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The New Leaders

The new Prime Minister of Malaysia is one in a line up of new Prime Ministers and Presidents in Southeast Asia. Dato Seri Abdullah Badawi was sworn into office on March 2004 after an overwhelming victory for the National Front or Barisan Nasional the ruling party in power since Malaysia obtained its independence from the British in 1957.

Indonesia welcomed a new face in the name of Susilo Bambang Yudhoyono on 20 September, 2004 .Megawati Sukarnoputri’s “Nationhood Coalition” lost its popular support for as of September 29, 2004, it only secured 39% of the 92% counted ballots with Susilo leading by a clear 61%.Thailand’s Prime Minister Thaksin Shinawatra voted in September 2001 and again in February 2005, is also a new champion of development determined to prove that political stability in the South can be achieved if Islamic education is standardised by the State and if opportunities for new wealth through globalisation are given to the majority living below basic needs . Last but not least is Southeast Asia’s smallest nation, Singapore where the third Prime Minister Lee Hsien Loong was sworn in on 12 August 2004. The son of the pioneer Prime Minister Lee Kuan Yew, he is expected to give priority to issues of globalisation, defence and security, population growth and water resources. In his first National day Rally Speech on the 1st of September, 2004, he talked about openness and dialogal communication between leaders and citizens. It seems that the first wave of authoritarian democracies in Southeast Asia must give way to liberal democracies for these nations to be better prepared for globalisation.

Hence there is awareness that economic liberalisation is about holistic globalisation, setting high standards of domestic public, corporate and civil governance so as to be more resilient and compliant to those imposed from global organisations like the World Trade Organisation and the International Monetary fund.. The release of the former Deputy Prime Minister of Malaysia .Anwar Ibrahim, by the Federal Court on Thursday the 2nd of September two days after Independence Day may be said to be timely executed since it speaks volumes for the growing independence of the Judiciary system. The KLSE soared 2.6 points brought on by a surge in foreign investors reflecting a positive link between corporate and political culture and the association of judicial independence with investors’ confidence. As the understanding of globalisation becomes more holistic and comprehensive, developing nations prepare for more domestic reform.

All these Southeast Asia political leaders had prioritised agendas which have become familiar universals in the wake of economic globalisation- strengthening indigenous

production capacities towards greater equity and balance between micro and macro-scale operations in rural and urban areas, reducing dependency on foreign labour, eradication of poverty and underemployment, good corporate and public governance and greater transparency in political and public decision-making, social and political stability and religious moderation and participation in global civil society through tripartite cooperative and reciprocal values with the public, corporate sectors and non-governmental organisations. All in all the package of reforms reflects the ideals of Western democracy with a caution on absolute liberalism in globalisation. Having played on home turf for so long, most of these leaders are aware of the bitter consequences of neglect of domestic economic and social issues. In these small family and community based Southeast Asian nations, the economic and social go hand in hand to form practical networks of cooperation in daily life which if wrongly nurtured breed towering infernos of strife and discontent. The ingredients of a productive society participating in global competitiveness is not simply derived from liberalism in opening markets and ending protective tariffs for fundamental industries. Thatcherism, Reaganism and Mahathirism had a common principle in the privatisation of public enterprises and the rise of foreign capital in public enterprises in that if governments “take care of the big things, the small will take care of themselves”. However in the smaller economies of Southeast Asia, and Malaysia in particular, a significant amount of social engineering had been done to reach the necessary social and economic equity necessary for entry into the global market and the small may not survive when global policies of the World Trade Organisation goes into full bloom in 2005. Small people and small nations can be easily dismissed if Southeast Asian nations are unable to manage issues of socio-economic hierarchies among citizens as well as multi-level cooperation.

The economies of Thailand, Indonesia and Philippines went into free fall in 1997 at the height of the financial crises when the *baht* was devalued and foreign investment pulled out overnight. It took more than four years for these economies to recover from the recession which hit them and the New York imposed policies of the *International Monetary Fund* and the *World Bank* were unable to save the jobs of millions of production and service workers who were destituted overnight unable to support their families for even a meal a day. Two years of demonstrations, riots, inter-ethnic strife and religious extremism saw the downfall of the governments of Suharto in Indonesia and Estrada in Philippines while Malaysia’s Mahathir Mohamad became a national hero with his defiance of the forces of global financing. His controversial pegging of the *ringgit* against the dollar and tight controls on foreign capital speculation choked the breath from the Kuala Lumpur Stock Exchange (KLSE) but saved the Malaysian economy from going into free fall. He defied the advice of the International Monetary Fund by increasing rather than decreasing public borrowing. He mooted the idea of creating reserves from local public savings, established the *Danaharta* to buy up fundamental stocks of Government-linked Corporations (GLC’s) and propped up thousands of jobs in the production and service sector. Singapore also used up its reserves to prevent massive deployment from industries hit by the recession and went on a comprehensive retraining exercise of workers caught in the wave of corporate bankruptcies.

Economists like Paul Krugman (2005) and Jeffery D Sachs (2003; 2005) who have critically argued against liberalism in an emerging global economy conceded that smaller

nations caught in the threshold of the politics of global capitalisation somehow have to come up with their own economic solutions for long-term survival. However, Sach argues that the World Bank and donor nations must change in their orientation towards profits. Now Director of the Earth Institute at Columbia University and special Advisor to the UN General-Secretary, Mr Kofi Annan on the Millenium Development Goals, (MDG's), he argues that capitalist policies of global organisations are as crippling to poorer nations as national policies which adopt globalisation without understanding the long-term issues of sustainability in development.

From the year 2000 to the current time, these small Southeast Asian nations have been attempting to create their own branded economic products for survival in a global economy. In Malaysia, one of these products is "Islam as practical life", named "civilisational Islam". It introduces a development approach to Islam to suggest its compatibility with globalisation. It does not however suggest that there is a global Islam which has converged with capitalism.

Civilisational Islam (*Islam Hadhari*)

According to Datuk Dr Abdullah Mhd. Zin, Minister in the Prime Minister's Department for Religious Affairs, *Islam Hadhari* is a *development* approach to Islam based on rational and progressive principles of the religion. This approach does not entirely link Islam to the past but to the present without breaking away from the fundamentals of the Qur'an and the Sunnah. In an interview with the New Straits Times (1 August, 04:4) he states, " It emphasises wisdom, practicality and harmony. It encourages *wasatiyah* or a balanced approach to life." Hence, individuals must not only be spiritually strong but economically independent and self-reliant with vision and the ability to face the challenges of a global age. According to the Minister, the Barisan Government has always placed an emphasis on economic development but it is more concerned now with developments in the Muslim community which in some sectors have come to emphasise the afterlife to the total rejection of the contemporary. The acceptance of the afterlife as a solution to the miseries of the present has its own pitfalls. Martyrdom in the form of suicide bombing is only about the afterlife. To say that the tithe (*zakat*) must be paid in bags of rice relates Islam only to its past .The past and the afterlife must be addressed in relation to the present since the present is where Muslims are now.

In *Islam Hadhari*, the concepts of moderation or modernity are avoided since these are usually linked to Western civilisation. A balanced or harmonious view of life is preferable. For example, currently, he argues that there is a lack of sympathy and understanding of the problems of Muslim women in society and Syariah judges base their judgments on the role and position of Muslim women at the time of the Prophet. This is very difficult to comprehend and accept. At this day and age, Muslims must be more tolerant and concerned for social equity regardless of gender, ethnicity and religion. Hence, education and economic development are the keys to progress but these must be upheld in a holistic and comprehensive way to cover all aspects of day to day and practical life. Religious education must address contemporary socio-economic

developments in the Muslim world or Muslims would progressively fall behind other ethnic groups in their strife towards prosperity.

The five principles of *Islam Hadhari* have since been elaborated by supportive scholars like Mohd Kamil Haji Abdul Majid (2005) and criticised by others like Farish Noor (2004). Basically the principles are: the foundations of knowledge in civilisations, balanced development; prosperity as a way of life; good and preventive health; and a spiritual life-style. The philosophy of combining these principles is balancing fundamentalism (salafiyah) with change (tajdidi) and balancing core principles and values (thawabit) with changing perspectives (mutaghayyirat). Islam has to be understood in its totality (syumul) and not decontextualised by quoting from singular remote texts without its own historicity. Farish Noor however, states that Islam is about overcoming the trials and tribulations of humankind in its singular state and essence and does not address ethnicity or communalism. Hence without stating any kind of reference to multiculturalism or social stratification, it is essentially concerned with justice and equality in its appeal to internal reform. It does not promote prosperity or balanced development since it is essentially reformist and assumes that once justice is done, everything else will follow smoothly and all will prosper. However there is unnecessary debate about this concept of 'civilisational Islam'. It merely states a public position of a religion which has dictated the lives of millions of believers sometimes towards change and at other times away towards stagnancy. With this concept, it clearly states a position towards change, a more open, moderate and progressive position which suits the trends of economic development in the country.

Unfortunately, some have argued that it can lead Muslims away from militancy. This can happen if the root causes of militancy in Islam are clearly understood. If youthful Muslims see militancy as the last resort to reform and change, it may be seen to be compatible to *Islam Hadhari*. What needs to be done is to associate *Islam Hadhari* with poverty eradication of the marginalised Muslim communities of the country and region. Other than indigenous minorities, the next impoverished communities are Muslims living on the margins of development. To state that there must be balanced development is another way of stating that there must be poverty eradication but balanced growth must be sustainable for poverty eradication programmes to be taken seriously. Farish Noor states that the Malaysian government must make up its mind whether it wants Islam to move more towards socialism or capitalism. With economic trends moving closer to capitalism on a global scale, it can be assumed that 'civilisational Islam renders an invisible hand of approval to global forces of change prescribed for the developing world. In 'civilisational Islam', these global force of change however, like a benefactor should be benevolent. Can we put back the humanism in economics or is it a far gone conclusion that this is only possible if justice is the beacon of globalisation?

Reviewing the battered Muslim populations of Southeast Asia, nearly 90% of Indonesia's 238 million people are Muslims where more than 50% are living on the poverty line. Indonesia's two largest religious organisations, Nahdlatul Ulama (NU) with a membership of 30 million and Muhammadiyah with a membership of 20 million have given support to President Susilo Bambang for a moderate approach to Islam. Malaysia's

25 million population where 60% are Muslims are also concerned for peaceful development as shown in the support given to UMNO in the recent 2004 elections. Muslims form a minority of 3.3 million people in Buddhist Thailand, 3.9 million in Catholic Philippines and 500,000 in Chinese Singapore. Their minority status in Singapore, Thailand and the Philippines coincides with a new growing consciousness in Islam and participation in militant activities. The common denominator is economic imbalances in growth and development. Hence support for peaceful resolutions will be sustained as long as these populations believe that their leaders will deliver the cargo. **Essentially it is about faith, not so much in religion but in political leadership. Hence, “Godism” is not about God but about holding on to the sanctity of justice.**

To quote from the Indonesian Foreign Minister Hassan Wirjuda at the United Nations General Assembly on September, 27 2004,

“... But the global coalition to defeat terrorism... must address the root causes of terrorism: the grievances and the poignant sense of injustice that drives human beings to such depths of despair, they would carry out the most heinous acts of mass murder and destruction”.

The Philippines Foreign Secretary Alberto Romulo echoed this concern at the same debate,

“ A new kind of peace...for a new kind of war... a global alliance to remove poverty as a breeding ground for resentment and conflict... conflicts should be addressed before terrorism can begin to define or exploit the conflict”

From Malaysia, the Prime Minister, Datuk Seri Abdullah Ahmad Badawi, then Chairman of the 57 member Organisation of Islamic Conference (OIC), said that the war on terror was tainted by anti-Muslim bigotry. He said that “Most damaging of all is the linkage between international terrorism and Islam....We need to clear the confusion of linking the problems faced by some Muslim countries with Islam the religion”

Pakistan’s President Parvez Musharraf, a key US ally in the war on terror warned of an iron curtain falling between the Islamic world and the West, with Muslims feeling unjustly treated in international disputes

Lastly, at the same debate, the Chinese Foreign Minister Li Zhaoxing. stated that ‘only when the root cause of terrorism is eradicated, can people live in peace and tranquility again”

Despite these pleas for a humane approach to the war on terrorism, we see more countries treating Muslim minorities as potentially dangerous and a threat to national security. Where Islam is the majority population as in Malaysia and Pakistan, there is the same sentiment of disapproval for Muslims who sympathise with the problems of Muslims in other countries and who offer their knowledge to combat isolation or oppression. “civilisational Islam is about sharing ideas on progressive education both scientific and

social through peaceful interventions'. It does not support radical interventions through militancy but through building and strengthening institutional structures in civil society.

Is the Malaysian government introducing these new development models to remove the influence of *Parti SeIslam Malaysia (PAS)* on Muslims ? The overwhelming victory of the *United Malay National Organisation (UMNO)* in the 2004 elections in Malaysia would indicate that the government does not see PAS to pose a threat on Malay political unity. There are however new ideologues in the UMNO Youth Division who want to see Islam develop a competitive edge against Western economic and political dominance and who believe that smaller Muslim nations can make profound contributions in social capital and develop a Muslim Renaissance in civil society. Disenchantment with Muslim leadership in the Middle East and its continued dependence on the United States as the prime mover of trade and industry may be some of the underlying issues prompting Malaysia to take a lead but a very real fear factor is the mounting prejudice against Muslims branded as terrorists and militant by Western media. Lulled into sleep by ideas of the afterlife, Muslims on the East Coast of Malaysia have not resorted to militancy or violence but have been cautioned against participating in development. In my recent visit to Terengganu , it seems that the mega enterprise of Petronas in Malaysia has had little impact on the people of Terengganu. Their quality of life remains poor with inadequate infrastructure, housing or income-generating activities. Except for State managed tourist enterprises , traditional family-based *batek* industries and tiny-scale food industries, all large-scale and successful businesses associated with domestic or foreign tourism are owned by Chinese or foreign companies. According to Malay anthropologists and sociologists working on development projects run by *Kolej Ugama Zainal Abidin (KUZA)* Malays in Terengganu seem to be reluctant to make the quantum leap into large-scale operations, concerned for loyalty to traditional customers linked to friendship and kindred ties and also uncertain that they can attract and sustain new customers from outside the state and region.

Their social and economic encapsulation in tradition has upheld a stagnation in business practices which somehow has been justified by a sense of 'spirit de corps' in poverty. This comes close to the 1960's neo-Marxist analysis of the "peasant ethics" and 'the image of limited goods' by Redfield and Potter that a sense of comfort is developed from everyone being equally poor in close group cultures eventually denying the need to seek new alternatives in productive life. Hence, Malaysia and other developing nations in Southeast Asia needs to seriously address poverty and economic development through its own social framework and an agenda for social change has to be properly executed before further development policies are implemented in underserved areas. *Islam Hadhari* provides the right philosophical emotion for social change but it does not address the link between poverty and the social framework of stagnation.

At the Margins of Globalisation

Southeast Asia's solution to underdevelopment especially in the troubled South of Thailand, Philippines and rural areas of Myanmar, Cambodia and Vietnam is the creation of wealth through local-level development. Since government monopolies have not really

done much to uplift local populations from poverty, it is hoped that economic liberalisation and privatisation will. Since 1 January 1995, the *World Trade Organisation* (WTO) has replaced the General Agreement on Tariffs and Trade (GATT) in providing rules for international trade. Since 1948, GATT completed several rounds of trade negotiations which ended with the Uruguay Round (1986- 1994) and the creation of WTO. Its agreements cover trade in services, traded inventions, creations and designs (intellectual property).. The WTO is the only international organisation dealing with rules of trade between nations and at its heart are legal documents, negotiated and signed by most of the world's trading nations. The organisations's main objective is to ensure economic liberalisation based on transparent, predictable and legal rules which are globally binding .The WTO also negotiates for effective dispute settlements between and among trading nations. Among the fundamental principles of the WTO are the following:

- a) Globalisation is associated with economic and trade liberalisation
- b) Reduction of Protectionism (duties, tariffs, subsidies)
- c) Regionalisation must allow for Multilateralism

In the case of developing and least developed countries this requires the following commitments:

- a) Macro-economic stability must be ensured in short-term capital flow
- b) Enhancement of Foreign Direct Investment (FDI's)
- c) Development of Human Resource Capabilities in new areas of specialisation-biotechnologies, ICT tools and applications, global laws of trade patenting and intellectual property.
- d) Maintain political and social stability including land, oil, water management and exploitation and control over ideological warfare and militancy
- e) Development of good citizenry and promotion of the advancement of a global civil society
- f) Strategic branding of products and services including social systems and ideologies.

For the developed nations, globalisation assumes the following economic gains with conditions attached to global profiteering:

- a) Enhancement of markets and investments in the Asia-Pacific and African region with adequate labour protection
- b) Increase in capitalisation offset by phenomenal gains in out-sourcing may lead to little domestic employment-higher economic growth without the creation of new jobs does not enhance human development
- c) Advantage in bio-patenting and intellectual property may lead to new forms of control over environmental resources of the least developed and developing
- d) Higher risks in capitalisation in countries which are politically unstable.
- e) Development of new niche areas for short-tem gains in investment and stocks.

In the case of the least developed nations which includes all of the new members of ASEAN (Vietnam, Myanmar, Cambodia and Laos) and most of the countries in Asia and

the Pacific, Africa and Latin America, the WTO provides flexibility in the implementation of agreements such as the imposition of import duties on newly emerging industries and protective tariffs for farmers and small businesses. What is an issue of concern is if these forms of special assistance and trade concessions for least developed nations are enough to prevent them from being selling out their assets and resources for quick gains of economic growth which may not be sustainable in the provision of productive human capital in the long-term. While it is well known that protectionism may render local industries obsolete faster than liberalisation, it is still necessary to review the increasing plight of rural populations who are unable to grasp some of these critical changes that are taking place in local development which invariably have an impact on their income and quality of life.

World Bank statistics in 2004 show the average Singaporean to make 60 times more than the average Vietnamese, nearly 80 times more than the average Laotian and nearly 92 times the average Cambodian. The average yearly income for a Singaporean is \$ 24, 740 and Malaysia, the next highest ranking nation is \$3, 640. That is twice the yearly income of the next highest ranking member, Thailand, whose workers earn \$1, 970 per year. (See Appendix Table 1a and b) In terms of life expectancy, the average Cambodian woman can expect to live to 55 and the man 52, while in Thailand women can live up to 71 and men 67 .In Malaysia, women's life expectancy is 76 and 72 for men. (See Appendix A Table 2). Although exports are rising in Thailand and Philippines, Indonesia and Malaysia has not had steady growth of exports on account of divestment policies of multinationals in these two countries between 1990 to 2000 but recent changes in political leadership has once again brought on favourable growth. (See Appendix A, Table 3)

The linkage between investors's confidence and political leadership is so direct that economists should begin to consider socio-political climate as a factor of production and not only an index of international trade. Indulgence in radical politics leads to pull-outs, boycotts, embargos and even strikes, hurting the economy beyond repair and this in turn stimulates individuals who have suffered pay cuts and layoffs to participate in radical politics .The root causes of militancy are not necessarily grounded in indigenous structures of poverty itself but in external forces of economic and military intervention, generating a vicious cycle of action and reaction to policies which work against the poor. Indigenous poverty which has not reached the pressure point of destitution or starvation may lead to radicalism but not necessarily militancy but externally driven policies which support military action against radicalism will always lead to militancy. When people begin to realise that their governments are not acting independently against them and are dictated by foreign pressure, they resort to activities which are more tactical and invisible since they know they will be defeated in an open war of words or action. This is when militancy becomes terrorism. Terrorism is the beginning of the end, the end of faith in political leadership and the substitution of religion for Godism- in God we trust and in God we submit at will. Most religions convey the same sentiment but Islam articulates this very clearly- surrender to God.

For most of the post-socialist countries in Southeast Asia, they are now preoccupied with fighting a different kind of war against poverty. Religion has always been remote in the lives of the common people who have been starved of faith under socialism and the common process of healing is now profit-driven. God is wealth no doubt and Godism is about putting things right again for faith in God to have any added value in life-style or psychological well being. God is a luxury waiting to happen. The long drawn misery of losing family, community, land and resources brought on a loss of faith in leadership both political and spiritual and torture, starvation and death lead to a poor understanding of the relationship between God and people. It is impossible to speculate if these Southeast Asian Buddhists has nostalgia for the divine leadership of Buddha under the circumstances. They would have welcomed radical Buddhism but this would not have helped them in the fight against poverty at the end of the war. The long wars engulfing Vietnam and Cambodia has contributed to economic stagnancy but they recuperated to a fair extent by successfully converting their rural economy to labour intensive export-oriented industries in rice, textiles and craft. Tourism has also been a contributing factor in providing new employment to the more skilled and educated urban work force. The ASEAN market through the ASEAN Free Trade Agreement (AFTA) has made them beneficiaries of regionalisation. However, with more capital inputs from more competitive companies wanting to have a share of the cheap but productive labour and land of these new ASEAN rice bowls, there must be more measures to protect the transfer of capital and technology into other MNCs which may not be as concerned for domestic equity as efficiency. All this translates into wealth and eventually a different understanding of God, something more secular than profane and indeed closer to 'civilisational Islam'.

However, one should not rule out the link between radicalism and militancy so easily in globalisation for even without foreign pressure to use military action against resistant movements, globalisation will be perceived as a foreign incursion upon indigenous rights if it does not win the fight against poverty. A point of concern is the impact of private or government monopolies in poverty-stricken areas in Southeast Asia which have traditionally been the centres of resistance and rebellion articulated through messianic cults. The indifference of local and national governments to social equity has been a major contributory factor and the spread of networks of resistance across local communities, another. Godism may have gone global but along with it is the language of resistance to make God relevant to practical life. This phase however does not render faith as 'civilisational' but 'radical' and in extreme conditions, 'militant'. Globalisation through the movement of MNCs into traditional bases of agriculture and industry need to be carefully monitored for fear of massive displacement from traditional sectors without sustainable alternatives in human resource development and employment.

Southeast Asian countries which have significant regions occupied by cultural minorities such as North and South Thailand, Southern Philippines, Eastern Indonesia and North Sumatra should in particular address the socio-cultural and political sensitivities of the people of these regions and embark on special problems to overcome economic poverty and cultural alienation. Singapore, which has the highest per capita income in South-east Asia and Malaysia, which has a conservative count of 250 thousand people living below

the poverty line has stabilised economic growth by addressing the problems of sustainable development through mass education and human resource development. Hicklin, Robinson and Singh (1997) writing for the IMF states that Southeast Asia's strong economic fundamentals in particular, Singapore and Malaysia has been in the following (1997:10)

- ✚ Financial policies oriented towards macro-stability keeping inflation low and external imbalances under control
- ✚ Market friendly and outward oriented, with liberal external regimes that maintain generally strong competitive positions.
- ✚ Careful government interventions in a number of areas-such as antipoverty programmes- unleashing a powerful virtuous circle of government spending (especially in education and health), productivity, and growth that helped ensure the economic and political sustainability of the reform process in these countries.
- ✚ Willingness to adjust policies flexibly and quickly in response to challenging economic circumstances , allowing a rapid transformation of economic structure while maintaining intact strong macroeconomic fundamentals.

Although all Southeast Asian countries generally subscribe to the above practices to a greater or lesser degree, it is argued that the least developed countries, in particular Myanmar, Cambodia and Laos will eventually subscribe to the above practices to a greater degree once they believe in the benefits of economic liberalisation in a post-socialist region which has generally subscribed to the ideology of social engineering in macro economic development. However, these countries should continue to develop strong social equity strategies through social engineering especially in affirmative action in education, health and human resource development among cultural minorities which are increasingly frustrated by low public investments in infrastructure, education, health agriculture and industry. Since the problems of minorities and border populations spill over into neighbouring countries and cause significant regional instability, ASEAN should develop an index of economic development which clearly shows sub-regional inputs of capital including FDI's, into infrastructure, education, health, industry, agriculture, social development and other public services to evaluate and monitor areas which continue to be underserved. Only in this way can sustainable local-level development be instituted in a growing climate of globalisation in the region.

Privatisation, Anti-Trust and Anti-Monopoly Regulation in the World Trade Organisation (WTO)

The impact of private or public government monopolies in poverty-stricken areas may be catastrophic if the overriding concern is profit and competitiveness. With economic liberalization, anti-monopoly laws upheld by the World Trade Organisation may be enforced enabling external MNCs to bid for public and private projects in underserved areas .These projects may have massive capital inputs but they do not necessarily improve the economic and social life of the poor and on the contrary may prolong poverty through a postponement of professional, technical or life-long education in the

rush to procure quick jobs to sustain an economic livelihood on the borders of poverty. Furthermore, local political and public intervention may develop as MNCs develop projects which exploit natural resources or casual engendered labour. Hence, legislation is the only way to protect the interests of small landed farmers or landless businessmen. South Thailand, South Philippines, the East coast of Malaysia, Sabah, Vietnam and Cambodia in particular will be more seriously affected by these changes as competitive pressures reduce the involvement of the public sector in the economy in favour of the public sector.

While anti-monopoly or anti-trust laws are being firmed up, there is much concern for the future of small businesses and farms and these must be protected against capitalist excesses. State control agencies or GLC's can be given a certain amount of monopoly in poverty-stricken areas if they also implement a social safety net system to protect local people against unforeseen economic disasters or periods of recession and unemployment. The construction of public amenities such as housing, transport, schools and hospitals must be also given priority to improve the quality of life of the people. On the other hand, organisations like the WTO must be able to anticipate the negative impact of globalisation and liberalisation on the rural poor and invest expertise to resolve the widening gap in income and quality of life of the rich and poor within and across countries in the least developed and developing areas of member countries.. Surges of new competition may force local populations to sell out, mortgage land or migrate to urban centres and this will not only have negative repercussions on the economy but will destabilise existing social and political systems which have so far rendered a fair amount of cohesion and cooperation in day to day life.

Hence it is recommended that member nations of developing and the least developed countries recommend the WTO to link the status of "most favoured nations" to the existence and spread of underserved areas in particular where underdevelopment has shown visible signs of political and social destabilisation and where the marginalisation of minorities has caused significantly wide income and social differentials of income and quality of life. However, these nations must be able to show sufficient antipoverty projects and programmes including social safety nets to be able to benefit from such a status. Projected targets of economic growth must be discriminatory to show serious attempts at leveling socio-economic differences within "these most favoured nations".

ICT, Globalisation and Militancy: The Spread of New Wealth and Poverty

Going Global in ICT seems to be a contradiction in terms since the net is essentially a global tool for communications, resource and research.. However, the global ICT scenario continues to be dominated by large technology MNCs such as Oracle, Satyam, Microsoft, Infosys, Intel, Nokia, IBM and so on. Southeast Asian countries lack home success stories although there might be many young unknown technopreneurs who have yet to catch the eye of officials and academics in a position to influence the growth of human capital in ICT. Malaysia's Multi-Media Super Corridor (MSC) promotes MSC-status companies by quantifying total sales output, number of patents files , jobs created

and technological competitiveness but worldwide recognition is gained only when a larger pool of local talent can compensate for the poorer infrastructure found in Malaysia outside towns and cities. The ICT infrastructure found in Bangalore is said to be poorer than Kuala Lumpur or Putrajaya but the surplus of expertise in India more than compensates for the rush to use India as a base for telework outsourcing and vendoring in hard or software. According to N R Narayana Murthy, the founder and chairman of Indian technology giant Infosys Technologies Pte Ltd., "Going Global means developing a global mindset. If you want to develop, you must accept the principles of globalisation. The principles of globalisation means sourcing capital from where it is most available, producing where it is most profitable, without being constrained by national boundaries"(The Edge Malaysia 13 September, 2004: 6) .

Dr Mahani Zainal Abidin, who heads the *National Economic Action Council* special consultancy team on globalisation believes that trade liberalisation under the WTO in 2005 may lead to the removal of tariffs and subsidies but other kinds of incentives can be enhanced such as human resources and research and development capabilities (Unctad, K Lumpur on *World Investment Report*, September 22 2004). Hence it is no longer a question of setting one nation against another in global competitiveness but in ensuring that the leadership of a nation generates the right kind of economic , social and political environment for liberalisation to effectively lead the masses to greater wealth. This means that a nation must not only be concerned with the development of human capital or the flow of FDI's but the equitable distribution of ICT resources throughout the nation and region, to overcome issues of the digital divide, unemployment and underemployment, overflow of unskilled workers in nations needing skilled human resources and the gender divide in access to public and private resources and services which leads to a massive pool of cheap labour which is easily exploitable by global and local corporations (Williams, 2003). The Fifth Asia-Europe Meeting (ASEM) held at Hanoi on the 7th of October, 2004 is expected to address some of these issues. At the end of the dialogue, the 39 member delegation, including 25 EU state members, the European Commission, 10 members of ASEAN and the three Northeast Asian countries of China, Japan and South Korea will agree on three documents, *The Chairman's Statement*, *The Hanoi Declaration on Closer ASEM Economic Partnership* and *The Dialogue among Cultures and Civilisations* (New Straits Times, October 6, 2004)

Some of the reasons why anti-capital and anti- global sentiments continues in the age of ICT are the phenomenal contrasts in wealth between developed and least developed nations caused by the capturing of global markets by MNCs on the one hand and the termination of employment through delayering caused by heavy capital investment in ICT. While outsourcing is capable of generating employment in poorer countries with surplus labour, it is incapable of generating equitable wealth as long as profit is the ultimate motive in globalisation. Trends towards the casualisation of labour , poor legal representation of workers and sudden dismissals with pullouts and relocation exercises may even contribute to massive destitution on a phenomenal pace .Leading new age thinkers like Ian Angell refers to it as "an oversupply of humanity". What is needed are massive inputs in education and human resource development which should not necessarily be a sole concern of national governments. MNCs should also play a major role in the qualitative improvement of human capital in countries which ensure them

profits so that economic gains can be better distributed within a globally productive society. This is usually argued through R & D investments but R & D in product development and patenting has a narrow range of beneficiaries and benefits mainly those professionals and specialists who are already in the same line of businesses but R & D in more generic areas of education, housing, environment, culture, politics and law may have a far wider impact upon local populations and contribute to regional stability and security. Hence, it is insufficient to channel global efforts in R & D into global enhancement of capital and technology but regional, national and local issues must be addressed since they hinder the equitable spread of global wealth and security especially in the increasingly productive societies in Asia .

The economic advantage which developed nations have over Asia may not be as critical an issue as the advantage which some sectors of the population have over marginalised communities which may be the majority population in some geographical areas. The spread of economic opportunities nationally and regionally must be in proportion to the spread of the new global and national wealth emerging from the link between the two. Hence one can see that the most troubled areas in Southeast Asia are linked not so much to the unequal spread of capital development, human resources and technology transfer between the advanced West and Southeast Asia but the marginalisation of large sectors of productive society from national and regional development leading to economic, social and political instability. The consequences of this may be disastrous to regional security affecting the flow of foreign direct investments into the region.

Southern Thailand in particular is a region to watch as incidences of bomb attacks are received by a stronger military presence and hardening of punishment. This echoes the situation in the Middle-East especially in Iraq where about 54 % of the population are unemployed brought on by the war and the occupation. In Southern Thailand, it now appears that militants are drawn to the global tools of resistance movements by deploying suicide bombers, kidnappings, hijackings and posting conditions of release on websites. The destructive use of global tools of communication in every day resistance movements is a manifestation of the downside of globalisation and this may escalate as economic and political globalisation takes its natural course. Hence a discussion of the spread of wealth through globalisation and liberalisation of the world economy must also include a discussion on the spread of violence and militancy through globalisation and the protection of global interests of world powers through trade embargos and military occupations. Separatist movements which are usually explained as internal civil disorders by national governments ruling Chechnya, Aceh, Mindanao and Pattani in Southern Thailand also result in escalating violence as financial and military support becomes global.

The separatist movement in Southern Thailand for example had been dormant for several years until the American occupation of Iraq with allied forces prompted sporadic attacks on security stations and public buildings. Thai intelligence (New Straits Times, 27 September, 2004) reports that there are now at least 10,000 volunteer militants who have accepted the franchise of destruction of public and private property including security forces in Southern Thailand from want of something better to do. The ideology is still

separatism but the modus operandi global. The underlying cause is still poverty and underdevelopment and alienation from development which has increasingly taken the form of large-scale tourist and industrial projects of no benefit to local people except in the provision of casual work or unskilled labour. Education both secondary and tertiary continues to be underdeveloped causing a rise in the preference for fundamentalist education in Islam. This long-lasting ideological struggle between political and economic globalisation and terrorism may become a way of life expressing the mood of new age wars of the twenty-first century. It may become part of the structure and form of globalisation itself that every action creates a reaction and a reaction further action. The magnitude of this problem on a global scale is worrisome since the majority of people want wealth to come with peace and not violence.

The vast majority of the world's more than one billion Muslims are peaceful citizens who can merge into a global productive life-style quite easily without guilt or self-censorship but since Islam has come to be associated with terrorism, the radical forms of Islam which have intensified since 9/11 have been justified by the history of persecution of Palestinians from their land and the colonisation of Muslim land and resources in Southeast, Central and South Asia. American and British economic domination through the use of military intervention has evoked former images of Western supremacy over Asia but this does not mean that Muslims agree to terrorism as the ultimate form of resistance. The most moderate voices to Islam are actually located in Southeast Asia, in Malaysia and Indonesia and the success of the newly elected governments of Abdullah Badawi and Susilo against fundamentalist hardliners is evident of the reconciliatory mood in Southeast Asian Islam. However, moderates say that the situation in Iraq has put them on the defensive.. Says Hafiz Hussian Ahmed, a Pakistani cleric and Member of Parliament, "The U.S.and its allies must realize that by occupation, by killing and dishonoring Muslim women-such as in the Abu Ghraib jail in Iraq-they are sowing the seeds of hatred" (The Times, 13 September, 2004: 41).

While many strategies are being developed by governments to combat the growing tide of resentment of Muslims against political, economic and social marginalisation, Malaysian seems to be very keen to globalise its own brand of Islam, *Civilisational Islam* to combat growing trends towards fundamentalism and to inspire them to make wealth and not war. The flow of foreign direct investment is measured nationally but data on regional location of FDI's in terms of rural and urban investment is not available for countries where rural populations are still largely poor as in Malaysia, Thailand, Indonesia and Philippines and where fundamentalism tends to go hand in hand with rural poverty. The World Investment Report 2004 (UNCTAD) states that the top ten recipients of FDI flows in developing Asia for 2003 and 2003 are China, followed by Hong Kong, Singapore, India ,South Korea ,Azerbaijan Malaysia, Kazakhstan, Brunei and Thailand. Four of these ten countries are from Southeast Asia but investments are mostly in ICT products and services, manufacturing and retailing located in towns and cities. These FDI's flows are unlikely to trickle down into rural areas and more likely will encourage rural-urban migration and displacement of families when jobs are opened up in urban centres.Local investments in rural areas are low except in the field of agro-manufacturing which continues to be dominated by entrepreneurs from the city. Land transfers from

rural to urban entrepreneurs occur on a large-scale contributed by migration, shortage of labour, unsuccessful business ventures and bank mortgages. Needless to say, investments alone are not enough and a change in the mind-set of rural farmers and businessmen may be necessary to move them along with globalisation. Fatalism may become a fatal attraction and nothing may be gained from what has been lost. But on the other hand, positivism may encourage migration and a surge of new capitalist owners of the rural countryside which in years to come will be translated as land alienation for all those who end up in the casual labour market in the city. Hence any concept of *Civilisational Islam* must include tertiary or technical education and human resource development to enable the same people and their children to sustain a productive life from the rural sector as entrepreneurs and businessmen

Conclusion

The *United Nations's Millennium Summit* endorsed a world policy on the eradication of poverty-to reduce the incidence of income-poverty in developing countries from 30% to 15 % between 1990 to 2015. Unfortunately since then, the number of people remaining in poverty has not significantly decreased and has remained at 1.2 billion or a fifth of the world's population.

Although it has become part of New Age Social Sciences to discuss poverty and globalisation by a flip of the coin as two inevitable global trends, there has been no new theory offered to analyse macro- trends of economic and social transformation vis a vis globalisation and liberalisation, except to revive earlier anti-capitalist theories associated with the Modern World System Schools of Gunnar Frank and Samir Amin. The problem with these earlier theories of social inequality is that they are still discussed in the context of international relations and not *globalism* which has evolved its own culture, politics and economics through formal organisations and institutions. The formalisation of globalisation through world organisations does not enable nations to ignore globalisation-it has and will be part of the scenario of world trade and politics. What is needed are theories to show if and how globalisation does cause inequality, underdevelopment and poverty- if this occurs because it is an advancement of the capitalist enterprise or because of poor management over national and local economies.

There are examples where nations have embraced globalisation, maintain high productivity and low inequality-Canada and Taiwan are two clear examples. Singapore is another country which has managed to check urban poverty by rapid retooling in global industries. Yet in neighbouring, Indonesia, workers are daily campaigning for a minimum wage of \$130 per month which is the salary of an Indonesian maid in Malaysia after a year's working experience where all costs of accommodation, food, transport, recreation and personal artifacts are absorbed by the employee. Malaysia has also among the lowest inflationary levels in Southeast Asia .It is obvious that countries like Indonesia and Philippines including the newly admitted members of ASEAN will have to be concerned with rising income inequality since this will contribute to long-term problems of poverty. Poverty levels will have to be redefined as income inequality rises between workers and professionals since average income will not reflect the real socio-economic constraints of low income families living under the pressure of inflation and changes in life-style.

Many social scientists would accept the argument that the state of “home hierarchicus” is as inevitable as the conquest of markets of the least developed and developing nations of the world but if it is being said that globalisation can benefit everyone, then it is up to economists to prove that this can happen through a sound theoretical review of development theory and global economics. The ingredients that make up a nation-state are unique to the culture, development history and politics of a particular country but if these factors can be built into a theory of economic growth, then models which work for a developed country may work for another if certain prevailing conditions and obstacles to equitable economic growth are understood in relation to the international order.

In Muslim developing nations, the road to equitable economic growth through democracy and liberalisation may be hastened if religious ideology, tribalism and patriarchy are equally contained in progressive ideas about Islam and civil society. Malaysia seems to be concerned to take the lead in disseminating ideas on ‘civilisational Islam’, which links Islam directly to economic development and wealth without necessarily equating Islam with secularism. A social and cultural ideology is used to revitalise and synergise a society to global competitiveness and the doomsday prediction of Muslim societies as being incompatible with the West and Western style democracies and trade is refuted through economic growth with global competitiveness rather than isolation. This is in a way, the Muslim ‘Protestant Ethics’, a Weberian approach to social transformation in an increasingly global world.

Backed by sound fiscal policy, equitable labour markets, careful trade regulation and international controls on short-term capital flows to reduce volatility of local markets and commodity prices, sharp investment and recession induced inequalities in income may help to bring about macroeconomic stability and with it political stability. In the long run, this may actually reduce the growing use of terrorism to resolve internal and external grievance against states. To prevent internal intervention in politics and the use of military force to forcefully democratise Muslim and post-socialist nations the *World Trade Organisation* should work closely with the United Nations to reduce foreign intervention in local politics through conventional forms of military warfare. Instead of embargos and military strikes, the policies of ASEAN should be emulated where inclusion rather than exclusion is used as a policy of containment. Hence to achieve equitable globalisation, nations must resort to other ideologies beyond those contained in macroeconomic theory, as long as these are compatible with the social fabric of popular society.

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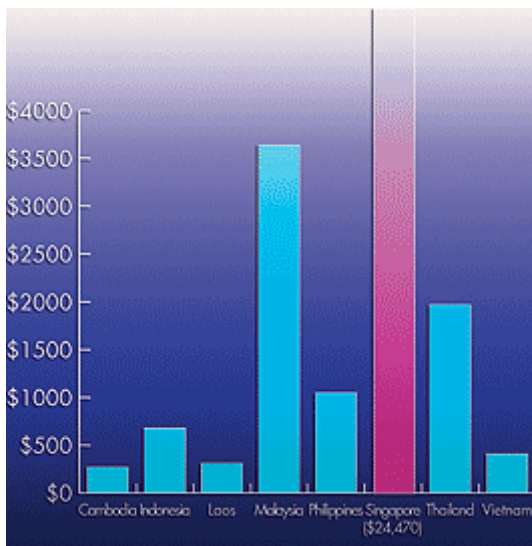
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Appendix Table 1a and b
Table 1 [a]

Yearly per capita incomes in Asean nations, based on the latest numbers from each government (2003-04)



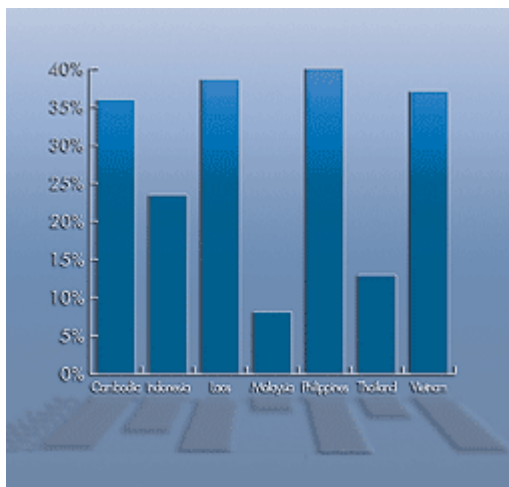
Graphic: Ryun Patterson

Source: World Bank

Statistics for Brunei were not available. The World Bank estimates that Burma is in the "very low" category, which it defines as below \$745 per y

Table 1 [b]

The percentage of people living in poverty in ASEAN nations (2003-04)



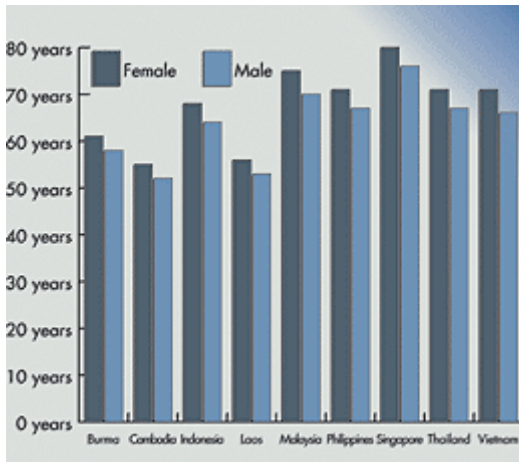
Graphic: Ryun Patterson

Source: World Bank

Statistics for Brunei and Burma were not available.

**Appendix A
Table 2**

Life Expectancy in Asean Nations (2003 -04)



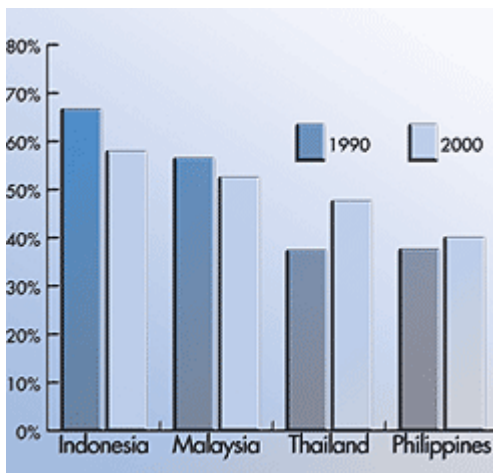
Source: World Bank

Graphic: Ryun Patterson

Statistics for Brunei were not available.

Appendix A Table 3

Exports From Asean Nations (2003-04)



Graphic: Ryun Patterson

Source: Societe France Generale.

Intra-Asean exports as a percentage of total exports for each country.