

The Political Aftermath of the 1997 Crisis: From Asian Values to Asian Governance?*

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“What a country needs to develop is discipline rather than democracy.”¹

Lee Kuan Yew, 1992

“The present economic crisis proves that in choosing democracy over authoritarianism, we Filipinos were on the side of history, rather than outside of it, as earlier believed.”²

Fidel Ramos, 1998

“The solution to Asia's economic problems did not lie in greater democracy, but in ‘good governance,’ including ‘sound banking laws, rigorous supervision in the financial sector, and proper corporate governance.’”³

Lee Kuan Yew, 1998

After ten years, the 1997 Asian financial crisis has not only affected how business is conducted in Southeast Asia, it has also reshaped the terrains of politics. Prior to the crisis, two trends characterised the region: the economic growth of non-democratic regimes and the democratisation of formerly non-democratic regimes.⁴ These trends were articulated through an opposing, albeit simplistic, discourse of development versus democracy. The massive economic meltdown put to test the claims of the developmentalist discourse on one hand, and democratisation on the other. The crisis did not only expose the hollowness of the developmentalist discourse propagated as “Asian values”, but it also revealed the pitfalls of weak democratic institutions in developing countries.

The crisis provided the necessary conditions for political change in most countries in the region; but it was not sufficient enough for others. In the aftermath of the crisis, the region

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¹ Advice of former Singaporean Prime Minister Lee Kuan Yew to newly proclaimed Philippine President Fidel Ramos (Cited in Steinberg 1990: 202).

² Statement of President Ramos soon after he formally stepped down from office (Cited in Acharya 1999: 422).

³ Straits Times interview with the Senior Minister (Cited in Acharya 1999: 422)

⁴ “Democracy” in this paper refers to liberal and representative democracy, while “non-democracies” include semi-democratic, soft authoritarian and authoritarian regimes. (See Rudolph 2000: 24).

has seen democratic regime change in Indonesia; a second people power uprising in the Philippines; and another successful coup in Thailand. Meanwhile, liberalisation was deepened in Singapore and Malaysia, but not liberal democracy. Most countries reluctantly swallowed bitter economic reform prescriptions; but others ignored the prognosis for political reforms. With the region's economic performance restored to pre-crisis levels, the process of rethinking development strategies and rebuilding political institutions continues. This process is currently being framed by the emergence of new challenges to the democratic discourse in the form of "good governance" and "populism".

This paper will scan the continuity and change in the political landscape of Southeast Asia ten years after the financial crisis. It will focus on five Southeast Asian countries that have been affected at varying degrees by the crisis, namely: Thailand, Indonesia, Malaysia, Singapore and the Philippines. Political change in these countries will be viewed within the context of the continuation of the "development versus democracy debate", reformulated as "good governance versus populism". Following the arguments of Victor Bekkers et al. (2007: 4) and Mark Thompson (2007), this paper will assert that certain variants of "governance" can be presented as threats to democracy. Of course, it goes without saying that other forms of "governance" should be complementary with democracy. To clarify this point, this paper will introduce the concept of "Asian governance" to refer to the *counter or anti democratic discourse mobilised by key political players (i.e. state leaders, middle class activists, civil society organisations, and international agencies) as a legitimising tool to engage the emerging threat of populism in the region*. The following sections will illustrate the emergence of the "good governance" discourse, its implications to the development-democracy debate, and its manifestations in the aftermath of the crisis in democratic and non-democratic regimes.

What's good about Good Governance?

Analyses of the origins and causes of the crisis have been dissected, debated and disseminated in the past ten years.⁵ At the nexus of the economic and political causes of the

⁵ There have been disagreements specially among economists on the very nature of the crisis – whether it was essentially a *currency crisis* that brought about by the inherent volatility of international financial markets prone

crisis, is the general lack of transparency and accountability that was initially responsible for rendering inadequate economic and financial policies. Moreover, analysis of the national economies hardest hit by the crisis such as Thailand, Indonesia, and Malaysia reveals weak governance capacities to engage liberalization and globalization. Reviewing the literature on the economic causes of the crisis, Jürgen Rudolph (2000: 23) unearthed “an explosive mixture of [under-capitalised] enterprises, over-indebtedness, a lack of control of banks and macroeconomic steering in general, inadequate economic and financial policies as well as lack of checks and balances”.

Conventional political analyses of the crisis point to the weakening of governance capacities in these countries by close business-government relations that “generated moral hazard, distorted the liberalization process, increased vulnerability to shocks, and complicated the adjustment process once the crisis hit” (Haggard 2000: 2). Ultimately, the public outcry against “crony capitalism” was encapsulated in the slogan shouted in Indonesia and Malaysia denouncing “*korupsi, kollusi, and nepotisme*” or corruption, cronyism, and nepotism.

Good governance emerged as the magic bullet that would defeat the evils of “*korupsi, kollusi, and nepotisme*”; the elixir that should restore life to the fledgling economies in the region; the vaccine that would inoculate it from future contagion. A variant of the governance concept that has been in vogue among political and policy circles since the 1990s,⁶ “good governance” has become the primary reform prescription to address the corrosive effects of moral hazard. With its emphasis on untangling the incestuous relationship between business and government, it has also been “a mantra for donor agencies as well as donor countries for conditioning aid upon the performance of the recipient government intended to ensure that the development assistance is used effectively”(Nanda 2006: 269). Cheema (2005: 5) offers a formalistic definition of the concept:

“Governance is a neutral concept comprising the complex mechanisms, processes, relationships, and institutions through which citizens and groups articulate their interests, exercise their rights and obligations, and mediate their differences. Good governance addresses the allocation and management of resources to respond to collective problems; it is characterized by the

to self-fulfilling speculative attacks and contagion; or a *financial crisis* due to macroeconomic and exchange rate mismanagement (Jomo 1998; Haggard 2000)

⁶ The word governance is as old as government itself. Webster’s English Usage described the word obsolescent in the 1920s, obsolete by the 1950s, and a synonym for government today (Taylor 2002).

principles of participation, transparency, accountability, rule of law, effectiveness, equity, and strategic vision.”

Taylor (2002: 35), however, counters that governance “is not (...) a neutral description of an inevitable process but an ideological narrative justifying the [neoliberal] state. As the state remains central to politics, there appears little to be gained from treating governance as qualitatively different from government”. Following this line of attack, Rocamora (2002: 83) also questions the neoliberal and antistate logic of the governance concept: “governance and democratisation discourse cannot be understood outside the interests and agendas of international capitalism and the national and multinational institutions that support these interests”.

Governance means different things in different political science subfields, and its imprecision is increased by the fuzzy boundaries it shares with other contestable concepts such as democracy, liberalisation, or globalisation (Bekkers et al. 2007; Taylor 2002). Nanda (2006: 269) succinctly captures the conceptual entanglements of the “good governance” discourse:

“As there is no consensus on the criteria for measuring good governance, however, the term remains ambiguous and hence imprecision results. Should economic performance be the sole or a primary measuring rod, or should the term be extended to encompass the governance of political entities, be they central or state governments or even municipalities? What is the political content of good governance? Are liberal, democratic values included as an element of that content, and, if so, how important are they? What kind of participation in decision-making is envisaged and by whom? What kind of accountability is required? How universal are or should be the standards used to evaluate good governance?”

It is exactly the imprecise nature of the “good governance” concept that allows for its co-optation by counter democratic, even anti-democratic, discourses. The following will discuss how “good governance” was mobilised by counter democratic and anti democratic forces to combat the threat of “populism” during and after the turbulent period of the Asian financial crisis.

Rise of Populism in Post-Crisis Asia

A “democratic contagion” followed the crisis as varying degrees of political change transpired in Indonesia, Malaysia, Thailand, and the Philippines. The crisis spurred regime change in Indonesia, the rise and fall of the reform movement in Malaysia, a second people power uprising in the Philippines, and constitutional reform in Thailand. Malaysia is the only country that did not experience regime or government change, but the seeds for future democratic reforms had been planted. Except for the recent coup in Thailand, the post-crisis period did not lead to reversals of democratic rule in the Philippines and Indonesia. These countries have been celebrated at various junctures by the international media for their “democratic revolutions”.⁷ Recent events, however, indicate the emergence of serious domestic challenges to democracy in these countries.

The crisis period also coincided with the dramatic rise of populism in the region. Several factors may help identify why this was so. First, the political fallout from the crisis was immediately felt throughout the region. As big economic players lost fortunes, so did the basic livelihood of many ordinary citizens in the region. Consequently, governments were poorly positioned to address the social dimensions of the crisis politically and administratively, thereby resulting in the failure of interventions to reach urban middle class, working and marginal classes (Haggard 2000).

Second, the crisis provided a “political opportunity structure”⁸ that reenergised democratic and reformist movements. Rallying around the slogan of “*reformasi*,” these movements (particularly in Indonesia and Malaysia) blended the call for both democracy and good governance. Consequently, citizens from Manila to Bangkok and Jakarta vented their ire through the ballot box, in the streets, or even social violence.

⁷ Mark Thompson (2006: 1) defines “democratic revolutions” as “spontaneous popular uprisings – peaceful, urban-based, and cross-class in composition – which topple unyielding dictators and begin a transition process which leads to the consolidation of democracy”.

⁸ According to Sidney Tarrow (1998: 20) “the term “political opportunity structure” should not be understood as an invariant model inevitably producing social movements, but as a set of clues for when contentious politics will emerge, setting in motion a chain of causation that may ultimately lead to sustained interaction with authorities and hence to social movements”.

Third, the economic crisis had political roots, and at certain points, for better or worse, facilitated some political changes. Governments such as those of Chavalit Yongchaiyudh and Chuan Leekpai in Thailand, durable regimes like Suharto in Indonesia, fell in the wake of extreme external pressures from international financial institutions and the market, coupled by equally strong pressures from domestic constituencies (Haggard 2000).

Lastly and most important of all, democratic consolidation in these countries (before and immediately after the crisis) has been ambivalent, often prone to democratic deficits. The crisis provided an impetus to deepen and consolidate democracy. Academics and activists, however, bemoan the lack of substantial democratic gains in governance reform efforts since the crisis. Gomez (2000), for example, is sceptical on the actual bearing of accountability and transparency programmes on *realpolitik*, such as in electoral systems driven by corruption, clientelism and money politics.

Populism (from the Latin word *populis*) refers to “a movement, a regime, a leader or even a state which claims close affinity with the people” (De Castro forthcoming). Populism is often reviled since “it gives expression to the crudest hopes and fears of the masses and by leaving no scope for deliberation and rational analysis” (Heywood 2000: 178). As in most definitions in politics, populism is a highly contestable concept. Weyland (1999), for example, distinguishes between “traditional populism” associated with nationalist, inward-looking policies in Latin America from the 1930s to 1950s; and “neoliberal populism” that blended political populism and economic liberalism since the 1980s.⁹ Similarly, these two types of populism found expression in Southeast Asia during and after the financial crisis. Anwar Ibrahim’s failed challenge of the Malaysian developmental state at the height of the crisis demonstrated powerful neoliberal or “market populist” advocacies (Haggard 2000). However, the post-crisis situation in the region propelled the overwhelming electoral victories of traditional populist politicians, first in the Philippines and in Thailand later.

Charismatic and popular leaders like Joseph Estrada and Thaksin Shinawatra emerged in these countries to espouse populist causes and to win the votes of the downtrodden, amidst the failure of previous leaders to institute social reforms and consolidate democracy. The

⁹ Neoliberal populists include Presidents Alberto Fujimori in Peru, Carlos Menem in Argentina, and Fernando Collor in Brazil. A resurgence of traditional populism, however, can be cited in Venezuela with the ascendance of Hugo Chavez.

former, a popular action movie star turned politician; and the latter, an ex-cop turned “pluto-populist” tycoon who treated politics as business. Both registered tremendous electoral successes. For the common Filipino voter, “Erap” is a rewording of the colloquial term “*pare*” which means pal or friend. Joseph “Erap” Estrada overwhelmingly won the 1998 presidential elections on the strength of his close affinity with the poor; encapsulated in his campaign slogan “*Erap para sa mahirap*” (Erap is for the poor). Thaksin was a former cop turned telecommunication tycoon who pledged “a million Baht (the Thai currency) per rural village”. Both were *traditional* populists. Estrada’s campaign capitalized on his nationalist, anti-American bases stance when he was a Senator. Although as President, he would later sign a Visiting Forces Agreement with America. Thaksin would eschew market reforms in favour of his business interests and support for his rural base. He also mobilized nationalist imagery with his party’s name – “Thai Rak Thai” (Thai Loves Thai). Thaksin emulated, at the same time sought to undermine, the popularity of revered King Bhumibol Adulyadej. As controversial foreign correspondent Paul M. Handley (2006: 444) explains, “While Thaksin’s autocratic government was problematic in the context of democracy and good governance, his concentration of power around himself as the country’s self-styled “chief executive” could be seen as a move to neutralise the palace in politics”.

Thompson (2007) cites three factors for the electoral dominance of Estrada and Thaksin. First, the failure of middle class-based reformism and the continuance of money politics fuelled a growing desire among the electorate for a new anti-elitist and pro-poor political programme. Second, the failure of social reform programmes in the Philippines and Thailand has widened the income gap between urban and rural areas. Both Estrada and Thaksin managed to attract huge support, not only among the rural voters, but from rural-oriented NGOs as well. Lastly, both represented capitalist interests that were closely intertwined with state regulation policies. Thaksin’s telecommunication business flourished through state licensing, and Estrada’s major financial backers were mostly Marcos’ leading business cronies.

Charges of corruption against the two populist leaders eventually plunged both countries in a new round of political instability that threatened their fledgling democratic order. Military-backed, urban-based middle class reform movements would later oust both in the name of “good governance” (Thompson 2007). The extra-constitutional ouster of two popularly

elected leaders, however, would also raise questions of legitimacy that further weakened democratic institutions.

Counter Democratic Backlash

The second people power uprising against Estrada in 2001 and the 2006 military coup against Thaksin were not necessarily *anti*-democratic but *counter*-democratic. Three factors serve to frame these counter-democratic trends in the region: 1) cycles of political development and decay; 2) after effects of the Asian financial crisis; and, 3) middle class politics.

The political histories of Thailand, Philippines, and to some extent post-Suharto Indonesia, can be characterised by vicious circles of political development and decay.¹⁰ For much of its history, Thailand has experienced 18 coups, 15 constitutions, and a multitude of short-lived governments. Pro-democracy uprising in 1992 temporarily ended sixty years of military interventionism in politics. By 1996, the Thai National Assembly acceded to the drafting of a new constitution through a Constitution Drafting Assembly (CDA). The 1997 Thai Constitution was a product of the consensus that was forged by the forces – civil society reformers, the Left, and the Bangkok middle class – that restored democratic rule in 1992 (Haggard 2000). The 2006 coup in Thailand represents the greatest setback in efforts at democratic consolidation in the region. The coup against the government of Thaksin Shinawatra signified the re-entry of military intervention in Thai politics.

For its part, the Philippines is no stranger to economic and political crises. The Philippine experience with market-based democracy is characterised by a recurring boom-bust cycle in the economy that oscillates with a similar pattern of political development and decay (Wurfel 1988). The economy has weathered a number of crises since Philippine independence in 1947. Until recently, the Philippines has not experienced a sustained period of growth since the 1970s. Growth momentum fell sharply in the 1980s and fluctuated erratically in the 1990s. Successive presidential administrations have attempted to introduce reforms to spur growth in the wake of every crisis. However, these policy reforms have repetitively encountered political and institutional constraints (Balisacan and Hill 2003). Furthermore,

¹⁰ Writing from the “modernization” tradition, David Wurfel (1988, xi-xii) defined political development as “*the growth of institutional capability with legitimacy*”. Political decay, on the other hand, was defined as “*the loss of legitimacy and capability*”.

these economic crises have been preceded by, or were results of, repeated institutional breakdowns that historically ruptured into full-blown crises of legitimacy. Intense intra-elite competition, contested elections, and the threat of armed revolution characterize four major political crises in 1953, 1969, 1986, and 2004 (Hedman and Sidel 2000; Teehankee 2006). Except for a brief period in the mid-1990s when economic growth coincided with positive political development; elitist politics has continued to hinder the institutionalization of effective social and political reforms. Unlike its high growth neighbours in the region, the Philippines stays committed to its democratic, albeit flawed, traditions. In this regard, the country has more things in common with Latin America than Southeast Asia. As De Castro (forthcoming) observed, “during the height of the economic crisis, [the Philippines] showed manifestations of a Latin American-style populist/neo-populist regime”.

The first people power uprising in 1986 toppled the fourteen-year dictatorship of Ferdinand Marcos. Corazon Aquino presided over the transition process and restored most pre-Marcos democratic institutions. Her successor, Fidel Ramos, implemented reform programmes of liberalisation and privatisation to reorient the economy towards greater global competitiveness. His peace and development program provided a relative period of economic growth and political stability.

The 1997 Asian financial crisis initially affected politics in Thailand and the Philippines differently. The outbreak of the financial crisis in 1997 provided the impetus to complete the constitutional reform process. However, the political instability that led to the 2006 coup can be traced to the 1997 financial crisis. Bangkok-based business groups that survived the crisis exploited certain provisions of the new Constitution and related electoral laws to enter politics. In addition, economic revival has overshadowed political reforms in the public agenda. Frustrations with the bureaucracy, coupled with the desire for economic revival after the crisis, resulted in the rise of Thaksin to power (Prasirtuk forthcoming).

In the Philippines, the crisis decimated much of the economic gains of the Ramos administration. But by instituting reforms in response to earlier crises, the Philippines managed to endure the 1997 crisis better than its neighbours (Haggard 2000; Noland 2000). Ironically, the failure of the country to transform itself into a developmental state worked to its advantage during the crisis. Movie actor Joseph Estrada was elected with wide populist support in 1998 but faced impeachment for corruption, and was subsequently ousted in a second people power uprising in 2001. His successor, Gloria Macapagal Arroyo, also faced

serious challenges to the legitimacy of her government that included the failed attempt at people power uprising by Estrada's supporters; and a mutiny led by junior military officers in July 2003. Arroyo narrowly won re-election against another populist actor, Fernando Poe Jr., in the 2004 presidential election. Allegations of electoral fraud committed by her government resulted in a crisis of legitimacy. She faced another round of massive street protests, two successive impeachment charges in Congress, and a failed military-backed people power attempt in February 2006. She turned to hard-line policies, not consistent with democratic principles, for regime survival.

As an aftermath of the crisis, Indonesia became the last country to ride the crest of the democratisation wave that swept the region. In 1998, pro-democracy demonstrators successfully forced the resignation of Indonesian strongman Suharto after 32 years in power. Post-Suharto Indonesia shares a similar pattern with post-Marcos Philippines. In a relatively short period of time, Indonesia has seen a dramatic succession of leadership changes: the defeat of Suharto successor B.J. Habibie to Abdurrahman Wahid (Gus Dur) in the 1999 indirect presidential election; the impeachment of Gus Dur and the ascension of charismatic Vice President Megawati Sukarnoputri in 2001; the defeat of Megawati and the victory of reformist former General Susilo Bambang Yudhoyono in the first direct presidential election in 2004. Megawati was popular among the urban poor, drawn largely from the memory of her populist father and Indonesia's first president, Sukarno (Thompson 2007). Her attempts to blend political populism with market liberalisation eroded her popularity, and resulted in her electoral defeat. However, the emergence of a more intense, nationalist, Islamist populism in the future is very possible (Case 2002).

Although adept at mobilising popular uprisings, the middle class in Southeast Asia are outnumbered by the poor in electoral terms, especially in the rural areas, and they resented the election of populist leaders. The anti-populist forces in Thailand and the Philippines that were largely led by urban-based middle class reformists and activists, unwittingly "threatened democracy in the name of saving it" (Thompson 2004: 124). The middle class¹¹ has always played an ambiguous role in Southeast Asian politics. The middle class quietly supported authoritarian regimes such as Suharto's New Order (Orde Baru) and Marcos' New Society

¹¹ Following Thompson (2007), "middle class" here is taken as "a subjective social contract than an objective structural category". It also refers to the so-called "new middle class" that includes "administrators, managers, professionals and other 'white collar' office workers as well as intellectuals and activists".

(Bagong Lipunan). And yet, they have been the important core of pro-democracy movements in Indonesia, the Philippines and Thailand. The middle class has mobilized against leaders perceived as incompetent and corrupt such as Estrada and Wahid, and also against competent leaders accused of corruption, such as Arroyo and Thaksin. Ultimately, “middle class activists opposed authoritarian regimes less out of democratic conviction, than guardians of good governance. Weak reformist governments, the prevalence of money politics, and the rise of populist leaders led them to turn the good governance discourse against democratically elected leaders, raising serious questions about the future stability of democracy in the region” (Thompson 2007). However, the counter democratic middle class in these countries did not only embrace the “good governance” discourse. Non-democratic countries that were formerly the paragons of the “Asian values” discourse have also articulated it.

Reinventing the Developmental State

This section will argue that there is a current trend towards reinvention of the developmental state and a reformulation of the Asian value discourse. This is manifested through efforts to co-opt the “good governance” discourse as a legitimating concept by non-democratic regimes. The trajectory of this trend will be plotted through a discussion of the roots of the developmental state; the emergence of the Asian values discourse; and, adoption of the “good governance” discourse in non-democratic regimes.

The term “newly-industrialising” became the signature label for most East and Southeast Asian countries. The Asian Newly Industrialising Countries (NICs) became a global example for the rest of the developing world (Gonzalez 1999). The Asian NICs involved middle-income countries that successfully pursued export-oriented growth strategies that were propelled by high levels of investment in both physical and human capital (Woo-Cummings 1999; Haggard 2000). The template for this growth strategy was the developmental states of Northeast Asia.¹² Following the lead of Japan, both South Korea and Taiwan, Southeast Asian countries pursued a neo-mercantilist and nationalist development trajectory that

¹² Thompson (2007) distinguishes between developmental regimes, characterised by the highly bureaucratised states of Northeast Asia, and developmentalist regimes, referring to the authoritarian dictatorships of Marcos and Suharto.

combined strong state intervention with the promotion of big economic conglomerates (Woo-Cummings 1999).

Leaders in Southeast Asia emulated Japan, not as a democracy but as a disciplined developmental state. Hence, the People's Action Party (PAP) under the leadership of Lee Kuan Yew extolled Singaporeans to "Learn from Japan," while Mahatir Mohammad implemented a "Look East Policy" in Malaysia. Like Japan, the monumental undertaking of "late" industrialization in Singapore and Malaysia was undertaken by large financial institutions and the state bureaucratic apparatus (Thompson 2000).¹³ Unlike Japan, however, the political systems that emerged in Singapore and Malaysia were characterised by soft authoritarian or semi-democratic rule (Haggard 2000).

The concept of "Asian values" emerged as a cultural and ideological justification for these regimes. At the core of the "Asian values" is the rejection of "Western" individualism in favour of "Asian" communitarianism; and the claim that democracy must be put on hold, so that development can be achieved (Thompson 2000). The virtues of Asian values have been over-debated through the years. But this paper would like to stress two points: 1) there is also a rich tradition of Asian democracies; and, 2) there are two types of Asian values.

One fact that was conveniently forgotten at the height of the "Asian values" debate was that some countries in East and Southeast Asia have invariably assimilated democratic traditions and practices at various historic junctures. The Philippines and Thailand, together with Japan, are three Asian nations that have imported Western democratic institutions, such as constitutional law, political parties, elections and legislature, in the early stages of their respective state building.¹⁴ Similar efforts at introducing democracy in other countries like South Korea, Malaysia, Indonesia, and Singapore faltered early on, and these countries

¹³ However, the primary agent of Japan's economic success – the bureaucracy – would eventually become its fundamental weakness as the system of bureaucracy-led collaboration permeated the entire country. The bureaucratic protection of suppliers, behind-the-scenes bid rigging, and collaboration among suppliers were encouraged by the central and local government and was prevalent in industry, farming, medical and educational sectors (Sakaiya 2000).

¹⁴ Japan introduced these innovations as a sovereign state with the promulgation of the Meiji Constitution in 1889. On the other hand, the Philippines developed its democratic institutions under colonial rule. The Spaniards first introduced formal elections in the Philippines in the 1890s to select the local *gobernadorcillo* or municipal mayor. The Americans, in turn, continued with the experiment in colonial democracy by extending elections from the municipality (1901), to the province (1903), the national legislature (1907) and culminating in presidential elections under the Philippine Commonwealth (1935). Thailand held its first semi-democratic election after the bloodless coup of 1932 that transformed the Thai political system from an absolute to a constitutional monarchy. The first democratic and free election for the National Assembly was held in January 1946. Similar to Japan, democratic institutions in Thailand were gradually introduced as a sovereign state and with no external intervention (Paredes 1989).

evolved into non-democratic systems of government. Japan, Thailand, and the Philippines have also succumbed to non-democratic impulses but managed to restore democracy at some point in their respective history.

From 1986 onward, a wave of democratisation swept the Philippines, Thailand, South Korea, and Taiwan. These countries “underwent transitions to democratic rule, which meant not simply the staging of elections but the emergence of new parties and interest groups, including labour, and the freeing of intellectuals and the media” (Haggard 2000, 218). Critics however, have noted that some, if not all of the new democracies in the region have little to offer beyond elections. Hence, “Asian-style” democracy has been variously labelled “illiberal,” “semi-democratic,” and “defective”. (Croissant 2006, 11)

Weak institutions often lead to a lack of transparency and accountability in politics and the economy. Among the important lessons learned during the crisis is that both authoritarianism and weak democratic institutions may cause and aggravate economic crises (Rudolph 2000). However, there were no apparent advantages for non-democracies in adjusting to the crisis; while democracies were more successful in addressing it (Acharya 1999; Haggard 2000). Democracies offer institutional safety valves (i.e. elections) in crisis situations that open up “political opportunity structures” for change. As Acharya (1999: 432) astutely puts it, “Authoritarianism in Southeast Asia has survived many Asian “miracle” years. The economic downturn of the late 1990s does offer democratization forces a new opportunity”.

Southeast Asian countries have admired the development experience of Northeast Asia, particularly Japan. Singapore and Malaysia adopted the efficiency of the Japanese developmental state minus its democratic freedoms; on the other hand, Thailand and the Philippines share Japan’s post-war democratic traditions minus its stability. Both Singapore and Malaysia embraced Western-style capitalism, restricted Western-style democracy, and labelled it as “Asian values”.

However, non-democratic regimes are not created equally. Thompson (2000) identified two types of “Asian values” that were highlighted at the height of the crisis: 1) repressive developmentalist; and 2) prosperous post-developmental. Developmentalist “Asian values” manifested itself in Suharto’s New Order, which justified repression in pursuit of economic development and preserving social hierarchies. Countries that have already attained high

living standards (Tarrow 1998), but opposed democracy on cultural grounds, like Singapore and Malaysia, propagated post-developmental “Asian values”. Except for Myanmar, the fall of Suharto has effectively nullified the repressive Asian value discourse in the region. On the other hand, “as an attempt to fend off demands for greater political participation that follows rapid economic modernisation, the discourse of “Asian values” is likely to be re-emphasised only now that the economies of these countries have again begun to grow” (656).

The crisis may have abruptly ended the “Asian values” debate; but some belief in its core arguments remains. None of the current leaders in Singapore and Malaysia mention the “Asian values” concept in their policy pronouncements, and yet it continues to permeate the intellectual and ideological discourse in these countries. Professor Tommy Koh, director of the Singapore Institute for Policy Studies, asserts “that East Asia will rise again in the world economy, that while some bad Asian values should be jettisoned, others which are good values should be retained” (2001: 3).

The discourse cited at the beginning of this paper, between Lee Kuan Yew and Fidel Ramos, underscores the ongoing reinvention of the “Asian values” model of development as “good governance”. Lee’s insistence that Asia’s economic problems did not lie in greater democracy but in the lack of “good governance” indicates a simultaneous state of denial and post hoc justification. Jon S. T. Quah (2001, 316) describes “Governance Singapore-style” with the following: “Accountability, transparency, predictability and participation are the basic elements of good governance. There is a high degree of accountability, transparency, predictability in Singapore, but the level of political participation is low”. He continues to praise the hallmarks of Singapore-style governance under the ruling PAP briefly: 1) meritocracy in recruiting and promoting civil servants; 2) concern for clean government; 3) pragmatic good government in promoting economic policy; and 4) emulation and borrowing of policy ideas and solutions from other nations. Post-crisis Singapore is now being heralded as the model of “good governance”.

In Malaysia, Prime Minister Mahatir’s successor, Abdullah Ahmad Badawi, has been more circumspect in advocating for a culturally based discourse. In his capacity as Chair of the Organization of Islamic Countries (OIC) in 2005, he observed:

“Malaysia chairs the OIC at a critical juncture for the Muslim world. I believe that there are an increasing number of Muslim countries in the OIC that

recognise the shortcomings and failures in the Muslim world. Some are embracing the initiatives towards good governance and an intellectually more open and vibrant *ummah*.”

In a post 9-11 global environment, Badawi speaks of “Islam Hadhari,” meaning literally, civilisational Islam, or an approach towards a progressive Islamic civilisation.

From Asian Miracle to Crisis and Beyond

“As the dominant global viewpoint turns and evolves,” observed Meredith Woo-Cummings (1999: ix), “a mirage replaces a ‘miracle,’ and ‘crony capitalism’ comes to signify a region where remarkable growth was once said to go hand in hand with remarkable equity”. Thirty years of high economic growth in the Asia-Pacific region gave rise to the so-called Asian model of development, dubbed as the “East Asian Miracle” by the World Bank. Lee Kuan Yew and Mahatir trumpeted the so-called “Asian values” as their primary key to success.

The Asian crisis, however, brought three decades of East Asian development experience and the Asian values discourse into question. Malaysia caught both the financial and democratic contagion, and narrowly prevented regime change. Singapore was largely immune to both, because of its “strict financial restrictions” (Quah 2001: 316) and suppressed opposition. The crisis, however, spurred varying levels of political change in countries like Indonesia, Thailand, and the Philippines. Beyond the economic causes of the crisis, political analyses consistently pointed to weak institutions, coupled with the lack of transparency and accountability in government-business relations, as triggering factors for the financial meltdown.

“Good governance” emerged as the primary institutional and policy prescription for combating and preventing a repeat of the crisis in the future. The concept however, became a new discursive nexus for a continuation of the long running “development vs. democracy” debate in the region. On one hand, counter democratic urban-based middle class forces have ousted democratically elected populist leaders in the Philippines and Thailand in the name of “good governance”. On the other, non-democratic countries like Singapore have adopted the concept as a new legitimising tool to justify “Asian values”. In the end, the prescription

originally pushed by Western financial institutions in the aftermath of the financial crisis has become “truly Asian”.

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