1. **Stability and political transformation**

Southeast Asia consists of the ten member countries of the Association of Southeast Asian Nations (ASEAN) and Timor-Leste. As Figure 1 shows, the trend in the average regional level of democracy between 1975 and 2004 was roughly the same as the overall trend for developing countries. From a comparative perspective, South-East Asia is currently far less democratic than Latin America, but also much less autocratic than the Middle East or Central Asia. The political spectrum, on the other hand, is one of the broadest in the world, indicating the absence of a unifying regional model of political order shared by all the countries of the region.

Figure 1: Average democracy value for Southeast Asia (1975–2004)

While the emerging democracies of Southeast Asia still are characterised by legitimacy crises or have already collapsed, a higher level of political stability persists in most of the region’s autocracies. In most countries of South-East Asia, however, the state’s monopoly on the legitimate use of force is only partially enforced. In most of the region’s countries the potential for further socioeconomic development is seriously constrained by the tight, uncontrolled and opaque nexus of political and economic elites. Yet, given the strategic importance of South-East Asia and the heterogeneity of foreign policy interests of significant third countries, it seems unrealistic in the short to medium term, to expect that development policy could make a structural contribution to the establishment or consolidation of liberal democracy in the region.

Nevertheless, the 1980s and 1990s have been a period of unprecedented democratic development in South-East Asia. In 1986, ‘people power’ triggered the collapse of the Marcos regime and the resurrection of electoral democracy in the Philippines. In 1992, the events of the Black May brought the rise of parliamentary democracy in Thailand. The following year, the United Nations Transitional Authority in Cambodia (UNTAC) organized the first competitive parliamentary elections in Cambodia. As the decade came to a close, the cumulative impact of economic crisis, regime sclerosis and popular protest led to the downfall of Indonesian President Suharto’s Orde Baru regime in 1998. Suharto’s resignation in May 1998 paved the way for democratic reform (‘reformasi’) in the world largest Muslim nation. Finally, in August 2002, democratic East Timor became sovereign after the United Nations Transitional Authority in East Timor had successfully conducted elections for a president and for a constitutional convention. But in none of these countries has the process of democratization produced a functioning and stable democracy. Instead, poor management of the distribution conflicts inherent in the democratic transformation processes has favoured not only socio-economic but also growing ethno-nationalist and communal conflicts: Conflicts, which have been barely contained or resolved institutionally by the relevant political actors. Accordingly, all South-East Asia’s emerging democracies are characterised (to varying degrees) by legitimacy crises, weak rule of law and unstable structures of socio-political representation and integration. This was clearly demonstrated by the collapse of democracy in Cambodia, the military revolts in the Philippines, the successful military coup in Thailand and civil-war-like clashes in Dili, the capital of Timor-Leste.
The region’s autocracies, on the other hand, differ significantly one from the other. Semiauthoritarian regimes such as Malaysia and Singapore have a relatively high degree of statehood, yet illiberal structures. The deeply rooted authoritarian systems in Laos and Vietnam are governed by socialist-one-party regimes. In contrast, Brunei is ruled by a traditionalist-monarchical autocracy, and in Myanmar a military regime determines the country’s political fortunes.

2. Dimensions of governance and statehood

Legitimacy

Only in parts of the region are democratic procedures a source of political legitimacy. The durability of non-democratic forms of government in the majority of South-East Asian countries cannot be attributed to repression alone. In fact, other, primarily material or traditional sources of legitimacy appear. For example, the relatively comprehensive and institutionalised party apparatuses in Malaysia, Singapore and Vietnam have been particularly successful in maintaining a high level of societal stability with mechanisms designed to balance the interests of the various elites. Some authoritarian regimes have even been able to gain legitimacy through de-escalation management of inter-ethnic conflicts (Singapore, Malaysia) or by achieving national independence (Vietnam). The latter has also played a role in the cases of Laos and Myanmar, although the poor economic performance of the military regime in Myanmar has weakened the generals’ legitimation basis. Finally, the legitimacy structure of the dynastic-authoritarian system in the Sultanate of Brunei is similar to that of the Gulf monarchies of the Arabian peninsula in that it is based on a combination of rentier-state and traditional elements. Backed by extensive oil and gas reserves, the monarchy maintains an authoritarian welfare state that offers its citizens social benefits in return for political loyalty.

In contrast, ideological sources of legitimacy have become far less important for gaining general and specific political support. This is true both of the communist one-party systems in Vietnam and Laos and of the political systems in Myanmar and Cambodia, which were previously guided by state-socialist models. Even attempts to justify existing autocracies through the propagation of “Asian values” have not proved to be particularly effective.

The precarious legitimacy structure of countries, which have changed their political system to democracy in recent decades, can be ascribed to three closely linked factors. First, it has proved impossible to institutionalise political parties more firmly along democratic lines or to anchor them more deeply in society. In the emerging democracies of Southeast Asia, political parties usually continue to represent small and privileged segments of society, unable or unwilling to integrate social groups that hitherto been marginalised. Second, the weakness of political parties in terms of integration and interest intermediation helps to exacerbate distribution conflicts between long-established elites and newly mobilised political players, be they ethnic minorities, religious groupings or economically marginalised sections of the population. This is a challenge especially because the processes of nation- and statebuilding in these countries have had, at best, limited success in integrating culturally, religiously and linguistically extremely heterogeneous social groups. Third, a politicised military that is conscious of its strength and enjoys economic privileges constraints the supremacy of civil rule respectively democratically legitimised governments. While the principle of civilian supremacy is firmly established in the autocratically organised states of the region – with the exception of Myanmar – the democratically elected authorities in the Philippines, Thailand and Indonesia have been unable to undertake a thorough reform of civil-military relations and to create robust bodies to exercise civilian control.

State monopoly on the use of force

The variation of levels of democracy among the region’s countries makes a single assessment of the state monopoly impossible. On average, the state monopoly of power in Southeast Asia is less repressive than in the Middle East or Central Asia, although Myanmar is clearly a deviant case and a proof of regional differences. The state’s monopoly on the use of force has undoubtedly gained more ground in Southeast Asia than in sub-Saharan Africa and many parts of South Asia. Nonetheless, only a few of the region’s countries – Singapore, Malaysia and Brunei – have consolidated the state monopoly of power. Even in Vietnam and Laos self-perpetuating processes of decentralisation, functional shortcomings of state administration and inadequate implementing capacities are resulting in the emergence of what are in fact areas of limited statehood. In the other Southeast Asian countries partial erosion of the state’s coercive power is evident in areas that differ in size, as in the peripheral rebellious areas of Thailand, Indonesia and Myanmar. Furthermore, crime, corruption and politically motivated violence are growing into a syndrome of chronic state weakness even in the less remote parts of Cambodia and the Philippines.

As the region also accounts for a fifth of all the world’s Muslims, armed conflicts are sometimes linked to Islamist terror. This has been due, for example, to violent conflicts in the Philippines, the escalation of communal violence in southern Thailand and the dynamism of politically organised Islam in Indonesia und Malaysia. Despite this, it would be too crude a simplification to accuse the whole of the broad spectrum of Muslim organisations in the region of being Islamist and of therefore having a militant or terrorist bias. What is more, the majority of those prepared to use force in Indonesia, the Philippines and Thailand must be described as ethno-nationalist groupings who have been fighting against central government for many years. Although religion is an important component of their own (national) identity, it does not form the core of these groups’ political identity. Armed conflict is there-
fore often of local rather than international origin and principally a consequence of protracted nation building, socio-economic marginalisation and political discrimination.

State institutions

Efficient and highly effective state institute are common in only a very few Southeast Asian countries. On the whole, it is only Singapore and Malaysia that fit the widespread developmental state cliché of Northeast Asian provenance. Otherwise, the state in Southeast Asia is significantly weaker and less immune to the influence of interest groups than it has been in, say, South Korea and Taiwan during the heyday of the developmental state. The links between societal and bureaucratic-political state elites are far closer in Southeast Asia, the interdependencies are greater, and the planning and implementing capacity of state bureaucracies is weaker than in the Northeast Asian countries. Trade protection, investment policies, the establishment of state enterprises and the control of domestic financial markets have rarely joined in the past to form coherent development strategies. Instead, most economies in Southeast Asia function on the basis of patronage networks of political, business and bureaucratic elites. This can hardly be reconciled with the idea of the developing state as an actor largely independent of particularist societal interests.

The resulting problems emerged during the Asian crisis at the end of the 1990s, which revealed serious regulatory shortcomings in many of the region’s economies. Yet, the inertia of dominant elites significantly dampened the pressure for reform that occasionally grew as a result of the crisis. With few exceptions, the introduction of the state reforms needed for further socio-economic development is proceeding sluggishly, if at all. These reforms include, for example, the implementation of appropriate financial market regulation and competition rules, the development of state structures geared more closely to the principle of subsidiarity and the introduction of modern welfare-state safety nets.

What has been, at best, moderate progress in these reforms has revealed the central issue of persistent autocratic structures in the region. Any effective implementation of reforms would, after all, lead to a substantial reduction in the privileges long enjoyed by the ruling groups. Economic elites averse to governance reforms in the Philippines and Thailand, powerful military men in Myanmar, Indonesia and Thailand and autocratic party cadres in Vietnam and Laos are all leading actors in small distributional coalitions. These coalitions that resist state modernization reforms because they would reduce their exclusive privileges to the benefit of a better supply of public goods. Increasingly indispensable for further socio-economic development, however, is the provision of public goods directed against any preferential treatment of special interests: institutions guaranteeing sustainable economic compe-

![Figure 2: Rule of Law in Southeast Asia](image)

The lack of legal certainty and the existing levels of corruption are particular obstacles to the supply of public goods. As Figure 2 illustrates, only Singapore, Malaysia and Brunei score positively in the “Control of Corruption” category of the World Bank’s governance indicators. In contrast, all the region’s larger countries show enormous deficiencies, which have an adverse effect on economic development. The fundamental cause of this challenge remains the extreme coalition of interests between political and economic elites, which is typical of autocratic structures lacking political transparency.

3. The role of external actors

Although the region did not figure prominently in global US or EU policy, the United States was an important ally on democracy promotion in the region. After the terrorist attacks of 9/11, Southeast Asia had greater salience in US policy, but democracy promotion appeared to lose ground as a priority, if it did not disappear altogether.

Promoting democracy and the rule of law is exceptionally difficult in Southeast Asia. The region is of strategic importance in security policy and economic terms for quite a number of extra-regional powers with widespread preference structures. The latter heterogeneity of preferences has impeded the effective and coherent promotion of “good” governance and democratic participation. For instance, Southeast Asia, and especially Myanmar and Indochina, have occupied a prominent position in China’s foreign policy. For understandable reasons, however, China has so far shown no interest in undermining autocratic forms of government in the region. On the contrary, the survival of the military junta in Myanmar in the face of growing protests is partly due to support from the government in Beijing.
Moreover, some countries of Indochina have established systems of governments led by dominant autocratic state parties. These states seek to delink economic from political reforms, an indication of China’s influence in the regional environment. In this context, the political rhetoric about a more autocratic and centralized developmental state has gained importance among parts of the South East Asian political elites. Additionally, there have been few signs, that the growing relations between India and the Southeast Asian countries have had a positive impact on the level of democracy in the region. Clearly, explicit democracy promotion has so far been deemed less important than the economic and security policy interests of India’s foreign policy. Nevertheless, a growing number of commentators identify India’s potential as a promoter of democracy in the South and South-East Asian region.

The USA, too, does not attach any overriding importance to the promotion of the rule of law and democracy in the region compared to other of its major foreign policy objectives. The USA continues to be an important provider of security in the region, given the many territorial conflicts among the ASEAN countries and their strategic importance for the whole Pacific Asia. However, the increased leverage the U.S. could consequently exert for the promotion of democracy is reduced by what tend to be short-term economic and security policy interests. For similar reasons the European Union and the majority of its members also pursue a rather incoherent policy of promoting democracy in the region.

The results so far achieved with multilateral efforts in this respect are again, at best, mixed. While the international mission to promote democracy in Cambodia must be regarded as a failure, despite its undeniable success in resolving the armed conflict there, a more positive view can be taken of UN intervention in Timor-Leste. But, here again, problems predominate, that are connected with the stabilisation and consolidation of democratic institutions and good governance that have been introduced. The incentives presented by multilateral and most bilateral development cooperation players also lack coherence. There is no evidence, that autocratic and corrupt regimes in Vietnam, Cambodia and Laos have received less aid than more democratic countries in the region. Furthermore, in view of the influential position of autocratically governed member countries in the Asian Development Bank, it is not particularly surprising that governance factors carry far less weight in that organisation’s allocation formula than in other multilateral development banks. ASEAN, the most important regional organization, has so far been similarly unable or unwilling to send pro-democracy signals out into its own region. Again, this comes with little surprise, given the political heterogeneity of its member states.

In the light of these findings, what is needed is a highly realistic assessment of the effect of development cooperation on governance structures in the region. Not only is the persistently generous flow of resources to autocratic regimes hardly to be seen as an incentive for establishing democracy and improving the rule of law: the governance objectives defined in development cooperation are likely to be only one aspect of the donors’ package of foreign policy interests. At best, then, good project and programme work can be expected in less conspicuous governance sectors – as in the strengthening of local government, the promotion of transparency in administrative procedures and “good” fiscal governance. In the short to medium terms at least, it is, however, unrealistic to hope that development policy will make a more structural contribution to the establishment or consolidation of democracy and the rule of law in the region.