeing commercial aircraft, the Singapore Air Force also buys fighter jets from Boeing’s defence arm. The UPS interest in the USSFTA was slightly different, seeking to contain the ability of the Singapore postal service to cross-subsidise express-mail competing with it.

7 Just the month before, Singapore became the first port in Asia to participate in the Container Security Initiative, allowing U.S. inspectors to check U.S.-bound cargo for possible explosives (Acharya 2004: 3).

8 In the case of Chia Thye Poh, he spent 22 years and six months in prison and another nine-and-half years under various forms of incarceration without ever having been taken to court. Prior to the 2001 arrests, though, no Singaporean had been jailed under the ISA since 1989.

9 Senior Minister of State for Law and Home Affairs, Ho Peng Kee, explained that: ‘Instead of a backpack of explosives, a terrorist can create just as much devastation by sending a carefully engineered packet of data into computer systems which control the network of essential services, for example power stations’ (quoted in Reuters 2003).

10 There was considerable conflicting information from Thai government sources regarding the use or otherwise of Thai bases during the initial period of the war against Afghanistan (Bangkok Post, 12 October 2001).
REFERENCES


Channelnewsasia.com (2004) ‘Rumsfeld justifies war on terror after ally says US is part of
problem’, 5 June.


Chee Soon Juan (2003b) ‘Crackdown on the Internet by the Singapore government’, 12
November, cited at sdp2000@pacific.net.sg on 12 November 2003.

Chua Lee Hoong (2002) ‘13 suspected terrorists to be detained 2 years’, Straits Times, cited
at sg_daily@yahoogroups.com on 11 January.

October: A3.

Cumings, Bruce (1987) ‘The Origins and Development of the Northeast Asian Political
Economy: Industrial Sectors, Product Cycles, and Political Consequences’ in Frederic
C. Deyo (ed.) The Political Economy of the New Asian Industrialism Ithaca, New


489-507.


October.

Fröbel, Folker, Jürgen Heinrichs and Otto Kreye (1981) The New International Division of
Labour, Cambridge: Cambridge University Press.


October.


Harriss, John (2002) Depoliticizing Development: The World Bank and Social Capital,
Wimbledon: Anthem Press.


University Press.


Hewison, Kevin (1989) Bankers and Bureaucrats: Capital and State in Thailand, New Haven:
Yale Center for International and Area Studies, Yale University Southeast Asian
Monographs, No. 34.

Hewison, Kevin, Richard Robison and Garry Rodan (eds) (1993) Southeast Asia in the 1990s:


