

**THE ROLE OF SINGAPORE IN
THE ASEAN (1976 - 1987)**

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Dedicated to —

My Mother



SCHOOL OF INTERNATIONAL STUDIES.
CENTRE FOR SOUTH, CENTRAL,
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19 July 1991.

CERTIFICATE

Certified that the dissertation entitled 'The Role of Singapore in the ASEAN (1976-1987)', submitted by Sudesh Kumar Verma is in partial fulfilment of the requirements for the award of the Degree of Master of Philosophy of this University. This dissertation has not been submitted for any other degree to this University or to any other University and this is his own work.

We recommend that this dissertation be placed before the examiners for evaluation.

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PREFACE

The small island state of Singapore gives a panoramic view of a heterogenous society whose level of development compares favourably with the developed nations of the west. It is chiefly this level of development that makes Singapore's role in ASEAN important in the social, economic and political fields. In spite of its small size and population, the Republic has been playing an important and active role in shaping the future of ASEAN.

This work endeavours to study the role of Singapore in the ASEAN during the period, 1976-1987. Though the main thrust of the study covers the abovesaid period, the issues have been analysed in a historical perspective.

For the purpose of analysis, the study relies mainly on the secondary sources. However, primary sources are used when and wherever available. Statistical data has been used for analysis, especially in the third chapter where Singapore's economic interactions with the ASEAN is studied.

The present work has been divided into five chapters. The first chapter, which is Introduction, deals with the search of Singapore towards a separate national identity. The second chapter analyses the various factors under play shaping Singapore's perceptions of the ASEAN. The third chapter seeks to study the nature of economic interactions between Singapore and the ASEAN countries during the period of this study. The fourth chapter takes into account the political and security dimensions of Singapore's role. The Conclusion, which forms the fifth chapter, sums up the basic findings of the study.

At the time of selection of the topic for research, it was difficult to imagine that it would be so interesting. The credit for making me interested in the work goes to Dr. B.D. Arora, under whose supervision I have been able

to accomplish the task. Dr. Arora is a task-master and I may have failed to come up to his expectations at many stages during the course of research work. I am indebted to him for the personal care which he took of my work not only as a teacher but also as a friend. Working with him has been a new and rewarding experience for me.

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— SUDESH KUMAR VERMA

CHAPTER - I

INTRODUCTION

Singapore, since its independence, has emerged to have enormous importance in the region of South-East Asia. The success story of Singapore has been due to the successful utilization of its human and geo-strategic potential to the maximum, for the benefit of all sections of the society. Lying at the Southern tip of the Malacca Straits, the Republic has developed into one of the most affluent societies not only in South-East Asia, but also the world as a whole.

As an entrepot centre linked to world trade, Singapore had been playing an active role in influencing the life of the people of South-East Asia in general and ASEAN countries in particular. Its role had not been limited to boost international trade and commerce only. The Republic also emerged to become a great centre for refining crude oil of the ASEAN Countries, a supplier of manufacturing goods to them, a centre of banking and finance and a guiding spirit to the economy of ASEAN as a whole. Singapore seemed to have gained the status of the spokesman of ASEAN on all important matters.

The period from 1976 to 1987 witnessed intense activities within ASEAN, not only on the economic front but also on the political and security front. The three landmarks-the Bali Summit (1976), the Kuala Lumpur Summit (1977) and the Manila Summit (1987)- which reflected the ASEAN will to act, occurred during this period only. Singapore, being a founding ASEAN member, had a great burden on its shoulders to give shape and meaning to ASEAN cooperation.

In order to study the role of Singapore in the ASEAN during the abovesaid period, it is necessary to understand the conditions under which the Republic began its own search for identity and evolved, finally, into a homogenous society.

In area, Singapore is the smallest island state in South-East Asia. Situated at the tip of the Malay peninsula, this diamond shaped island has an area of 226 square miles. As it lies only 90 miles to the north of the Equator, it enjoys an equatorial type of climate. The strait of Johore separates it from Malaysia, whereas from Indonesia, it is separated by the strait of Singapore. Located at a strategic position on the Malacca straits, Singapore is the gateway between the Indian ocean and the South China Sea.

The Malacca straits stretches between the Indonesian island of Sumatra and Malaysia to the east and between the Riau archipelago and Singapore to the south. The straits separates the Malay peninsula and the Indonesian island of Sumatra and connects the Indian Ocean with the South China Sea.¹ It thus, forms a sea-link between latitudes 6⁰N and 1⁰N from the Indian Ocean to the Singapore strait and the South China Sea².

The strategic location of the Malacca Straits has made it an object of international rivalry since the fifteenth century³. The Portuguese, the Dutch and the British came here one after another. Finally, in the nineteenth century, the British firmly established themselves at this strategic location.

1 Babani Sengupta, The Malacca Straits and the Indian Ocean (Delhi, 1974), pp. 6-7.

2 Encyclopaedia Britannica (London, 1971), Vol. 14, p.658.

3 D.G. E. Hall, A History of South-East Asia (New York, ST. Martin's Press, 1961), pp. 176-85.

Thomas Stamford Raffles took possession of Singapore for the British empire in 1819. When he came to Singapore, this year, it was a jungle island with hardly more than a hundred inhabitants who depended on fishing and planting for their livelihood⁴. It had a deep water harbour where ships travelling between Europe and India, on the one hand, and China or Japan on the other, took drinking water and supplies. They discharged textiles, metal goods and gunpowder and loaded up with the traditional produce of the region - pepper, gold, mother-of-pearl, and a host of other materials which were in high demands in other lands⁵. Raffles' idea was to make Singapore the centre for international trade in South-East Asia.

The spread of British influence in Singapore, which began since 1819 onwards, and colonial exploitation not only of Singapore but also of the neighbouring hinterland states of South-East Asia, had a devastating effect there. During the Second World War (February 1942 to September 1945), Singapore came under the Japanese occupation and was renamed Syonam, "Light of the South"⁶. The Japanese conquest shattered the myth of Pax Britannica and the invincibility of the British might which was built after years of colonial propaganda. In the initial stage the Japanese propaganda of "Asia for the Asians" struck a ready response among certain intellectuals, but the Japanese ruthlessness over the Singaporeans shattered their hopes⁷.

Following the end of the Second World War, the British endeavoured to regain their lost influence in Singapore. However, the situation had

4 Dick Wilson, The Future Role of Singapore (London, 1972), p.2.

5 Ibid.

6 Dick Wilson, n.4, pp.3-4.

7 Ibid.

changed considerably. The future of Singapore now lay not in the hands of the British, but a new generation of Singaporeans who decided that they would no longer be pawn and playthings of foreign powers, but masters of their own destiny⁸. Nevertheless, the colonial status of Singapore continued till 1959 when it was given the status of a self-governing state.

During 1960-1963, political activities in Singapore centred around the question of its merger with Malaya. The People's Action Party (PAP), under the leadership of Lee Kuan Yew, understood the vulnerability of a small island state like Singapore and thought merger to be the only solution to ensure its security⁹. The Malay elites of the Federation were averse to the idea of uniting Singapore with the Malay peninsula as they feared Chinese dominance due to the majority Chinese population of Singapore. However, under the statesmanship of Tunku Abdul Rahman, the then Prime Minister of Malaysia, the idea of a Federation gained ground. The Tunku perceived a communist threat in Singapore and thought that by bringing Singapore inside the proposed Federation the communists could be prevented from coming to power in Singapore. Furthermore, it was believed that as the idea of merger was popular in Singapore, PAP would get an electoral edge over the communists as a result of the proposal.¹⁰

Thus, on September 16, 1963, a new Federation of Malaysia was formed. It included the Federation of Malaya, Singapore, Sabah (North Borneo) and Sarawak. Sabah and Sarawak were included in order to balance

8 Alex Josey, Lee Kuan Yew (Singapore, 1971), p.29.

9 Dick Wilson, n.4, p.11.

10. R.S. Milne and Diane K. Mauzy, Malaysia : Tradition Modernity and Islam (Colorado, 1986), p.33.

the ethnic composition which could be endangered by the dominant Chinese population of Singapore.

For various reasons, the merger proved to be shortlived. The Federation was formed in a haste. It had failed to define the precise terms of the partnership which generated difficulties in the coming years. Kuala Lumpur government had refused to implement the common market arrangements by which Singapore had hoped to sell its manufactured goods in Malaysia free of tariff duties. Further, there was disagreement as to the proportion of revenue Singapore had to contribute to the Federal exchequer. Added to this was the controversy over the Borneo Development Loan which Singapore had promised to make. The cumulative effect of all these was the deterioration in relations between Singapore and Malaysia.¹¹

Tunku Abdul Rehman wanted the continuation of the old formula under which the Chinese ran the economy, while the Malays ran the state. The PAP's decision to enter Malaysian politics was like anathema to the leaders of the United Malays' National Organisation (UMNO) in Malaysia.

Lew Kuan Yew's policy; especially his decision to fight the 1964 Malaysian elections in the mainland constituencies was considered in Kuala Lumpur a violation of the earlier agreement under which the PAP had promised not to contest Malaysian elections for at least five years¹². This generated strong Anti-Singapore reactions among the Chinese as well as the Malays in Malaya.

11 Dick Wilson, n.4, p.7.

12 T.J.S. George, Lee Kuan Yew's Singapore (Singapore, 1973), p.15.

By doing so, the PAP led by Lee Kuan Yew had sought to expand its influence in the Federation. Lee Kuan Yew denied that the Malays were more indigenous than other groups and, therefore, entitled to any special claims to political pre-dominance. He floated the concept of "Malaysians' Malaysia" as against the UMNO's emphasis on "Malays' Malaysia"¹³. The UMNO leaders feared that if Lee succeeded in combining the main Chinese and Indian votes with those of the indigenous people of Sabah and Sarawak, he might even head a non-Malay government of the Federation.¹⁴ Lee Kuan Yew charged the UMNO leaders of exacerbating racial tensions in Singapore by encouraging the Singaporean Malays to demand for the privileges enjoyed by the Malays in other Malaysian states¹⁵. As a result, racial riots broke out in Malaysia in July and September, 1964.¹⁶ By mid-1965, the situation became so tense that the only solution to a possible communal flare-up seemed to be Singapore's exit from Malaysia. Thus, following its expulsion from the Malaysian Federation Singapore proclaimed itself a sovereign democratic and independent nation on August 9, 1965.¹⁷

In the light of the above, merger had been a traumatic experience for Singapore. The business and commercial activities in Singapore during the colonial rule had witnessed migration of people from China, India and parts of Europe to Singapore. Singapore's multi-racial and multi-lingual society which had been the outgrowth of colonialism had become vulnerable to communal propaganda. The communal tensions during the process of

13 Milne and Mauzy, n.10, pp.38-39.

14 Shaw William, Tun Razak: His Life and Times (Kuala Lumpur, 1976), p.176.

15 Shaw William, n.14, pp. 18-19.

16 Ibid; p.20.

17 T.J.S. George, n. 12, p.15.

merger reinforced the ethnic divide. Thus, the major problem facing Singapore immediately after independence was to evolve a specific Singaporean identity out of a hotch-potch of 76 per cent Chinese, 15 per cent Malays, 7 per cent Indians and 2 per cent others¹⁸. This became clear in a speech of Lee Kuan Yew during his visit to the US in 1967:

“I am no more a Chinese than President Kennedy was an Irishman. Slowly, the world will learn that the Lees, the Tohs, the Gohs, the Ongs, the Yongs, the Lims in Singapore, though they may look Chinese and speak Chinese, they are different. They are of Chinese stock and not apologetic about it. But most important they they think in terms of Singapore and Singapore's interests, not of China and China's interests”¹⁹.

The feeling of evolving this identity became more clear when Teng Hsiao-Ping, the Chinese Premier, visited Singapore in 1978. On this occasion, Lee Kuan Yew made it clear that the future of "the Singaporean Chinese" was in South-East Asia and not in China and that they were "carving out a separate durable future for themselves". He further, emphasized that "this future must be shared equally with Malays, Indians and other Singaporeans."²⁰

Along with these, the leaders had to tackle the problem of how to lead the country on the way to social and economic development and to evolve a foreign policy that would ensure security and survival of the country. They realised that there was a close interdependence between the political,

18 Dick Wilson, n.4 p.15 Also see Far East and Australasia 1989 (Europa Publications, London, 1989), p.905.

19 Cited in T.J.S. George, n.12, p.16.

20 Straits Times (Singapore), November 13, 1978.

economic and social functions of the state policy aimed at developing a national identity²¹.

To achieve national consensus on language issue, the Republic evolved and championed the concept of bilingual Singaporeans based on the mother tongue and English. Malay not Chinese became the national language, in spite of the fact that Chinese language, had the popularity next only to English. It must be noted that this policy was related to overall development purposes. While the language policy emphasized on the role of Malay, Chinese and Tamil languages in nation building, it also realised that scientific advancement and modernization would necessarily need the use of English language. Hence, in schools, students were required to pass the second language text.

Another instrument for developing a homogenous society was perceived to be through cultural exposition: The advent of television in 1962 helped in this process. The inspiration in this context came from the fact that when various cultural and linguistic groups would know that their respective cultures and languages were not threatened, they would feel secure and would then be able to concentrate on the practical aspects of education in tune with the requirements of industrialisation and urbanisation.

The other major step was the introduction of the National Service Scheme. Though it was meant to enhance the defence capabilities of the Republic, it gave an opportunity to the young people to work and live together before they entered into adult life. Here, Singaporeans from different

21 Ishak A. Rahim "The Educational Process and Nation Building", in Singapore National Trades Union Congress, compiled, Towards Tomorrow: Essays on Development and Social Transformation in (Singapore 1973), p.36.

income groups, of different races and professing different religious faiths got opportunities to know each other well.²²

It was more to the credit of Lee Kuan Yew, often described as the father of modern Singapore, that the Republic had developed a degree of homogeneity even in the beginning of the nineteen seventies. It is said that Lee Kuan Yew declined the offer of becoming the Secretary General of the United Nations, because he thought that his task of building a modern Singapore was incomplete.²³

It was in this historical context and in the context of the process of evolution of a distinct national identity that Singapore became one of the founding members of ASEAN (Association of South-East Asian Nations) on August 8, 1967, along with Indonesia, Malaysia, the Philippines and Thailand. Brunei joined as its sixth member, later, in January 1984. Before dealing with ASEAN it would be worthwhile to look briefly at the profile of the ASEAN countries.

The ASEAN countries have an ever expanding population reaching a total of between 280 and 290 million. Its land area of 3,097,948 square Kilometers is endowed with enormous natural resources producing about 95 per cent of the world output of abaca, 85 per cent of natural rubber, 83 per cent of palm oil, 67 per cent of tin and copra, 60 per cent of copper and substantial quantities of Sugar, Coffee, Timber, various fruits and minerals. ASEAN has

22 Dick Wilson, n.4, p.16.

23 Hon Sui Sen, "Development Priorities - Past, Present and Future", in of Singapore National Trades Union. Congress, compiled; Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore, 1973), pp. 47-48.

huge area under forest cover, vast stretches of the sea, and possesses enormous sources of food and energy.²⁴

ASEAN countries form the most heterogenous region²⁵ of the world, having virtually nothing in common except problems of backwardness left over by European colonialism and those created by geographical location.²⁶ A substantial majority of the people in Singapore are of Chinese origin (76 per cent), where as, Malays are only 15 per cent.²⁷ In comparison, Indonesia has 80 per cent Malays²⁸; Malaysia has 54 per cent Malays and 35 per cent Chinese²⁹; and, Brunei has 68.8 per cent Malays and 18.3 per cent Chinese.³⁰ Like Thailand, Singapore too has a majority Buddhist population, but the Republic has a sharp contrast with Burnei, Indonesia and Malaysia which have majority Muslim population. Singapore differs from the Philippines also which has a majority Christian (catholic) population. The density of population in Singapore is the highest while its growth of population is the lowest among the ASEAN countries (During the period 1975-1985 all ASEAN countries maintained a population growth of above 2 per cent except Thailand with a population growth of 2.0 per cent and Singapore with a population growth of 1.1 per cent).³¹ Singapore's per capita income of US \$ 5847 compares favourably with Malaysia (US \$ 1574), Thailand (about US \$

24 B.D. Arora, "ASEAN : An Important Actor", *World Focus* (New Delhi), vol. 10, no. 2, February 1989, p. 10.

25 Ibid.

26 Ibid.

27 *Far East and Australasia 1989* (Europa Publications, London, 1989), p.905. The date refers to 1987 census.

28 Ibid, p. 450.

29 Ibid, p. 630. The data refers to 1980 consus.

30 Ibid, p. 263. The data refers to 1986 census.

31 *Asia Year Book 1987, Far Eastern Economic Review* (Hongkong, 1987) pp. 6-7: The data refers to average annual growth during the period 1975-1985.

579), Indonesia (U S \$ 540) and the Philippines (U S \$ 535)³² Only Brunei's per capita income (U S \$ 15,000)³³ has been better than that of the per capita income of Singapore.

The position of ASEAN member countries becomes more clear from the following table.³⁴ Brunei, with the smallest population, has a total dependence on foreign trade as per centage of GNP. Singapore has 27.7 per cent dependence on foreign trade as per centage of GNP. However, Singapore imports 85 per cent of its food requirements and, in this, it is second only to Brunei, which imports 95 per cent of its food requirements. Singapore has the highest density of population among the ASEAN countries. The level of development of ASEAN countries becomes clear when we see the contribution of industry to the GNP. It is the highest for Singapore (36.88 per cent) followed by the Philippines (32.0) and others. Brunei here is an exception because of the country's heavy dependence on foreign trade.³⁵

The formation of ASEAN was inspired by the goal of achieving substantial rate of economic growth to satisfy the basic needs on a modest scale. The stated aim of ASEAN was to achieve cooperation in the socio-economic and cultural fields in order to facilitate development and bring prosperity to the region.³⁶ As the ASEAN countries had almost the same level of development (leaving aside Singapore), and a competitive economy,

32 Asia Year Book 1987, pp. 6-7. The figures in the bracket indicate the per capita income of the respective countries for the year 1985 except the per capita of Indonesia which is of the year 1984.

33 Far East and Australasia 1989, n. 27, p. 265. The data refers to 1985 census.

34 The Table is given on page 13.

35 See Table on page 13.

36 From the Bangkok Declaration of the ASEAN on August 8, 1967. As given in Appendix V of Chintamani Mahapatra's book, American Role in The Origin and Growth of ASEAN (New Delhi, 1990), pp.171-74.

the ASEAN region could not develop without pooling the resources of the member states through joint efforts.

Earlier attempts at regional cooperation found manifestations in the ASA (Association of South-East Asia) in 1961 and MAPHILINDO (Malaysia, the Philippines and Indonesia) in 1963. However, these attempts could not become successful due to various reasons. Furthermore, these organisations had limited memberships giving them a character of sub-regional organisation. ASA had three members-Malaysia, Thailand and the Philippines.

MAPHILINDO too had three members-Malaysia, the Philippines and Indonesia. ASEAN, on the other hand, started with five members-Brunei, the sixth, joining it in January 1984, immediately after gaining independence. The leaders expressed a common desire and collective will of the five nations to bind themselves in friendship and cooperation and to strive towards the noble cause of peace, freedom and prosperity³⁷ They resolved to work together for the development of the region, especially in the fields of economy, trade and culture. Furthermore, ASEAN membership had been kept open to the countries of South-East Asian region, provided they showed allegiance to the basic principle underlying the formation of ASEAN.

37 R. Nagi, ASEAN (The Association of South-East Asian Nations) : 20 years, a Comprehensive Documentation (New Delhi, 1989), p.17.

TABLE-1

AREA, POPULATION, CONTRIBUTION, OF AGRICULTURE INDUSTRY AND FOREIGN TRADE TO GNP, DEFENCE EXPENDITURE, IMPORT OF FOOD CONSUMPTION OF ASEAN MEMBER COUNTRIES.

COUNTRY	AREA IN 000 km ²	POPULATION (in million)	AGRICULTURE as % of GNP	INDUSTRY as % of GNP	FOREIGN Trade as % of Expenditure	DEFENCE AS % of GNP Perpenditure	NET IMPORTED Food consumpti- on in %
BRUNEI	5.8	0.2	12	1.21	100	4.1	95
INDONESIA	1.919	168.4	25.1	30.1	N.A.	N.A.	N.A.
MALAYSIA	329.3	15.8	20.8	19.7	90.6	4.56	N.A.
PHILIPPINES	300	58.1	25.1	32.0	39.5	1.3	3
SINGAPORE	0.62	2.6	0.8	36.88	27.7	6.25	85
THAILAND	514	52.8	18.03	28.77	N.A.	4.28	2.12

Source : Asia Year Book 1987 (Hongkong, 1987), pp. 6-9.

N.A. = Not Available.

CHAPTER II

SINGAPORE'S PERCEPTIONS OF THE ASEAN

Singapore's perception of the ASEAN was influenced by the overall context of the formation of ASEAN, and also the vulnerabilities which were peculiar to the island republic due to its small size, lack of adequate defence and non-availability of natural resources. ASEAN was culmination of the efforts of the five non-communist countries of South-East Asia towards the direction of achieving regional resilience and "Asian identity"¹. Efforts in this direction had already been made, first in the form of ASA (Association of South-East Asia) and then, in the form of MAPHILINDO (Malaysia, the Philippines and Indonesia). ASA collapsed mainly because of the conflict between Malaysia and the Philippines over the territorial claim on Sabah (North Borneo)². Though Manila had first raised the claim in 1940, it pushed it rigorously when Sabah joined the Federation of Malaysia in September 1963³. MAPHILINDO did not survive, because added to the Sabah question was the confrontationalist policy of Indonesia (1963-1965) adopted against the Malaysian Federation. President Sukarno of Indonesia saw the proposed Federation as a neo-colonial scheme hatched by the British, whose troops were still in Malaya, thus proving that the country was not yet independent⁴.

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- 1 Chintamani Mahapatra, American Role in the Origin and Growth of Asean (New Delhi, 1990), pp. 1-6.
 - 2 Shee Poon-Kim, "A Decade of Asean: 1967-1977", Asian Survey (Berkeley), vol. 17, no. 8, August 1977, pp. 754. Also see B.D. Arora's "Asean : An Important Actor," World Focus (New Delhi), vol. 10, no. 2, p. 11.
 - 3 Asia Year Book 1987, Far Eastern Economic Review (Hong Kong, 1987), pp. 227-28.
 - 4 Justus M. Van der Kroef, "National Security, Defence strategy and Foreign Policy Perceptions in Indonesia". Orbis (Philadelphia), P.A. vol. 20, No.2 (Summer 1980), p.155.

ASEAN emerged out of the ashes of ASA and MAPHILINDO, the two regional organisation which died a premature death. At the time of its foundation, a distressing military conflict was raging in Indochina with possibility of spillover into Thailand. Singapore had been independent barely for two years, having been painfully separated from Malaysia in August 1965. Although, following the coup in Jakarta in September - October, 1965, Indonesia's confrontation with Malaysia had ended, yet the dispute between Malaysia and the Philippines had not been settled. Above all, the failure of earlier attempts at regional cooperation was fresh in the memory of the member states⁵.

In the context of turbulence resulting from intra-regional conflicts, heavy U.S. involvement in Indo-China and Great Power rivalries in this region, the five founding members of ASEAN, realizing their limitations and vulnerabilities, decided to pull their resources together to promote "economic growth, social progress, cultural development, [and] peace and stability in the region"⁶. ASEAN was, in fact, a manifestation of the member states' recognition of their inability to solve their conflicts on bilateral basis. It was seen as an indigenous multilateral framework to minimize conflicts and feeling of insecurity, and increase economic bargaining power by providing strength through unity, especially for the smaller ASEAN states⁷.

The first ever summit meeting of ASEAN Heads of Government/State in Bali (Indonesia) in February, 1976, was a major

5 Indranath Mukherji, "Asean and Regional Economic Cooperation", in Parimal Kumar Das, ed., The Troubled Region : Issues of Peace and Development in South East Asia (New Delhi, 1987), p. 69.

6 Shee Poon-Kim, n.2, p.753

7 Ibid, p. 755.

landmark since its inception. The Bali summit meeting was the culmination of a period of intense consultations and negotiations following the fall of pro-U.S. governments in Phnom Penh and saigon in April 1975. The idea that security could be attained through the enhancement of national and regional resilience got strengthened and the summit came out with two significant documents : The Treaty of Amity and Cooperation and the ASEAN Concord⁸. While the former expressed a determination on the part of ASEAN to strengthen national and regional resilience, the latter stressed on the need to eliminate threats posed by subversion, thereby, strengthening the former⁹. The summit meeting also adopted a programme of action for enhancing economic cooperation in political, economic, social, cultural and security fields. However, a potentially significant step was the establishment of a permanent Secretariat with three Standing Committees in order to place the ASEAN on a firmer footing.¹⁰

The second ASEAN summit meeting which took place in Kuala Lumpur on August 4-5, 1977, made a general review of the decisions that had been taken at Bali. A significant development was the announcement by President Marcos that the Philippines would take concrete steps to drop its claim to Sabah.¹¹ The meeting also emphasized on enhancing the role of the Economic Ministers and gave free reign to them on economic matters to be resolved through ASEAN Economic Ministers' meetings.

8 Tim Huxley, ASEAN and Indochina : A study of Political Responses, 1975-1981. (Canberra, 1985), p.5.

9 Ibid, pp.5-6.

10 Robert O. Tilman and H. Jo, "Malaysia and Singapore, 1976: A Year of Challenge, A year of Change", Asian Survey, vol. 17, no. 2, February 1977, p.151.

11 Ronald D. Palmer and Thomas I Reckford, Building ASEAN : 20 years of Southeast Asian Cooperation (Washington, D.C., 1987), p.55.

The third ASEAN summit meeting at Manila in December 1987, attended by Brunei also, was another major landmark after the Bali Summit. The Manila summit came out with the signing of economic agreements among the ASEAN members and amended the Treaty of Amity and Cooperation to allow other countries of the region to accede to it¹². The summit also achieved a general consensus for retaining US bases in the Philippines, and took a resolve to intensify the efforts to establish ZOPFAN (Zone of Peace, Freedom and Neutrality), a concept floated by Malaysia and adopted by the ASEAN in November 1971.¹³

ASEAN countries had a common threat perception. They feared that the external powers would try to perpetuate their domination in the region by pitting ASEAN member countries against one another through the policy of divide and rule. The selective extension of preferential treatment to the exports of ASEAN countries by industrialised states could be seen as an evidence in this context. ASEAN countries believed that member states should act collectively and evolve joint ASEAN strategies to deal with such designs.¹⁴

Also, ASEAN countries shared a common concern for communist subversion in the region. It had been traditionally expressed in connection with China's support for wars of national liberation.¹⁵ The Communist victory in Indochina in 1975 intensified ASEAN anxiety over this problem. ASEAN countries did not think that the end to Indochina war would be

12 Lee Lai To, "Singapore in 1987 : Setting a New Agenda", Asian Survey, vol. 28, no.2, February 1988, p.211.

13 Ibid, p. 18.

14 Jr. Alejandro Melchor, "Assessing ASEAN's viability in a changing world", Asian Survey, vol.18, no.4, April 1988, P.423.

15 Ibid.

detrimental to their security. They presumed that the Indochinese states would concentrate on post - war reconstruction.¹⁶ Nevertheless, the possibility that the communist victory might result in encouraging revolutionary movements in the region could not be ignored.

Besides these common threats, there were individual considerations also which shaped the perceptions and attitudes of the individual member countries toward ASEAN. In this respect, Singapore's perceptions of ASEAN must be seen in the context of the Republic's belief in the international system where national independence had to be compatible with global interdependence. Singapore, thus, adopted an attitude of flexibility and adaptability, and gave preference to pragmatism over ideological fixations. It was increasingly realised that national interests could not be subordinated to feeling of brotherhood based on doctrinaire ideology, anti-colonialism or Afro-Asianism.¹⁷ This was due to the awareness that ideological alignment would restrict manoeuvrability in international relations.

Singapore's perceptions in joining the ASEAN must be understood in the light of the perceptions of other ASEAN members. Indonesia thought that ASEAN would be helpful in reducing the country's dependence on foreign economic aid and improving the national economy. Western economic assistance being linked to other aims which could endanger the country's independence and neutrality, ASEAN was a welcome move as it could decrease dependence on the rich and powerful nations of the world. Malaysia, on the other hand, thought that ASEAN would help in removing

16 Tim Huxley, n.8, p.1.

17 Dr Lau Teik Soon, "Singapore and the world", in Singapore National Trades Union Congress, Compiled., Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore, 1973), pp. 134-37.

the country's political difference with other ASEAN members and, thereby, help in its economic development. Malaysia recognized that the region's strategic values and potential economic resources were targets for exploitation and would become areas of Great Power rivalries and conflicts - the discovery of oil in the nineteen seventies further intensified this feeling.¹⁸ Malaysia thought that ASEAN would help in neutralizing the Great Power rivalries which was necessary for regional stability.

While joining ASEAN, Thailand and the Philippines were inspired by a desire to salvage some of the pro-Western image. Through the forum of ASEAN, Thailand could save its face of being a puppet of the US and prove its nationalist credentials in the region.¹⁹ Furthermore, for security reasons, Thailand was prepared to involve itself in any intra-regional cooperation which would ensure its survival.²⁰ Manila wanted to seek an Asian identity and resented the widespread public opinion that the Filipino foreign policy was dictated by the U.S.²¹ Also, the Philippines joined ASEAN for economic reasons and for the desire to be part of South-East Asia.²²

Brunei was protected under the security arrangements by the U.K. It feared Indonesia which had, at least during the Sukarno era, links with the People's Party (Party Rakyat) of Brunei, which had been fighting for checks on the power of the Sultan. Brunei also suspected Malaysia which was not happy with the former's refusal to join the Malaysian Federation in 1963. Brunei found in ASEAN a guarantee of its security against the whims of its

18 Shee Poon-Kim, n.2, p.755.

19 Mahapatra, n.1, p. 25.

20 Shee Poon-Kim, n.2, p.756.

21 Mahapatra, n.1, p.25.

22 Shee Poon-Kim, n.2, pp. 756-57.

ambitious neighbours, Indonesia and Malaysia. ASEAN could also help in building up the image of Brunei at the international level.

ASEAN countries, thus, were inspired by the common desire to sort out their individual differences and work for resilience of the region. Singapore, as one of the founding members of ASEAN, incorporated ASEAN'S aim even in the Republic's foreign policy guidelines. Before dealing with Singapore's perceptions of ASEAN further, it would be useful here to look at the basic precepts of the Republic's foreign policy since its independence. They were, according to S. Dhanabalan, the then Foreign Minister of Singapore, as follows :

1. To be friends with all who wish to be friends with Singapore;
2. To remain non-aligned with regard to the rivalries of the Great Power blocs;
3. To cooperate closely with other members of ASEAN to achieve regional cohesion, stability and progress; and,
4. To trade with any state for mutual benefit regardless of ideology or system of government.²³

The dominance of Great Powers at the international level made small states diplomacy difficult. Singapore felt that the policy of alignment would be dangerous to its immediate and long term objectives highlighted in the precepts of its foreign policy mentioned above. Thus, Singapore preferred preferred to stay away from the cold war or anything involving the Great

²³ Singapore 1982, published by Information division of the Ministry of Communication & Information (Singapore, 1982), pp. 18-19.

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Powers when it did not concern Singapore. This policy of Singapore was influenced by the Republic's development into a centre of commercial, financial and industrial activities. Washington, Moscow, Peking, Tokyo and the EEC all had come to have stakes in the region.²⁴

For Singapore, the importance of ASEAN lay just as much in foreign policy as in economic policy. Concrete issues on economic policies would be dealt more elaborately in Chapter III which deals specifically with Singapore's economic interactions with ASEAN. However, it is worthwhile to mention here that Singapore's political leaders tried to create an attractive climate for foreign investment in the region. ASEAN promised both political and economic stability in the region of South-East Asia and, thus, provided the necessary backdrop for Singapore's own development.²⁵ Singapore saw ASEAN as a valuable forum which would help in promoting intra-regional cooperation and economic growth, and building trust among the ASEAN member countries.

Singapore found its objective of pursuing a "global city" role and the Republic's commitment to ASEAN solidarity to be complementary. No doubt, Lee Kuan Yew admitted that till the mid seventies Singapore was more committed to the outside world. He was aware of the fact that all the major links of Singapore had been with countries outside ASEAN and had been growing faster than links with ASEAN.²⁶ But Singapore's interest in ASEAN increased with the realization that a strong ASEAN would add to Singapore's efforts to develop into a "global city". Lee Kuan Yew emphasized

24 Lau Teik Soon, n.22, pp. 140-41.
25 Anthony Rowley in *Times* (London), August 2, 1977.
26 *Straits Times* (Singapore), November 26, 1975.

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that major powers would listen to ASEAN talking as a whole while they might not listen so attentively to individual member states.²⁷ This was more pronounced in the statement of Lee Khoon Choy, a former senior Minister of State for Foreign Affairs. He observed : "Singapore has little capacity of its own to shape the main course of world events. Essentially, for its survival and economic well-being, its foreign policy has to respond to the realities of the regional and international environment".²⁸ It implied that Singapore's concept of "global city" depended for its fulfilment on the regional standing of the Republic and vice-versa. Singapore gave its global role a new anchor in the form of helping to build about a viable ASEAN identity.²⁹

Singapore thought that the economic approach of ASEAN would help in improving the economically backward life of the people of this region.³⁰ Knowing that ASEAN would be constricted by limited funding, expertise and resources, Singapore championed foreign investment in ASEAN countries by the developed countries. The island Republic believed that with rich natural resources and a large population, ASEAN'S success would enable it to assert itself in international scene.

Singapore being a part of South-East Asia had an inherent interest in the well being of the region. Its economic progress depended to a great extent on the stability of the region. Detailed account of the Republic's political and security considerations would be given in chapter IV. However, it may be mentioned here that Singapore wanted to promote a sane intra-regional

27 Rowley, n.25. Also see Straits Times. February 18, 1977.

28 Lee Boon Hick, "Constraints on Singapore Foreign Policy", Asian Survey, Vol. 22, no. 6, June 1982, p.527.

29 Far Eastern Economic Review (Hongkong), August 11, 1978, pp.45-46.

30 Goh Kian Chee, "Regional Perspectives for Singapore" in Singapore National Trade Union Congress, compiled Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore, 1973), p.130.

order based on respect for each other's sovereignty and territorial integrity. The Republic believed that it could exert a major influence on the thinking and attitudes of those around it.

The island republic had often been charged with playing a more active role in ASEAN than its small size demanded. It had been vocal and took public stand even on matters over which it was powerless. Replying to this criticism, Singapore's foreign minister, S. Dhanabalan, once observed that despite its small size the Republic had the capacity to influence international developments by narrowing its attention to specific issues directly affecting its security.³¹ This was demonstrated in Singapore's dealing with China, Japan, New Zealand and other countries'. In August 1981, during his visit to Beijing, Lee Kuan yew told the Chinese leaders to decide about their priorities in South-East Asia. He further added that China could not go on enjoying friendly relations with the majority of the countries of the region and yet reserve the right to intervene in their affairs through insurgency movement.³² From the platform of ASEAN, Singapore raised its voice against the protectionist practices of Japan, New Zealand, Australia and other countries. All these marked Singapore emerging as the "spokesman" of ASEAN in regional and international affairs.³³

In the nineteen seventies, Singapore felt that ASEAN lacked the organisational muscle to give substance to its desire for regional solidarity. Lee Kuan Yew accepted that ASEAN countries had never been more conscious of their common interests in regional peace and stability, but added

31 Lee Boon Hick, n. 28, pp. 527-528.

32 Times, September 14, 1981.

33 Ibid.

that if ASEAN was to be an effective foreign policy instrument for the five countries, great care was needed to strengthen the organisational muscle. Only then, plans could get implemented with greater expedition.³⁴ Singapore realised that during the past ten years (1967-1977) nothing substantial was achieved because much time and energy was directed at tearing down the psychological barriers of distrust among the member countries. Lee Kuan Yew considered the most valuable achievement of ASEAN to be the understanding and goodwill created at the frequent meetings of ASEAN which helped to lubricate relationships which might, otherwise, have generated friction.³⁵ Singapore's officials also noted that mutual dissatisfaction melted away "under the ASEAN umbrella" and political harmony was "consolidated by regular meetings of ministers and officials."³⁶

The communist victory in the Indochina and the withdrawal of the US in mid nineteen seventies gave a new boost to ASEAN solidarity. Singapore's non-communist orientation made it the most vocal critic of Vietnam when the latter occupied Kampuchea in 1978. Singapore took ASEAN as a platform from which effective lobbying could be done for opposing Vietnam at all international forums. It asked the ASEAN states to remain united in their opposition to Vietnam's occupation of Cambodia.

The prospect of Vietnam's withdrawal from Kampuchea in the late nineteen did not lessen the enthusiasm of Singapore for ASEAN-When Lee Kuan Yew was asked to react on the threat to ASEAN cooperation in the event of resolution of the decade long Cambodian" conflict, he replied :

34 Bangkok Post, October 22, 1976.

35 Shee Poon Kim, n.2, p.758.

36 Rowley, n.25.

"We all want our economies to move ahead. That means we need to increase our bargaining strength vis-a-vis the U.S., EEC and Japan, and fight against protectionism and harassment like anti-dumping complaints, the record of GSPs and so on.... The danger is that we may lose the solidarity and cohesion we have developed when we were facing a common enemy : communist expansionism. It was the threat of communism that made us come together in 1967 in Bangkok to form ASEAN. Again it was the communist threat in December 1978, when the Vietnamese invaded and later occupied Cambodia, that made us so united".³⁷

This did not mean that ASEAN cooperation would collapse. There were other things like problems of poverty, unemployment and under-development. Singapore believed that the solidarity achieved as a result of the Indo-china conflict would help in tackling other problems in a better way. To quote Lee Kuan yew again :

"ASEAN'S focus for the years up to A.D. 2000 must be to improve the living standards of the people by improving the terms of trade with the developed countries, and increasing investments. The resources must be combined to bargain for better terms from the G-7 countries."³⁸

37 Bangkok Post, September 18, 1989.

Also see Far Eastern Economic Review, October 26, 1979. p.21.

38 Bangkok Post, September 18, 1989.

CHAPTER - III

SINGAPORE - ASEAN : ECONOMIC INTERACTION

Singapore's growth began with the development of the Republic as an entrepot trade centre. This was made possible due to its geographical position, excellent harbour and the energy and enterprise of the early immigrants who built-up a flourishing centre for ocean borne trade. The British, who sought to monopolise the China trade, and the Dutch, who started commercial exploitation of the region, helped in this process. By the first quarter of the twentieth century, Singapore had become the main rubber exporting centre of the world. It continued to grow, exporting the regions' natural produce and serving as a centre for the collection of tropical produce and manufactured goods for distribution in the region. The opening of the Suez Canal in 1869 had already enhanced the prospect of Singapore port, confirming its role as a vital conduit and maritime coaling station between Europe and the "Far-East"¹

By the beginning of the third quarter of the twentieth century, Singapore realised that entrepot trade could no longer be a viable vehicle for economic growth and this sparked off a movement towards industrialisation.² Singapore realised that its status as the outlet for the region's product would decline as its neighbours had started entering in maritime trade. By the 1960s, a shift in Singapore could be seen from trading to industry, towards urbanization and expansion of service sector.³

1 International Herald Tribune (Paris), March 29, 1990.

2 John Wong, ASEAN Economies in Perspective : A Comparative Study of Indonesia, Malaysia, The Philippines, Singapore and Thailand (London, 1979), p.72.

3 Ibid, P.1.

In spite of the fact that Singapore did not have any substantial natural resources and it depended on imports even for food requirements, the Republic, in course of time, developed into one of the most industrialised centres of the world. It achieved an all-around development in manufacturing, oil refining, electronics and other modern industries.⁴ Traditional industries such as rubber processing, food beverage, tobacco, etc., however, still remained important.

Already in the 1960s, Singapore had realised that only economic success could ensure its political survival. This led to economic diversification and by the mid-seventies, construction industry had become the fastest growing industry in the country.⁵ Simultaneously, the country witnessed a remarkable development in its manufacturing industries, producing products ranging from textiles and transistor radios to other sophisticated items like computer and other electronic goods. In 1981, the country announced a national computerization drive aimed at creating a base for the development of a computer software industry.⁶

The country, in fact, planned to boost electronics to the top of the export chart and to enter aerospace and information technology-competing with Japan, Korea and Taiwan. To achieve its aim, Singapore invited key multinationals to the country, which could also help to foster research and development aimed at gaining expertise in high technology.⁷ All these brought an electronic revolution in Singapore. By 1989, the average growth of

4 Dick Wilson, The Future Role of Singapore (London, 1972), p.77.

5 Ronal D. Palmer and Thomas J Reckford, Building ASEAN : 20 Years of Southeast Asian Cooperation (New York, 1987), p.27.

6 "Singapore's New Love Affair", Asiaweek (Hongkong), May 28, 1982, p.18.

7 International HeraldTribune, May 16, 1990.

electronic industry was 30 per cent per year and the country produced manufactured goods (high-tech) of worth US \$ 630 million.⁸ In the light of the above development Singapore had the potentialities of becoming a haven of electronic goods and industries in South-East Asia.

Besides the electronics industry, the Republic was also noted for its oil refineries. It was a major distribution point for petroleum products for the whole of South-East Asia in 1980. By 1985, it became one of the leading oil refining centres of the world - its position being third in the world after Houston and Rotterdam. By 1985, Singapore had a total refining capacity of more than one million barrels a day.⁹

As a regional centre oriented towards world market, Singapore possessed the basic infra-structure on which to build and expand its role in international finance. The strategic location of the country was a boon to international institutions which sought to provide round the clock financial services to the world. In times of frequent crisis in the international money market, it was a service which assumed increasing importance. It helped the businessmen to keep a viable foreign exchange position. Singapore had also become an Asian dollar market and a gold market to facilitate international business in the region.¹⁰

It is in the light of this massive development within Singapore that its interaction with the ASEAN states should be assessed. The seven-point Bangkok declaration aimed at promoting regional peace and stability. For a

8 Ibid, May 18, 1990.

9 Straits Times (Singapore) February 10, 1986.

10 Michael Wong Pakshong, "Development of Singapore as a Financial Centre", in Singapore National Trades Union Congress, compiled., Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore, 1973), p.63.

decade, however, it remained quite inactive. The Bali Summit in February 1976, seemed to provide the Association with a new impetus for regional economic cooperation.¹¹ The relevant sections of the ASEAN Concord provided for broad policy framework for ASEAN'S endeavours in economic cooperation. It included cooperation in basic commodities particularly food and energy, industrial cooperation, cooperation in trade, joint approach in international commodity problems, etc.¹²

However, the major impediments to cooperation lay within the economic structures of the ASEAN countries. With the exception of Singapore, the other ASEAN members had basically competitive rather than complementary agrarian economies. In the ASEAN countries other than Singapore and the Philippines, over 50 per cent of the total export earning, in 1984, was derived mainly from the export of two or three, more or less similar primary products, e.g., crude petroleum and wood-rough in Indonesia; rubber, crude and synthetic, fixed vegetable oil and tin in Malaysia; sugar and honey, rice, maize and vegetable in Thailand.¹³ The three ASEAN countries (Indonesia, Malaysia and Brunei) being rich in oil resources differed with Singapore which had oil refineries ; the Philippines, which had agriculture and electrical equipment factories, and Thailand which was predominantly agricultural. The following Table¹⁴ demonstrates the competitive nature of ASEAN economy. Till 1987, the trend in the exports of member countries was

11 Shee Poon Kim, "A Decade of ASEAN, 1966-77", *Asian Survey* (Berkeley), vol. 17, no.8, August 1977, p.762.

12 Indranath Mukherji, "ASEAN and Regional Economic Cooperation", in Parimal Kumar Das, ed., *The Troubled Region : Issues of Peace and Development in Southeast Asia* (New Delhi, 1987), pp. 70-71.

13 Mangat Ram Agarwal, "Regional Economic Cooperation : A Strategy for Economic Development in The South and Southeast Asia Region", *Asian Profile* (Hong Kong), vol. 12, no.6, December 1984, p.546.

14 See Table 1 on page 31.

same-except Singapore all exported agricultural products, oil and oil products. Similarly, in imports, all the countries imported almost similar products except Singapore which imported crude oil, food, manufactured goods, etc.¹⁵

The competitive nature of ASEAN economy affected the intra-ASEAN trade from the very beginning. Intra-ASEAN trade during the years 1966-1974 showed a decline whereas, ASEAN trade with the rest of the world during the same period witnessed remarkable increase.¹⁶ Intra-ASEAN trade declined from 18.3 per cent in 1966 to 12.8 per cent in 1974. On the other hand, ASEAN trade with the rest of the world increased from 81.7 per cent in 1966 to 87.2 per cent in 1974 (See Table 2 below)¹⁷ In the period between 1976 and 1986, intra-ASEAN trade fluctuated between 13 to 16 per cent. By the end of 1986, intra-ASEAN trade was a mere 17 per cent.¹⁸

One of the most important features of intra-ASEAN trade had been the nature of individual trade flows between ASEAN countries. Four major trade flows in order of magnitude could be seen in 1983.¹⁹

First - Singapore's exports to Indonesia;

Second - Malaysia's exports to Singapore;

Third - Indonesia's exports to Singapore; and

Fourth - Singapore's exports to Malaysia.

15 See Table 1.

16 Shee Poon-Kim, n.11, p.761.

17 See Table 2 on page 32.

18 Asia Year Book, Far Eastern Economic Review, (Hongkong, 1987).

19 Sahathavan Meyanathan and Ismail Haron, "ASEAN Trade Cooperation : A Survey of Issues", in Noordin Sopiee and Others, ed., ASEAN at the Crossroads : Obstacles, Options and Opportunities in Economic Cooperation (Kuala Lumpur, 1987), p. 17.

TABLE - 1
SHOWING EXPORT AND IMPORT ITEMS (MAJOR) OF
ASEAN MEMBER COUNTRIES

COUNTRY	MAJOR IMPORT	MAJOR EXPORT
Singapore	Machinery and transport equipment, mineral fuels, manufactured goods, food etc.	Machinery and transport equipment, mineral fuels, miscellaneous transactions, miscellaneous manufactures.
THAILAND	Consumer goods, immediate goods and raw materials, capital goods, others including oil. including oil.	Agricultural products, manufactures, fishery, minerals, re-exports.
PHILIPPINES	Mineral fuels, lubricant and related material, accessories for manufacture of electrical equipments, machinery other than electrical, cereals and chemicals.	Semi-conductor devices, coconut oil, electricals, sugar, copper metal, bananas.
MALAYSIA	Machinery and transport equipments, manufactured goods, crude petroleum, food.	Oil, Palm oil, Crude and processed, rubber, tin, saw logs, sawn timber.
INDONESIA	Capital equipments, oil and oil products, chemical products, base metals, food, beverages and tobacco.	Oil and oil products, LNG, timber, rubber, textiles, garments/handicrafts, mining products, coffee.
BRUNEI	Machinery and transport equipments, manufactured goods, foodstuffs, chemicals.	Oil and Natural Gas, machinery and transport equipments.

SOURCE - Asia Year Book 1987 (Hongkong, 1987)

TABLE - 2

ASEAN & THE WORLD TRADE

YEAR	1966	1967	1968	1969	1970	1971	1972	1973	1974
TRADE WITHIN ASEAN IN PERCENTAGE	18.3	16.7	15.1	16.3	15.7	16.8	16.2	15.6	12.8
TRADE WITH THE REST OF THE WORDL IN PERCENTAGE	81.7	83.3	84.9	83.7	84.3	83.2	83.8	84.4	87.2

SOURCE: Shee Poon - Kim, "A Decade of ASEAN, 1967-1977" Asian Survey,
vol.17, no.8, August 1977, p. 761

These flows constituted 75 per cent of all intra-ASEAN trade. If Singapore's trade with Thailand was added, 85 per cent of the intra-ASEAN trade was accounted for by these trading partners. By 1985, the flows remained the same, but the order in terms of magnitude was changed.²⁰ It was :

Fourth became the first;

Second remained second;

First became third; and,

Third became fourth.

These flows, however, constituted about 65 per cent of all intra-ASEAN trade. If Singapore's trade with Thailand was added, the flows accounted for about 75 per cent of the total intra-ASEAN trade.

The magnitude of intra-ASEAN trade for 1983 and 1985 highlighted that trade between ASEAN countries other than Singapore comprised only a small proportion of intra-ASEAN trade. This evidently brought into prominence the role Singapore played in the economic life of the ASEAN countries. Singapore's Economic interaction with ASEAN countries would become more clear when its exports to and imports from the ASEAN members and vice versa were compared as in the following Table-3.²¹ Singapore's exports to ASEAN in 1976 (US \$ 971,000) were second only to Malaysia's exports to ASEAN (US\$ 1,138,000) for the same year. Till 1980, this position continued and in 1981, Singapore became the largest exporter to

20 Ibid.

21 See Table-3, on page 36.

ASEAN (US\$ 3,459,000) Where as, Malaysia came to the second position with US\$ 3,123,000.²²

In the case of imports from ASEAN, Singapore had topped the list throughout. In 1985, its imports from ASEAN were almost two and a half times of what Malaysia imported from ASEAN, almost seven times of Indonesia's imports about nine times of the Philippines' imports, and about five times of Thailand's imports. Singapore's imports had throughout been in four figures : the other ASEAN members had imports in three figures till 1979. One more remarkable thing had been the excess of Singapore's imports over exports vis-a-vis ASEAN. The oil producing countries, Indonesia and Malaysia, had excess of exports over their imports vi-a-vis ASEAN except in 1976 when Indonesia's imports (US \$ 794, 000) were more than its exports (US \$ 759,000) vis-a-vis ASEAN.²³

These figures clearly demonstrated Singapore's dependence on the raw materials from ASEAN members, especially Malaysia and Indonesia whose crude oil was needed in the refineries of the Republic. This went in correspondence with Singapore's trade flows which accounted for about 75 per cent of intra-ASEAN trade.²⁴

On the other hand, the dependence of ASEAN member countries on Singapore would become clear through the statistics showing the exports and imports of these countries with Singapore.²⁵ During the period 1976-1987, there had been an average increase in the exports of the ASEAN member

22 See Table 3.

23 Ibid.

24 See the trade flows already mentioned on pages 33.

25 See Table 4 and Table 5 on page 37 and 38 respectively.

countries to Singapore.²⁶ Furthermore, Singapore's exports to ASEAN countries were not as impressive as its imports from them.²⁷ Singapore had a favourable balance of trade only with the Philippines.

Evidently, Singapore's imports from ASEAN countries were more than its exports to them. This was because it imported basic raw materials from them, processed them and exported them to the outside world. This was the case with crude oil, tin, rubber and food products. Even Brunei, whose trade with ASEAN countries was marginal, had substantial trade with Singapore. Brunei's exports to Singapore in 1981 were almost twice that of its imports from there.²⁸ This was because of Brunei's abundance in oil mineral and its dependence on the refineries of Singapore.

Singapore's Trade statistics with ASEAN and other countries showed that, among the ASEAN countries it was only with Malaysia that Singapore had substantial trade (See Table 6 & 7 given below).²⁹ Singapore had adverse balance of trade with the US till 1983, but from 1984 onwards, its exports to the US exceeded its imports from the same. However, the biggest exporter to Singapore was Japan followed by the US and Malaysia during the period 1976-1987. It was chiefly due to Singapore's need of high technology from Japan and the US, and crude oil, rubber and tin from Malaysia.

26 See Table 4.

27 See Table 4 and Table 5.

28 See Table 4.

29 See Table 6 & Table 7 on 39 and 40 respectively.

TABLE - 3

EXPORT & IMPORT OF ASEAN COUNTRIES WITH ASEAN (US\$' 000)

COUNTRY	YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
INDONESIA	EXPORT	759	1,155	1,478	2,219	2,760	2,843	3,499	3,477	2,488	1,982
	IMPORT	794	890	642	838	1,350	1,702	3,303	3,916	1,947	962
MALAYSIA	EXPORT	1,138	1,151	1,375	2,221	2,900	3,123	3,613	4,067	4,307	4,020
	IMPORT	548	663	848	1,141	1,773	2,073	2,467	2,634	2,735	2,818
PHILIPPINES	EXPORT	80	126	208	188	377	412	359	351	517	525
	IMPORT	256	272	287	380	504	558	538	676	724	762
THAILAND	EXPORT	511	628	631	886	1,055	1,026	1,075	880	1,044	1,023
	IMPORT	121	198	317	540	888	1,008	1,028	1,459	1,426	1,349
SINGAPORE	EXPORT	971	1,060	1,153	1,693	2,789	3,459	5,278	6,106	7,054	5,545
	IMPORT	2,187	2,727	3,339	5,007	6,357	6,312	7,531	7,850	7,250	6,104

Source : Noordin Sopiee, "ASEAN Trade Co-operation : A Survey of the Issues" in Noordin Sopiee and others, ed., ASEAN at the Crossroads : Obstacles, Options and Oppoutunities, in Economic Cooperation (Kuala Lumpur, 1987) Annexure-I, pp. 46-50

TABLE - 4

EXPORT TO SINGAPORE (IN US\$ Million)

YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
COUNTRY												
INDONESIA	643.9	1,003.6	1,241.0	NA	2,483.5	2,177.3	3,120.9	3,131.0	2,125.5	1,625.6	1,238.9	1,449.2
MALAYSIA ¹	2,455.3	2,385.5	2,761.6	3,510.0	5,385.1	6,177.5	7,021.1	7,369.2	7,899.9	7,356.8	6,090.8	8,219.8
PHILIPPINES ²	6,093.4	94,519	1,07,888	65,560	1,12,613	1,29,223	1,11,553	1,40,254	3,20,453	2,50,099	1,57,628	1,96,611
THAILAND ³	4,114	4,505	6,723	NA	NA	11,991	11,654	11,913	14,722	15,350	20,689	26,987
BRUNEI ⁴	50,743	1,59,763	2,03,378	3,48,077	NA	6,02,942	NA	NA	NA	NA	NA	NA

SOURCE : Compiled from Far East and Australasia Year Book, 1976-1988
(London, 1976 - 1988)

1. in Million Malaysian dollar (ringgits): US \$1 = M\$ 2.528 approximately ;
M = Malaysia.
2. in US \$' 000
3. in Million Baht : US \$1 US = 25.84 baht approximately.
4. in Million Brunei dollar : US \$1 = B\$ 2.2250 approximately ; B = Brunei.

TABLE - 5

IMPORT ^{FROM} SINGAPORE (IN US\$ MILLION)

YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
COUNTRY												
INDONESIA	549.8	533.4	453.2	NA	936.3	1243.4	2819.0	3,464.5	1791.4	839.1	968.8	946.8
MALAYSIA ¹	840.7	934.2	1,166.6	1580.4	2752.9	3486.6	4,164.7	4270.2	4218.7	4827.8	4,198.2	4717.8
PHILIPPINES ²	1,06,341	93,774	56,655	81,196	1,26,872	1,09,719	2,18,376	2,80,452	1,16,022	1,34,457	1,24,394	2,32,246
THAILAND ³	1,836	2,789	4,419	6,848	12,262	14,949	12,455	14,623	19,373	18,746	15,845	26,029
BRUNEI ⁴	98,900	1,17,650	1,40,484	1,83,284	NA	2,99,389	NA	NA	NA	NA	NA	NA

SOURCE : Compiled from Far East and Australasia Year Book, 1976-1988
(London, 1976 - 1988)

1. in Million Malaysian dollar (ringgits): US \$1 = M\$ 2.528 approximately ;
M = Malaysia.
2. in US \$' 000
3. in Million Baht : US \$1 US = 25.84 baht approximately.
4. in Million Brunei dollar : US \$1 = B\$ 2.2250 approximately ; B = Brunei.

TABLE - 6

SINGAPORE EXPORT TO MAJOR COUNTRIES (IN S\$ Million)

YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
COUNTRY												
AUSTRALIA	831.2	990.6	928.5	1,149.5	1,670.8	1,770.5	1772.	1355.4	1,775.0	1,652.2	1,515.2	1,649.7
U.S.A.	2,393.5	3,120.8	3,684.5	4,265.9	5,272.0	5,848.7	5,593.3	8373.7	10,291.7	10,169.0	11,436.3	14,674.4
U.K.	595.9	646.3	724.8	963.8	1,069.2	1,050.6	904.7	1,053.7	1,372.9	1,375.6	1,283.9	1,713.4
JAPAN	1,668.8	1,918.1	2,226.0	2,967.7	3,338.3	4,487.6	4843.9	4,244.4	4806.7	4722.2	4204.4	5449.3
PENINSULAR	1811.3	2189.7	2450.5	3402.8	4739.5	5346.5	6355.1	6886.4	7269.2	6888.7		
↓												
MALAYSIA											7244.6	8559.6
↑												
SABHA												
⌘												
SARAWAK	669.7	684.2	743.0	1024.7	1478.5	1560.1	1503.7	1,234.9	1,055.0	1,098.0		

SOURCE : Compiled from Far East and Australasia Year Book, 1976-1988
(London, 1976 - 1988)

1. S = Singapore : US \$ 1 = S \$ 2.2250

TABLE - 7

SINGAPORE IMPORT FROM MAJOR COUNTRIES (IN S¹\$ Million)

YEAR	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
COUNTRY												
AUSTRALIA	578.0	644.6	597.5	843.4	1162.3	1207.5	1400.3	1123.4	1,503.9	1,533.0	968.4	1,313.3
USA	2960.5	3227.2	3771.8	5489.5	7237.2	7356.4	7775.4	9005.5	8922.9	8775.4	8314.4	10,056.6
UK	851.2	957.0	1116.8	1347.3	1771.2	1742.9	1708.4	1644.2	1596.0	1691.9	1886.4	2174.8
JAPAN	3590.8	4474.0	5668.2	6530.5	9162.4	10,957.4	10,791.0	10,724.0	11,217.9	9869.7	11,052.2	14029.3
PENINSULAR	2566.7	3053.8	3,343.6	4,605.6	6,179.1	6164.5	6343.7	6745.9	7,540.7	6903.8		
↓												
MALAYSIA											7,402.6	9477.1
↑												
SABHA												
↓												
SARAWAK	637.5	412.2	450.0	787.8	936.6	1045.0	1722.0	1892.8	1639.0	1397.2		

SOURCE : Compiled from Far East and Australasia Year Book, 1976-1988
(London, 1976 - 1988)

1. S = Singapore : US \$ 1 = S \$ 2.2250

Quite interestingly, thus, though Singapore had been dwarfed by bigger ASEAN nations in size of population, of which it had only one per cent in ASEAN, it became one of the major trading partners of the ASEAN countries.³⁰ This had been mainly because of the importance Singapore attached to ASEAN cooperation. This had been mainly because of the importance Singapore attached to ASEAN cooperation. While championing the cause of ASEAN unity to achieve economic prosperity in the region, Lee Kuan Yew said before the Manila Summit in December 1987, that ASEAN must demonstrate the political will to cooperate and support each other in their economic development.³¹ In its own part, Singapore acted as a responsible partner by sharing its skills and expertise with the other member countries of ASEAN. Since 1972 onwards it had been offering annually ASEAN training awards to them.³² The training facilities offered had been wide ranging and tailored to meet the requirements of its ASEAN partners. In addition to this, Singapore also offered scholarships to the students from the ASEAN countries for pre-university and post-graduate level.³³

The Island Republic had been an ardent advocate of free-trade. It was said that the Republic was too small to become protectionist and, hence, was an articulate advocate of free-trade.³⁴ However, it could not be denied that Singapore was working towards, and in harmony with, the goal of ASEAN of fostering greater economic cooperation. ASEAN had already appointed a UN

30 Hon Sui Sen, "Development Priorities - Past, Present and Future", in Singapore National Trades Union Congress, compiled, Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore. 1973), p.45.

31 International Herald Tribune, December 13, 1987.

32 New Straits Times (Kuala Lumpur), August 9, 1978.

33 Ibid.

34 Derek Davies and Susumu Awano-hara. "Lee Kuan Yew, 20 years on", Far Eastern Economic Review (Hongkong), October 26, 1979, p.18.

team in 1972 to identify areas and ways of closer economic cooperation among the ASEAN members.³⁵ The UN team had suggested for the removal of all tariffs and quota restrictions by 1990,³⁶ which was what Singapore was trying to do through championing free-trade in the region.

The centrepiece of ASEAN trade liberalization scheme had been the agreement on Preferential Trading Arrangements (PTA). Foreign ministers of the ASEAN countries signed the PTA in Manila on February 24, 1977,³⁷ which had initiated ongoing negotiations seeking tariff preferences for intra-ASEAN trade. The PTA was taken to be an alternative to ASEAN free-trade area in which all tariffs of ASEAN members vis-a-vis one another would be reduced to zero.³⁸ Thus, free-trade area became a long term goal. The PTA was to be operated through five mechanisms :

(a) the exchange of tariff preferences; (b) Long-term quantity contracts; (c) purchase, finance support at preferential interest rates, (d) preference in government procurement; and, (e) the liberalization on non-tariff measures.³⁹ Under the rules of PTA, any tariff preference offered by a member country would, following the most favoured nation status, become multilateral to all the ASEAN member countries.⁴⁰

The ASEAN Economic Ministers' meeting in Kuala Lumpur in March 1976, had laid emphasis on economic cooperation and set-up five Economic

35 Shee Poon Kim, n.11, p.762.

36 Ibid.

37 Shee Poon-Kim, n.11, pp.762-63.

38 Tom Jackson, "The Game of ASEAN Trade Preferences : Alternative for the Future of Trade Liberalization" in ASEAN Economic Bulletin (Singapore), vol.3, no.2, November 1991, p. 255.

39 Indranath Mukherji, n.12, p.74.

40 Ibid, p. 79.

Committees to facilitate intra-ASEAN trade.⁴¹ Singapore was not happy with the slow pace of evolution of the ASEAN economic cooperation. Lee Kuan Yew, to hasten the pace of economic corporation, visited Manila in January 1977, and agreed with the Philippines to reduce all existing tariffs in mutual trade by 10 per cent in a new PTA.⁴² In February 1977, the agreement on ASEAN PTA stipulated, among other things, that basic commodities such as rice and crude oil as well as the products of the five ASEAN Industrial Projects (AIPs) would qualify for these concessions.⁴³ The fourth meeting of the ASEAN Economic Ministers held in Singapore in June 1977, concentrated exclusively on the reduction of tariff preferences. Trade concessions on 71 products were established.⁴⁴ Since 1977, around 20,000 tariff preferences got extended by the member countries to each other on a most-favoured-nation basis. Margins of tariff preferences first started at 10 per cent for most items, but by 1980 it got raised to a minimum of 20 to 25 per cent. In 1982, it was agreed that the margin of tariff preferences reduction would be raised to a maximum of 50 per cent. In November 1982, it was further decided that across-the-board tariff cuts would be applied to items having an import value up to US \$ 10 million.⁴⁵

However, PTA did not achieve much progress. This was because ASEAN governments had a tendency to protect their private sector by declaring a broad range of items to be sensitive. Most of the ASEAN countries except Singapore depended, to a large extent, on customs revenue. Thus, they tended to extend PTA to those items which had least effect on customs

41 Palmer and Reckford, n.5, p.91.

42 Asiaweek January 28, 1977, p. 12.

43 Straits Times, February 25, 1977.

44 Palmer and Reckford, n.5, p. 91.

45 Mukherji, n.12, p.74.

revenue. They also tended to avoid giving PTA benefits to foreign items if they competed with domestic ones.⁴⁶

Tariff barriers varied greatly among the ASEAN countries - from very high in Indonesia to practically nil in Singapore.⁴⁷ Uniform trade liberalization was generally considered detrimental to the interests of less developed countries in the region. This might lead to the implication that progress in advanced areas would be accompanied by and even contribute to stagnation in other areas.⁴⁸ Indonesia had been opposing a free-trade area on the grounds that comparative advantage could not bring about quick desirable results due to the competitive nature of ASEAN economies. Indonesia saw a disadvantage in the ASEAN tariff structures vis-a-vis non-ASEAN countries. For example, in 1978 Singapore's average tariff rate was a mere 5.6 per cent while average tariff rates for Indonesia, Malaysia, The Philippines and Thailand were 33, 15.3, 44.2 and 29.4 per cent respectively.⁴⁹ In a free-trade area that included trade in goods produced outside ASEAN, Singapore would benefit most by re-exporting non-ASEAN goods to ASEAN countries. This could undermine the efforts of the ASEAN countries to raise revenue and substitute domestic goods for those foreign. This would also increase the dependence of ASEAN countries on Singapore.⁵⁰ These were the reasons that other ASEAN countries wanted to limit PTA to goods of ASEAN members only.

46 Palmer and Reckford, n.5, p.92.

47 Indranath Mukherji, n.12, p.79.

48 Aggarwal, n.13, pp. 550-51.

49 Tom Jackson, n.38, p.255.

50 Ibid, p. 256.

Singapore's economic interaction with ASEAN countries could also be seen in other areas of economic cooperation such as ASEAN Industrial Projects (AIPs), ASEAN Industrial Complementation (AIC), and ASEAN Industrial Joint Ventures (AIJVs).

During the sixth ASEAN Economic Ministers meeting in Jakarta, in June 1978, a basic agreement on AIP was reached with provisions for establishment of AIP projects having government equity participation, membership of boards of directors, project financing, entitlement of projects to PTA, tax and incentive treatment, applicability of the law of host country and product pricing for member countries.⁵¹ Earlier, the fifth economic ministers' meeting in September 1977, had accepted an ammonia project for Indonesia. The Jakarta meeting accepted a Urea project for Malaysia. In the Kuala Lumpur Meeting in December 1978, a rock-salt soda ash plant was accepted for Thailand and in Manila meeting in September 1979, an ammonium sulphate plant was accepted for the Philippines. However, the Philippines withdrew this project for a copper fabrication plant.⁵² It was only in the Jakarta meeting in May 1984, that a small hepatitis B vaccine project was approved for Singapore. Singapore wanted to build a diesel engine plant but it could not get ASEAN approval because of Indonesia's objections to it for the fear that its own market for the same product would be jeopardized.

The UN team report (1972) had given the concept of industrial complementation. Under it, the business enterprises and governments in the five ASEAN countries would establish industries in which each country

51 Palmer and Reckford, n.5, pp. 89-90.

52 Ibid, p. 90.

would play a specific and complementary production and sub-assembly role. The finished products would enjoy intra-ASEAN tariff protection. ASEAN permanent committees were given the task of extending high priority to complementation programmes for fertilizers, motor vehicles, agricultural machinery, etc. Products under the AIC project would enjoy exclusive privileges for a two-year period if it would be manufactured in the ASEAN region, or three years if it manufactured a new product. Under the law of exclusivity, no other country could set-up new production facilities or expand existing facilities to make the same product as that of one allocated to any country under the AIC project. However, if the country would export 75 per cent of its production outside the ASEAN region, it was allowed to set-up production unit for the same product which was allotted under the AIC project to other ASEAN members.⁵³

The ASEAN economic ministers' meeting at Bali in 1980 approved an AIC project for automotive industry. It subsequently became a two package project (See Table-8 below).⁵⁴ Under the first package Singapore had to produce universal joints. Under the second package fuel injections were also included.⁵⁵

53 Ibid, p. 94.

54 See Table-8 on page 47.

55 United Nations Industrial Development Organisation's document, Regional Industrial Cooperation : Experiences and Perspective of ASEAN and the Andean Pact (Vienna, 1986), p. 34.

TABLE – 8

PACKAGE GIVEN UNDER AIC PROJECT FOR AUTOMATIVE INDUSTRY TO ASEAN MEMBER CONTRIES FIRST APPROVED IN ASEAN ECONOMIC MINISTERS' MEETING IN BALI (1980)

COUNTRY	FIRST PACKAGE	SECOND PACKAGE
INDONESIA	Diesel engine (80-135 HP)	Steering system.
MALAYSIA	Spokes, nipples and drive chains for motorcycles and drive chains for motor vehicles.	Head lights for motor vehicles.
PHILIPPINES	Body panels for passenger cars.	Heavy duty rear axles for commercial vehicles.
SINGAPORE	Universal joints.	Fuel injection pumps
THAILAND	Body panels for motor vehicles of one tonne and above.	Carburettors.

Source : United Nations Industrial Development organisation, Regional Industrial Co-operation : Experience and Perspective of ASEAN and the Andream Pact (Vienna, 1986), p. 34

With a view to stepping-up progress in industrial complementation the ASEAN - CCI (Chambers of Commerce and Industry) proposed in Jakarta, in December 1980 a new concept of industrial complementation called the ASEAN Industrial Joint Ventures (AIJVs).⁵⁶ The AIJV concept which was approved in November 1983, provided for the submission of a list of products by the private sector through the ASEAN-CCI to the committee on industry, mineral and energy and approval by the economic ministers.⁵⁷ One distinguishing feature between an AIJV and conventional AIC project was that the former could proceed even with two or three ASEAN partners from the private sector, while the latter was normally presented as a package involving more or less equal participation from all member countries. AIJVs, thus, could be lauded as small projects with less capital investment and less preparatory groundwork. AIJVs could be approved individually or separately by the concerned ASEAN economic ministers so long as these projects would yield benefits to the member countries and did not bring about unacceptable distribution of benefits and costs among the promoting member countries. This also helped in avoiding the long cumbersome process through the ASEAN machinery. AIJV products were accorded a 50 per cent minimum tariff preference by participating countries for a period of three years.

Singapore's economic interactions with ASEAN could also be seen in its bilateral relations with ASEAN members and its involvement with the foreign powers either bilaterally or through the forum of ASEAN.

⁵⁶ Ibid, p.35.

⁵⁷ Palmer and Reckford, n.5, p.96.

Till the 1970s, Singapore was the single largest investor in Malaysia.⁵⁸ However in 1977, its position came down to the second place.⁵⁹ Malaysia had been playing a greater role in the economic life of Singapore. Through the two pacts signed in 1961 and 1962 with the State of Johore, Malaysia had been drawing water supply from the Tebrau, Sendai and Johore rivers and, in return, selling treated water to Johore. The 1961 pact was to be reviewed in 1987 whereas, the 1962 pact was for 76 years. In December 1984, the Malaysian and the Singaporean governments appointed a joint consultant firm to study a multi-million dollar venture to develop water resources in Southern Johore.⁶⁰ Besides this, Singapore had been importing crude oil and food products from Malaysia. Malaysian tin and rubber exports were dependent, to a large extent, on the multinationals stationed at Singapore. Singapore had investments in Malaysia in the fields of food manufacturing, transport equipment, textiles and clothing.⁶¹ In 1983, the US combined with Malaysia and Japan accounted for half of Singapore's foreign trade.⁶²

Singapore and Malaysia worked towards greater bilateral economic corporation. In January 1982, Mahathir Mohammed, the Prime Minister of Malaysia, during a meeting with his Singaporean counterpart, Lee Kuan yew, asked the latter to relocate those industries, no longer suitable to Singapore, to Malaysia. He also emphasized that Singapore's success story in the economic

58 Chee Meow Seah, "Singapore in 1980 : Institutionalizing System Maintenance", Asian Survey, (Berkeley), Vol. 21, no.2, February 1981, pp. 259-60.

59 Shee Poon-Kim, "Singapore 1978 : Preparation for the 1980s", Asian Survey, Vol. 19, no.2, February 1979, p.127.

60 Cheng Heng chee, "Singapore in 1985 : Managing Political Transition and Economic Recession", Asian Survey, vol.24, no.2, February 1986, p. 166.

61 Ibid.

62 Financial Express (Bombay), November 21, 1983.

fields could serve as a model rather than an object of envy for the Malaysians.⁶³

Indonesian crude oil had been dependent on the refineries of Singapore. Way back in 1975, the Indonesian government lifted import duties, sales tax, and other levies on petroleum products derived from Indonesian oil processed in Singapore.⁶⁴ In the same year the two countries signed an agreement on cargo sharing and common tariffs.⁶⁵ Under this, Indonesian's or Singapore's ships were allowed to carry cargo between Singapore and more than fourteen Indonesian ports on 55 per cent to 45 per cent reciprocal basis. 55 per cent of the cargo from Indonesia to Singapore was to be carried by the Indonesian vessels and 45 per cent by the Singaporean vessels and vice versa. On common tariffs, the agreement provided for uniform freight rates. All the freight rates were to be quoted in Singapore dollars and subjected to alteration without notice Singapore promised to cooperate with Indonesia in setting up an oil refining project and to develop Battam island (located 35 km South of Singapore).⁶⁶

Singapore's relations with the Philippines could be seen in the establishment of cable links between Manila and Singapore in 1978, as the first segment of an ASEAN submarine cable network and the plans for cooperation in rice as well as crude oil production and oil products under certain contingencies.⁶⁷ It has already been mentioned that in response to President Marcos's proposal, Lee Kuan Yew had agreed, in January 1977, to

63 Asiaweek, January 8, 1982, p. 19.

64 Asia Research Bulletin, (Singapore), October 31, 1975.

65 Asia Research Bulletin, August 31, 1975.

66 Shee Poon-Kim, n.59, p. 127.

67 Russel H. Fifield, "ASEAN : Image and Reality", Asian Survey, Vol.19, no.12, December 1979, p.1205. Also see, Asia Research Bulletin, October 31, 1978, p.498.

implement a 10 per cent across-the-board tariff cut on all bilateral trade.⁶⁸ They had also agreed to eliminate the double taxation system and to examine the prospects of processing the Philippines' crude oil in Singapore's refineries.

When Singapore and the Philippines signed the tariff reduction pact in 1977, it was anticipated that it would trigger further bilateral and intra-regional trade within the ASEAN framework. Thailand was the first to follow suit by agreeing, in February 1977, to a 10 per cent tariff reduction with Singapore on selective basis.⁶⁹ An accord was also signed between the two countries for setting up a S \$1 million joint venture in Singapore to promote marketing of Thai agricultural livestock and fishery products, as well as for developing submarine communication link.⁷⁰ When Thai Prime Minister, Kriangsak Chomanon, visited Singapore in February 1978, an agreement was signed for a long-term arrangement for the preferential supply and purchased of rice and maize in times of glut and shortage.⁷¹

Brunei's dollar, convertible at par with the Singaporean dollar itself, showed the close economic interactions between Brunei and Singapore. Brunei looked towards Singapore for high technology and manufactured goods, transport and equipments and construction industry. Singapore turned towards Brunei for oil and investment in Singapore. Brunei had, by 1984, substantial investment of both public and private money in Singapore in manufacturing and the stock market, and had sizeable deposits there.⁷²

68 Shee Poon Kim, n.11, p.762.

69 Ibid, p. 762.

70 Ibid.

71 Shee Poon-Kim, Kim, n.59, p.127. Also see Asia Research Bulletin, April 30, 1978, p.439.

72 Asiaweek, January 6, 1984, pp. 19-43.

Brunei also sold crude oil to Singapore on favourable terms.⁷³ When Singapore and Brunei were kept out of the Generalised System of Preferences (GSP) of New Zealand because both of them had a GNP exceeding 70 per cent of its own, both the countries fought together against this discriminatory practice of New Zealand. New Zealand finally yielded to their pressure and included them again in the GSP.⁷⁴

The growing importance of ASEAN could be seen in its dealings with the industrialised countries and extra regional groupings such as the EEC, which preferred to deal with ASEAN on a group basis—ASEAN, being an area which EEC turned for energy, raw materials and labour, stood third in the priority list of EEC ⁷⁵. The first ASEAN initiative to establish institutional relationship with the EEC was taken in the early 1970s.⁷⁶ A conference between the two was held in Brussels in April 1977, in order to bring together, for the first time, political leaders, industrialists, and businessmen of both the groupings to explore the possibilities of strengthening further economic cooperation.⁷⁷ The Jakarta conference between the two in February 1979, on industrial cooperation was attended by 700 businessmen and bankers from both the regions.⁷⁸ Singapore, emerging as spokesman of ASEAN, assured the EEC delegates that though ASEAN-PTA covered only 826 items, an "ASEAN free-trade area" would ultimately be created. Singapore further made it known that ASEAN was considering to allow EEC businessmen as

73 D.E. Brown, "Brunei on the Morrow of Independence", *Asian Survey*, vol.24, no.2, February 1984, p.202.

74 Chang Heng Chee, n. 60, p.167.

75 H.S. Chopra, "The EEC and the ASEAN", in Parimal Kumar Das, ed., *The Troubled Region: Issues of Peace and Development in Southeast Asia* (New Delhi, 1987), pp. 91-92.

76 *Ibid*, pp. 92-93.

77 Shee Poon-Kim, n.11, p.763.

78 Anthony Rowley, "A Marriage is not Announced", *Far Eastern Economic Review*, March 16, 1979, p. 119.

well as those from ASEAN itself, to suggest more areas for tariff cuts in future intra-ASEAN trade.⁷⁹ At the Economic Ministers' meeting in Kuala Lumpur (March 1980), ASEAN and the EEC reached an agreement to encourage trade and investment between Western Europe and South-East Asia. The agreement accorded the most favoured nation trading status to all members of the two groupings, though leaving it to be confirmed in bilateral agreements.⁸⁰ In May 1987, ASEAN and the EEC agreed to set-up joint investment committees in each of the ASEAN capitals to promote European investments in the ASEAN region. ASEAN acknowledged the importance of the GSP of EEC in promoting its exports to the EEC. It, however, stressed on the need to improve the access of ASEAN products to the EEC market.⁸¹

In May 1987, ASEAN and the EEC agreed to set-up joint investment committees in each of the ASEAN capitals to promote European investments in the ASEAN region. ASEAN acknowledged the importance of the GSP of EEC in promoting its exports to the EEC. It however, stressed on the need to improve the access of ASEAN products to the EEC market.⁸¹ It is worth mentioning that the EEC was the third largest trading partner of ASEAN in 1976. (See the following table).⁸²

During the early 1970s, the U.S. was the largest trading partner of ASEAN, but later it got replaced by Japan. In 1976, ASEAN exported 21 per cent of its total exports to the U.S., whereas, its imports from the U.S. was only 15.4 per cent of the total import.⁸³ The main economic concern of the

79 Ibid, p.120.

80 Bangkok Post, March 8, 1980.

81 New Straits Times, May 6, 1987.

81 New Straits Times, May 6, 1987.

82 See Table-9. on page 57 Also see, Chopra, n.75, p. 94.

83 See Table-9.

U.S. in ASEAN was high technology export, oil import and investment. The ASEAN, however, found the U.S. market highly protectionist. Singapore reacted sharply to the U.S. pressure on ASEAN-NIC (Newly Industrialised Countries) to upvalue their currencies. It pointed out that it was not pegged to the US dollar alone. Most important of all, Singapore reiterated that the charges of using tariff and non-tariff barriers to block more U.S. exports to the Pacific were not applicable to the Republic and it was unfair to lump Singapore with other NICs as Asian "tigers".⁸⁴ Singapore had been a vocal critic of U.S. protectionism. Addressing the joint U.S. congress in 1985, Lee Kuan yew asked the U.S. not to resort to protectionism.⁸⁵ In 1987, Singapore implemented the new Copyright Act to dilute the impact of U.S. protectionism and established a full copyright relation with the U.S.⁸⁶

ASEAN had more potential for growth in its economic relations with Japan than with the US. This was because, by the mid 1980s, only 4 per cent of Japanese industrial production was done offshore compared with 20 per cent of the U.S. Japan bought 10 per cent of ASEAN's manufactured exports where as, the U.S. bought 30 per cent of the same. The worry that the U.S. imports and investment might decline impelled ASEAN to look to Japan to buy more from South-East Asia and to invest more in the region. ASEAN had realised that Japan had a greater role to play in the region.⁸⁷ The Bali summit had emphasized on a closer Asia Pacific cooperation. The Fukuda doctrine came as a response to it. Being the largest investor in this region, Japan invested in primary, manufacturing and tertiary industries. The bulk of

84 Lee Lai To, "Singapore in 1987 : Setting a New Agenda", *Asian Survey*, vol. 28, no.2, February 1988, p. 209.

85 Chang Heng Chee, n.74, p. 167.

86 Lee Lai To, n. 84, p. 209.

87 *International Herald Tribune* December 3, 1987.

Japanese investment had been attracted by Indonesia followed by Singapore and Malaysia.⁸⁸

A trip to South-East Asia had become almost obligatory for the Japanese Prime Ministers. Every time the message of Japan was same - that it did not want to dominate the region, but wanted to work for the development of South-East Asia by giving direct economic aid and through strengthening trade ties.⁸⁹ Prime Minister Fukuda visited ASEAN countries in August 1977, and pledged US \$ 1 billion in soft term loans for five ASEAN projects if they proved viable.⁹⁰ Japan also expressed its readiness to consider, within the framework of Multilateral Trade Negotiation (MTN), ASEAN's demands for the easing or abolition of tariffs and non-tariff barriers on finished goods.⁹¹ In 1980, under Prime Minister Zenko Suzuki, Japan showed its willingness to negotiate for larger imports from ASEAN to include industrial and manufactured goods. Japan was impressed that despite inflation and heavy oil bills, ASEAN maintained an average growth rate of 5 per cent when the whole world was having a low-growth phase.⁹² Nakasone visited ASEAN countries in April 1983, and announced aid package to Indonesia, Thailand and other ASEAN countries.⁹³ By that time, Japan's aid to South-East Asia had already risen to 35 per cent of the government's total overseas development assistance budget.⁹⁴ Again in December 1987, Japanese

88 K.V. Kesavan, "Japan-ASEAN Relations : An Analysis" in Parimal Kumar Das, ed., The Troubled Region : Issues of Peace and Development in Southeast Asia (New Delhi, 1987), p.211.

89 Asiaweek, May 6, 1983, p.6.

90 Taru Yano, "Fukuda's Hanoi-ASEAN House of Cards has Collapsed", Far Eastern Economic Review, March, 23, 1979, p. 41.

91 *Ibid*, p.42.

92 Asiaweek, October 17, 1980, p. 15.

93 Asiaweek, May 6, 1983, pp. 6-7.

94 *Ibid*, p. 7.

Premier Takeshita announced a US \$ 2 billion aid to promote private industrial projects in ASEAN. He also assured of more market access to ASEAN products in Japan with preference to AIJV scheme projects.⁹⁵

Singapore's economic interaction with Japan and the former's perception of Japan's role in the region would further highlight how Singapore had been fighting for ASEAN's cause. Singapore observed that it had many things to learn from Japan. Lee Kuan Yew had been an admirer of the Japanese ability to react under crisis.⁹⁶ On economic ties with Japan, Singapore stressed on three areas of trade, investment and technology. Japan and the EEC were next only to the U.S. and Malaysia as Singapore major trading partners. Singapore's export to Japan in absolute terms increased 4.3 times from S\$ 1,113 million in 1975 to S\$ 4,722 million in 1985, while its import from Japan increased three times from S\$ 3,254.3 million in 1975 to S\$ 9,869.7 million in 1985.⁹⁷ Singapore's imports from Japan constituted mostly of machinery and equipment, metals and chemical products. It exported to Japan, petroleum and manufactured products. By 1986, Japan had replaced the U.S. as the top investor in Singapore.⁹⁸

95 Bangkok Post, December 16, 1987.

96 Davies and Awanshara, n.34, p. 18.

97 Lim Hua Sing, "Singapore - Japan Trade Frictions : A study of Japanese non-tariff Barriers," ASEAN Economic Bulletin, vol. 4, no.1, July 1987, pp.9-29.

98 Lee Lai To, n.86, p. 210.

TABLE - 9

ASEAN TRADE IN 1976 (U S \$ Million)

COUNTRY	EXPORT	%	IMPORT	%
USA	5.453	21	4.024	15.4
JAPAN	6.742	26	6.003	23
EEC	3.773	14.5	3.804	14.5
USSR	.310	1.2	.59	0.2
CHINA	.189	0.7	.647	2.5
AUSTRALIA	.561	2.2	.908	3.5
ASEAN	3.779	14.6	3.306	12.6
TOTAL	25.961		26.163	

Source : Far Eastern Economic Review (Hongkong),

March 16, 1979, p. 118.

Being the third largest economic power in the region of South-East Asia, Japan had a great potential for capital investment and technological know-how which were needed in the ASEAN region. Singapore thought Japan's role in the region to be vital and championed economic cooperation between Japan and the ASEAN states. Singapore, however, noticed that increasing protectionist altitude adopted by the Japanese market was making it difficult to be penetrated by the ASEAN countries. Lee Kuan Yew while complaining of it had stressed that trade was "a two way process". Holding the door open to bilateral efforts in economic cooperation between Japan and the ASEAN countries, Lee Kuan Yew foresaw that with the progress of time the ASEAN members would act more and more in concert in order that the dialogue could be less unequal.⁹⁹ When ASEAN businessmen complained of the difficulties in penetrating the Japanese market, Singapore's voice against protectionism was the most powerful. At the thirteenth ASEAN-Japanese businessmen's meeting in Kyoto in May 1987, Chandan Das (the chairman of Singapore's Parliamentary Committee on Defence and Foreign Affairs) made it clear that Japanese tariffs on finished products were higher than those on imports of raw materials. He expressed his doubts as to whether Japan would grant greater access to ASEAN exports, even if ASEAN nations succeeded in expanding their manufacturing capacity and diversifying their exports.¹⁰⁰

Singapore's role in the economic life of ASEAN is illustrated by the nature of role it played in the investment pattern in ASEAN. The Republic's experience with foreign investment was remarkably different from other developing countries which accused foreign enterprises of exploiting the

99 Asiaweek, February 4, 1977, p. 8.

100 Straits Times, May 4, 1987.

domestic markets of the host country. The distinctly high export orientation of foreign firms in Singapore reflected not only the reality of its small market which forced foreign investors to be outward-looking, but also the success in the government's promotional policies and screening devices for attracting export-oriented foreign capital.¹⁰¹

In Singapore the EEC and the US were the two biggest investors in manufacturing industries in 1976 (See Table-10 below)¹⁰² followed by Japan and Hongkong. Overall, Japan and the U.S. continued to be the two topmost investors in the ASEAN region in 1986 too, though their relative importance varied with individual ASEAN members. During 1978-1983, Japan held the largest share out of foreign investment in the manufacturing sector in Malaysia. In Indonesia, the US had the largest investment in the petroleum sector. In the non-oil sector, Japan maintained an impressive investment of 32 per cent of the total foreign investment (1977-1983).¹⁰³ In Singapore, the U.S. had the highest investment ie. 30 per cent of the total foreign investment followed by Japan with 18 per cent during 1977-1982 period.¹⁰⁴ Singapore had substantial investment in Malaysia (30.6 per cent) in 1976, in the pioneering companies. In Thailand, in the same period, Singapore was the third largest investor (1970-1976) after the U.S. and Japan.

101 Wong, n.2, p.72.

102 See Table - 10 on page 60

103 Mari Pangostu, "The Pattern of Direct Foreign Investment in ASEAN : The United States vs Japan", ASEAN Economic Bulletin, vol. 3, no.3, March 1987, p. 304.

104 Ibid.

TABLE-10

FOREIGN INVESTMENT IN ASEAN (IN

PERCENTAGE)	(a)	(b)	(a)	(c)	(d)
(%)	INDONESIA	MALAYSIA	PHILIPPINES	SINGAPORE	THAILAND
EEC	10.2	18.0	10.7	32.9	11.7
US	17.5	12.2	33.6	32.9	33.6
JAPAN	39.9	16.1	25.8	14.3	23.2
AUSTRALIA	3.5	2.8	4.7	4.1	N.A.
HONGKONG	10.5	10.0	0.8	5.3	10.8
SINGAPORE	2.6	30.6	0.2	N.A.	12.1
CANADA	1.5	2.1	2.3	2.0	N.A.
OTHERS	14.3	9.2	21.9	8.5	8.6

SOURCE : Far Eastern Economic Review (Hongkong),

March 16th, 1979, p. 117.

- (a) Approved projects in 1976.
- (b) Investment in pioneering companies, 1976.
- (c) Investment in manufacturing industries, 1976.
- (d) Direct investment (1970-76).
- (e) NA = Not Available.

Mention about Singapore's role in the field of ASEAN economic development would be incomplete without mentioning about its electronic and high-tech industries. Singapore had been the most developed among the ASEAN countries in manufacturing industries, especially electronics and high-tech products. Earlier, multinational corporations got attracted to the Republic due to its cheap labour which produced competitive goods by doing the assembly works. Later, Singapore tried to develop indigenous technology by fostering research and development and by entering into collaboration with foreign companies. It was not surprising that in 1983, Singapore had the highest production of electronic goods in the ASEAN region. (See Table - 11 below).¹⁰⁵ Singapore produced US\$ 3.2 billion worth of electronic goods in 1983, 90 per cent of which were exported. The pattern had been export of Integrated Circuits (ICs) and components as intra-firm transactions between foreign firms and their subsidiaries.¹⁰⁶ Electronic and electrical industries employed 21 per cent of workforce in Malaysia and 27 per cent in Singapore.

Singapore had been a member of both the International Telecommunication Satellite Organisation (INTELSAT) and the International Maritime Satellite Organisation (INMARSAT). Two antennae at the Sentosa Earth Station had been providing Singapore with direct access to over fifty four countries via INTELSAT's Pacific Ocean and Indian Ocean satellites.¹⁰⁷ In addition, Singapore's INMARSAT Coast Earth Station had been providing twenty-four hours global maritime satellite communication to ships (fitted

105 See Table-11 on page 63.

106 M. Chandra and Chhaya Satpute, "Electronics Industry and the ASEAN, Asian Profile, vol. 14, no.5, August 1986, p. 455.

107 Singapore 1987, Information Division, Ministry of Communications and Information (Singapore, 1987) p. 135.

with INMARSAT terminals) anywhere in the world. By October 1983, Singapore established satellite communication with the border towns of Indonesia. Singapore had been investing heavily for linking all ASEAN countries with ASEAN submarine cable network.

Contd.....

TABLE - 11

STATE OF ELECTRONIC INDUSTRIES IN ASEAN REGION (US\$ Million), 1983

COUNTRY	PRODUCTION	EXPORT
SINGAPORE	3200	2920
MALAYSIA	1212	890
PHILIPPINES	985	620
THAILAND	720	610
INDONESIA	502	376

SOURCE : M. Chandra and Chaya Satpute, "Electronics Industry and the ASEAN", Asian Profile, vol. 14, no.5, August 1986, p. 455.

CHAPTER - IV

POLITICAL AND SECURITY DIMENSIONS

Political & security aspects of Singapore's role in ASEAN should be seen from the nature of its own security and defence needs. Following independence in 1965, the immediate task before Singapore was to ensure the security of the Republic. Singapore's economic development depended to a large extent on the stability the Republic could give to the foreign entrepreneurs who wanted to invest in the country. Lee Kuan Yew's championing the merger of Singapore with Malaya and his reluctance to have an independent Singapore outside the Malaysia federation, were influenced by these considerations.¹ Though conflicts of interest brought the separation of the two states, the farsightedness of Abdul Razak and Goh Kong Swee² helped in creating arrangements for wide measure of continued co-operation, particularly in the field of defence and commerce. The provisions included the setting up of a Joint Defence council; mutual assistance in the face of outside aggression; the continued use of military bases and logistic facilities in Singapore by the Malaysian armed forces; and, to conclude treaties with a third party that would be harmful to the interests of either of the signatories.³

The Anglo-Malayan Defence Agreement (AMDA) of 1957 ensured the presence of a small army contingent in Singapore. Originally including Malaya and the United Kingdom, AMDA later included Singapore, Sabah and

1 Dick Wilson, The Future Role of Singapore (London, 1972) p. 11.

2 Tun, Abdul Razak was the Defence Minister of Malaya, who later became Malaysia's Prime Minister ; Goh Keng Swee was Singapore's Minister of Finance.

3 William Shaw, Tun Razak : His Life and Time, (Kuala Lumpur, 1976), p. 180.

Sarawak which became parts of the Malaysian federation in 1963. The commitment of AMDA to Singapore continued even after the Republic got separated from the federation and became an independent nation in 1965.⁴ The United Kingdom had made it clear that Britain's defence commitments to Singapore would not change.⁵ The British umbrella, having saved the island Republic from communist takeover in 1948-60, and from Indonesian aggression in 1963-65, had created a psychological dependence of Singapore on Britain. Furthermore, British presence in the Republic provided it with about one-fifth of its livelihood in the form of the civilian jobs created and services demanded by them.⁶

However, this was not a permanent provision and when, by 1968, the British announced to withdraw the military commitments from the region of South-East Asia, Singapore, along with Malaysia, was faced with the necessity to provide for its own defence – In June 1969, high level representatives from Great Britain, Australia, New Zealand, Malaysia and Singapore met in Canberra to work out an integrated defence plan for Malaysia and Singapore.⁷ The result was the Five Power Defence Arrangements which came into effect on November 1, 1971. Its provision envisaged that in the event of any form of armed attack, the member countries would "hold immediate consultations" and would decide the measures to be taken "jointly or separately" to meet the threat.⁸ It led to the establishment of ANZUK (Australia, New Zealand and

4 Straits Times (Singapore), October 29, 1965, p.3.

5 Ibid.

6 Dick Wilson, n.1, p.11.

7 Lee Kuan Yew, "Plans for Region Defence", The Mirror (Singapore), vol. 5, no.26, June 30, 1969, pp. 1-8.

8 The Mirror (Singapore), vol.7, no.18, May 3, 1971, p.8.

United Kingdom) forces which included 6000 men, including 3 battalions of infantry, five to six destroyers or frigates, two submarines etc.⁹

The promise of possible security assistance under the Five Power Defence Arrangement served the security interests of Singapore. Lee Kuan Yew saw it as a "back-stop" to the US presence in South Vietnam and, later, Thailand.¹⁰ These arrangements, however, could not satisfy Singapore's aspirations to have an indigenous defence force. To quote Lee Kuan Yew :

"It will not do merely to depend on others invading to defend us. We would be in a very difficult situation if there are enemies us, and those defending us belong to another state, and are people who are not loyal to our nation but only soldiers employed by us and paid by U.S. It would be then too little (sic) for us to feel sorry about it.... what we lack in numbers we will make up for in quality : in the standards of discipline, training, dedication and leadership."¹¹

The two infantry battalions which Singapore had at the time of independence were trained mainly for internal security duties.¹² Having practically no experience in defence matters, it asked the friendly nations of Asia and Africa to give expertise in building the defence of the Republic. It did not get proper response ^{from} any country except Israel.¹³

Seeing the scarcity of manpower in Singapore, Israeli advisers suggested that the Republic adopt the system of National Service Scheme (NSS) aimed at training young people in the art of soldiering. Later, NSS was

9 Straits Times, December 23, 1971.

10 Straits Times, December 8, 1972.

11 Introduction to Goh Keng Swee's article "National Service and Defense Policy", in The Singapore National Trades Union Congress, compiled., Towards Tomorrow : Essays on Development and Social Transformation in Singapore (Singapore, 1973), p. 55.

12 Goh Keng Swee, n.11, p.56.

13 Ibid.

made compulsory for every student before they joined college. It had the advantage of maintaining a regular army without making all of them permanent, thereby, saving a lot of resources otherwise needed for maintaining a permanent army.¹⁴

Besides these efforts to build-up an indigenous defence, Singapore tried to orient its relationships with its immediate neighbours and foreign powers according to its own geo-strategic and political needs. Despite differences in their socio-economic policies, Singapore and Malaysia had been working together on security problems on the assumption that the defence and security of the two countries were indivisible.¹⁵ This found expression through AMDA and, later, the Five Power Defence Arrangement. The two countries had often resorted to joint military exercises and other measures to check the threat of communist subversion in their respective countries.

The major irritant between Singapore and Malaysia had been, however, the Malaysian suspicion of a dominant Chinese population of Singapore, which was seen at its height during the period of the Republic's merger with Malaysia. This was also demonstrated in the reaction of Malaysia to the visit of the Israeli President, Chaim Herzog, to Singapore in November 1986.¹⁶ Singapore's ASEAN friends charged it of being insensitive to the feelings of its muslim neighbours who had been condemning Israel for its aggressive designs in Lebanon.¹⁷ Singapore denied to have any such intentions. In the words of S. Dhanabalan, the Foreign Minister of Singapore,

14 Ibid.

15 Shee Poon-Kim, "A Decade of ASEAN, 1967-1977," *Asian Survey* (Berkeley), vol. 17, no.8, August 1977, p. 760.

16 *Asia year Book, 1987, Far Eastern Economic Review* (Hongkong, 1987), p. 188.

17 *Straits Times*, December 10, 1986.

"We will not allow Singapore to be used to undermine the security and stability of Malaysia or any other ASEAN neighbours."¹⁸

Indonesia's policy of confrontation under President Soekarno, during the process of evolution of Malaysian Federation, created deep suspicions in Singapore against Indonesia. Because of its capabilities to emerge as a regional power, Indonesia was feared by all its smaller neighbours. However, Indonesia was vulnerable from China which could inspire communist subversion in the region.¹⁹ The dominant Chinese population of Singapore made it suspicious in the eyes of Indonesia. To allay this suspicion, Singapore underplayed the Chinese element in its foreign policy and decided against allowing the setting-up of a People's Chinese embassy in the Republic.²⁰ Emphasising on a friendly relationship with Indonesia, Singapore had been taking into account the sentiments and needs of the majority Malay population of Indonesia while affecting the policies toward its own Malay population.

With the Philippines, Thailand and Brunei, Singapore tried to maintain higher level diplomatic ties. Its enthusiasm for the ASEAN Heads of Governments Meeting at Manila in 1987, in spite of the threat to President Corazon Aquino's government due to internal problems, demonstrated the Republic's attitude towards the Philippines.²¹ Singapore had all along been an ardent supporter of the US bases in the Philippines for its own perceived reasons of security of Southeast Asia. The common communist threat and

18 Deccan Herald (Bangalore), December 11, 1986.

19 Edwin W. Martin, Southeast Asia and China : The End of Containment (Colorado, 1977), pp. 39-40.

20 New Straits Times (Kuala Lumpur), February 2, 1988.

21 R. Nagi, ASEAN (The Association of South-East Asian Nations), 20 years : A Comprehensive Document (New Delhi, 1989), pp. 89-91.

the wish to survive irrespective of foreign power domination saw them working together on issues such as the Cambodian crisis. Though Islamic in religion Brunei, appeared out of tune with its Islamic neighbours. Brunei found itself closer to Singapore in economy and standards of living, Brunei in fact, feared Indonesia, which had supported the rebel People's Party in Brunei against the Sultan; and Malaysia, which did not like Brunei not joining the Malaysian Federation in 1963.²² Brunei had enjoyed a special relationship with Singapore for more than twenty years, and the latter had conducted joint military exercises at Brunei.²³

Singapore's relations with the ASEAN countries affected the Republic's foreign relations and vice versa. Thus, a brief study of Singapore's foreign relations with major world powers is necessary to do justice to the former's role in ASEAN. Among the foreign powers, Singapore enjoyed a closer relationship with the UK., Australia and New Zealand to which it was linked through the Five Power Defence Arrangement of 1971. This had given to Singapore, at least, a psychological satisfaction that it would be defended by them in times of need. Nonetheless, the Republic did not close its eyes to the impending danger due to the Super Power rivalries in the region of South-East Asia. It had a special way of looking at the US, the Soviet Union and China – the three powers which had great influence in this region.

In spite of its doubts about Soviet altitude towards South-East Asia, Singapore established diplomatic ties with the Soviet Union as far back as 1968.²⁴ Like other ASEAN members, Singapore saw the Soviet's

22 D.E. Brown, "Brunei on the Morrow of Independence", *Asian Survey*, vol. 24, no.2, February 1984, p. 202.

23 *Asia Year Book 1987*, n. 16, p. 113.

24 K.K. Nair, "Great power Politics and Southeast Asia", in K.K. Nair and Chandran Jeshurun, ed., *Southeast ASia and the Great Powers* (Kuala Lumpur, 1980), p. 7.

commitment to Hanoi and Vietnam's invasion of Kampuchea in 1978-1979 with distrust and suspicion. It thought that the active participation of the USSR in Indochina would upset the balance of power in the region. It noted with concern the presence of 200,000 Vietnamese troops in Kampuchea, 50,000 Soviet-backed Vietnamese solidiers in Laos and several thousands of Soviet technicians in all the three Indochina countries.²⁵ Taking an anti-Soviet posture on Kampuchean issue, Singapore felt that this posture would not hurt its economic development since Soviet Union was not a major trading partner of the Republic.²⁶ However, it allowed the Soviet vessels, maintenance and repair facilities at its ports and continued to make efforts to improve its bilateral trade with the USSR.²⁷

Singapore's coldness towards America in the immediate post-independence era changed to a pro-American stance in the early 1970s. When Lee Kuan Yew visited the US in October 1977, he came out openly in favour of a continued US military presence in the region.²⁸ The Republic felt that it was more closely tied by trade and investment to the industrial West than to the socialist states, and that only a strong US naval presence could balance the soviet naval presence in the South-East Asia. Singapore regarded with deep concern the decline of the US presence in the region since the defeat of the US in Indochina, for the fear that a decline in the American role could destabilize the region.²⁹ The Republic had been a champion of continued US

25 Lee Kuan Yew, in an interview to Derek Davies in *Far Eastern Economic Review*, October 26, 1979, p. 19.

26 Lee Boon Hick, "Constraints on Singapore's Foreign Policy", *Asian Survey*, vol. 22, no. 6, June 1982, pp. 531-32.

27 Nair, n.24, p.9.

28 Lee Boon Hick, n. 26, p. 528.

29 Shee Poon-Kim, "Singapore in 1977 : Stability and Growth," *Asian Survey*, vol. 18, no.2, February 1978, pp. 198-99.

involvement in South-East Asia in order to provide a counterweight to the Soviet, Japanese, Chinese and Indian navies.³⁰

Singapore relations with China must be seen in the context of China's policy towards the USSR and Vietnam and its implications for South-East Asia. Since the time of Mao Tse Tung, China saw Soviet Union as its main opponent.³¹ In course of time China's ideological equation with the USSR changed to one of Great Power relationship and the former tended to see the increase of Soviet influence in South-East Asia as a threat to its own territorial integrity. In 1956, when Mao was at the helm of affairs China refused to put a united socialist front against the US build-up in South Vietnam. China demonstrated its Pro-U.S. stance by receiving the Secretary of State, Henry Kissinger and President Richard Nixon in July 1971 and February 1972, respectively.³² Singapore saw these developments as dangerous to the security of South-East Asia. Thus, Singapore sought to increase the U.S. commitment in order to check the dangerous possibilities of Soviet-Chinese rivalries in the region.

China found in the Vietnam's occupation of Kampuchea a Soviet ploy to undermine its (Chinese) position in South-East Asia. Singapore did not like the proxy war China was fighting through the Khmer Rouge in Kampuchea. Singapore and other ASEAN members found in China's policy of "bleeding Vietnam white",³³ an imperialistic design to influence South-East Asia by force.

30 Ibid.

31 Lucian W. Pye, "Recent Trends in Chinese Foreign Policy", in K.K. Nair and Chandra Jeshurun, ed., n. 24, p.25.

32 Ibid, p. 26.

33 B.D. Arora, "The Problem", World Focus (New Delhi) Vol.11, no.10, October 1990, pp. 4-5.

Japan's atrocities in Singapore during the time of Second World War created deep suspicions against the Japanese. However, the growing bilateral economic ties between these two countries and the shift in the emphasis of Japan from military power to economic growth helped in building the trust of Singapore on Japan.³⁴ Singapore asked Japan to invest in the region of South-East Asia on the assumption that this would also make Japan interested in the security of South-East Asia.³⁵ The non-communist ASEAN countries always looked at China with suspicion. They found that in the event of China turning against their interests, Japan would come to their aid.³⁶ Japan too had a serious stake in the future of the region since it supplied to it (Japan) a large portion of its raw materials, and acted as a non-communist guardian of its sea-lanes to the Indian Ocean.³⁷ It must be remembered that the straits of Malacca, the South-China Sea and waters around Indonesia and the Philippines, had been of vital importance to Japan's maritime traffic.³⁸ On the issue of Kampuchea, Japan was not anti-Vietnamese in the way Singapore and other ASEAN countries were. It considered the Indochina conflict as one which involved complex regional elements such as Vietnam's traditional ambition to dominate the Indochinese peninsula, and the historical enmity between China and Vietnam.³⁹ Japan adopted a dual policy of developing a positive relationship with Vietnam, to keep a check on China, on the one

34 Dick Wilson, n.1, pp.51, 53-54.

35 Khong Kim Hoong and Paul Chan, "ASEAN'S Relations with Japan : Problems and Prospects", in K.K. Nair and Chandran Jeshurun, ed., n-24, pp. 80-81.

36 Ibid, p.80.

37 Rodney Tasker, "A Game of Friends and Neighbours," Far Eastern Economic Review, June 30, 1978, p. 20.

38 Reinhard Drifte, "Japan's Security Policy in Southeast Asea", Contemporary Southeast Asia (Singapore), vol. 12, no. 3, December 1990, p. 191.

39 Ibid, p. 193.

hand, and trying to bring vietnam closer to ASEAN to keep a check on the former's growing power, on the other.⁴⁰

Singapore's political and security concerns and its attitude towards the ASEAN members and foreign powers were reflected during its active involvement on certain issues like the communist threat, ZOPFAN, the cambodian issue, the Republic's offer of bases to the US, its views on ASEAN security, etc.

Singapore had used the bogey of communist threat to ensure its merger with Malaysia and the merger gave a political mileage to the PAP to consolidate its power base in Singapore.⁴¹ However, there was always a threat of communist subversion which Singapore shared with Indonesia, Malaysia and Thailand. In fact, it was the common concern for communist threat which brought them together ideologically, in spite of wide differences in their economic and social polices and attitudes.⁴² It was realised that ASEAN cooperation was necessary to eliminate the economic and social deprivation which had proved a fertile ground for communist subversive activities. All ASEAN members realised that self-reliance and national resilience were necessary to tackle this problem.⁴³ Singapore saw economic cooperation as the most effective way to check the spread of communism.⁴⁴

ASEAN was formed with a certain political and security objective (though not explicit in the Bangkok Declaration) of serving as a bulwark

40 Ibid.

41 T.J.S. George, Lee Kuan Yew's Singapore (Singapore, 1973), p. 73.

42 Alejandro Melchor, "Assessing ASEAN's Viability in a Changing World," Asian Survey, vol. 18, no. 4, April 1978, pp. 422-24.

43 Ibid, p. 423.

44 Straits Times, February 18, 1977.

against the expansion of Chinese communism in the region.⁴⁵ China was known for providing military assistance to communist forces in Indochina, communist insurgencies in South-East Asia, and for inspiring a coup attempt in Indonesia (1965).⁴⁶ Singapore did not face communist subversion in the same way as Thailand and Malaysia did, but it castigated China for inciting communist subversion in the region.⁴⁷ Singapore further declared that it would not allow the setting-up of a Chinese embassy in the Republic because of a threat to Indonesia from China.⁴⁸

ASEAN espoused the concepts of ZOPFAN (zone of Peace, Freedom and Neutrality) and the Nuclear Weapons Free zone for South-East Asia, so that the region could remain free from disturbances caused due to outside involvement and influence.⁴⁹ Originally, a Malaysian proposal for the establishment of a zone of peace, freedom and neutrality in South-East Asia, which came as an overall framework for the orientation of the relationship of Malaysia towards Indochina, ZOPFAN was adopted as the ASEAN slogan by the member countries in November 1971. The ultimate goal of ASEAN expressed through the 1971 Kuala Lumpur declaration was to make efforts towards turning South-East Asia into a "Zone of Peace, Freedom and Neutrality" (ZOPFAN). The concepts of ZOPFAN reflected the determination of the ASEAN countries to preserve their freedom and sovereignty.⁵⁰

45 Shee Poon-Kim, n.15, p.754.

46 Ibid, pp. 756-57.

47 *Times* (London), September 14, 1981.

48 *New Straits Times*, February 2, 1988.

49 Moechtar Kusuma Atmadja, "Some Thoughts on ASEAN Security Cooperation : An Indonesian Perspective," *Contemporary Southeast Asia*, vol. 12, no.3, December 1990, p.168.

50 Leonard Unger, "The International Role of the Association of Southeast Asian Nations" in Alan K. Henrikson and others, ed., *Negotiating World Order : The Artisanry and Architecture of Global Diplomacy* (Wilmington, Delhi Scholarly Resources, 1986), p. 150.

ZOPFAN was based on the basic premise that the ASEAN members would have their own way and seek their own pattern of political and economic development. They did not want to be caught in the East-West struggle and, thus, spoke of their equidistance from the super powers, in spite of their friendly orientation towards the US, Japan, Australia and the West European countries.⁵¹

Vietnam doubted the credibility of ZOPFAN proposal because of the involvement of the Philippines and Thailand—the two ASEAN members that collaborated in the US war efforts in Indochina. Vietnam saw this proposal as an ASEAN effort to legitimize the influence of the US and China in the region. Singapore was also not enthusiastic about the proposal as it thought the proposal might put a brake on the normalisation of ASEAN countries' relations with Vietnam.⁵² Despite this, Singapore reacted strongly when Vietnam repudiated the Malaysian proposal and charged Vietnam of trying to "overthrow" the ASEAN governments by "violence".⁵³ Even when Singapore endorsed the ASEAN consensus of ZOPFAN, it made it clear that a continued US presence was desirable until that objective was achieved.⁵⁴

On the question of Vietnam's occupation of Kampuchea, Singapore had been maintaining its image of the most vocal critic (among ASEAN members) of Vietnam. Vietnam's occupation of Kampuchea in December 1978, and this installation of a pro-vietnamese regime in Phnom Penh, sent a

51 Ibid, p. 159.

52 Far Eastern Economic Review, September 3, 1976, p. 14.

53 Straits Times, August 5, 1989.

54 Bangkok Post, August 7, 1989.

shock wave throughout South-East Asia.⁵⁵ The ASEAN countries looked towards it as a change in the regional balance of power-Indochina dominated by Vietnam pitted against ASEAN.⁵⁶ Thailand had long considered itself a frontline state. The presence of 150,000 Vietnamese soldiers in Western Cambodia posed a threat to the security of Thailand.⁵⁷ Malaysia, Thailand's next-door neighbour, could not ignore the implications, especially since Kuala Lumpur and Bangkok conducted joint military operations against Malaysian communist insurgents along the northern border.⁵⁸ Malaysia's perception was, however, in tune with the Indonesian view point which did not consider Vietnam as the main and immediate threat to the security of South-East Asia. Indonesia saw Vietnam to be radically nationalist and strong deterrent against China. The punitive actions of China in Vietnam, in February 1979, reinforced the fear of Malaysia and Indonesia from China.⁵⁹ The Philippines, though closer to Vietnam on bilateral terms, agreed with the ASEAN response of opposing Vietnam's occupation and calling for withdrawal of all foreign forces from Cambodia. ASEAN decided to deny to Vietnam the fruits of its aggression by mobilising world opinion against Vietnam's occupation.⁶⁰

Though Singapore was upset due to Vietnam's occupation of Kampuchea, it was not surprised. Even before the invasion, Singapore was

55 Abdulgaffar Peang Meth, "A Study of the Khmer People's National Liberation Front and the Coalition Government of Democratic Kampuchea," Contemporary Southeast Asia, vol. 12, no.3, December 1990, pp. 173-75.

56 B.D. Arora, n.33, p.4.

57 Ibid. Also see Russel H. Fifield, "ASEAN : Image and Reality", Asian Survey, vol. 19, no. 12, December 1979, p. 1199.

58 Russel H. Fifield, n. 57, p. 1199.

59 Arora, n. 33, p.4.

60 Ibid.

suspicious of Vietnam. To quote Rajaratnam⁶¹ : "There is no such thing as falling dominoes or prospects of it in the non-communist states of ASEAN. But there could well be a reverse falling of dominoes in other areas of South-East Asia (Indochina). Now we know that nationalism can act as a virus for communist as well as non-communist states".⁶² Rajaratnam was realistic about the dangers to the region as a result of the big power involvement in Vietnam - Cambodian conflict and the recent friction between Vietnam and China.⁶³ Lee Kuan Yew also voiced his fear that the conflict might escalate. He, however, expressed the hope that "sanity will prevail".⁶⁴ Singapore had a fear that the spillover of the conflict in Indochina (between Cambodia and Vietnam, and China and Vietnam) would affect foreign investment by undangering the stability in the region.⁶⁵ Singapore also feared that the Vietnamese - Cambodian conflict would be used by the Soviet Union and China to wage a proxy war which might expand and involve Thailand and the rest of ASEAN members. However, the immediate threat to Singapore and the other ASEAN members was due to the influx of refugees (Cambodians) in their territories. The refugees, mostly ethnic Chinese, were capable of upsetting the peaceful environment of ASEAN region by exacerbating local sensitivities. They could also alter the demographic situation and endanger ASEAN prosperity, peace and stability. In future, the refugees could pose grave political and security problems and, thus, add another element of instability to the region which was already suffering from

61 S. Rajaratnam was the concurrent Deputy Prime Minister of Singapore.

62 Cited in Rodney Tasker, n. 37, p. 19. S. Rajaratnam was the Deputy Prime Minister of Singapore.

63 Ibid.

64 Lee Kuan Yew in an interview to Michael Richardson in Far Eastern Economic Review, December 24, 1978, p.18.

65 Shee Poon-Kim, "Singapore 1978 : Preparation for the 1980s", Asian Survey, vol. 19, no.2, February 1979, p. 128.

the widespread insurgency problem.⁶⁶ Rajaratnam tried to persuade the ASEAN partners that Vietnam would not listen to reason and warned that "the Vietnamese will have a shrewd idea of whether they are dealing with ASEAN mush or steel".⁶⁷ Hence Singapore joined other ASEAN members in requesting US, Australia, Canada and France to share the burden of refugees on ASEAN by taking in larger number of refugees each year themselves.⁶⁸

The Kuantan proposal of Indonesia and Malaysia desired of Hanoi to remain outside either Soviet or Chinese influence and assured of ASEAN help in gaining Western economic aid, and a recognition of its security interests in Cambodia.⁶⁹ Though Thailand and Singapore shared this perception, they also viewed Vietnam as the immediate threat. At one time, Singapore even charged ASEAN of not being really interested in reducing regional tension.⁷⁰ Though Singapore dissociated itself from the Kuantan proposal, Lee Kuan Yew made it clear that he was thinking in terms of acknowledging Vietnam's leadership of Indochina.⁷¹

Throughout 1981, Singapore spearheaded the ASEAN diplomatic offensive to isolate Vietnam internationally and create pressure for a political settlement. From 1980 onwards, Singapore had started promoting the creation of a third force, a Coalition of anti-Vietnamese Khmer factions. Rajaratnam tried to lobby the new US President Reagan administration on US arms support for the Khmer resistance groups.⁷² Singapore's efforts in this regard

66 Far Eastern Economic Review, June 30, 1978, p. 21.

67 Asiaweek (Hongkong), July 13, 1979, p.9.

68 Ibid.

69 B.D. Arora, "ASEAN : An Important Actor", World Focus, vol. 10, no. 2, p. 12.

70 Nayan Chandra, Far Eastern Economic Review, July 24, 1981, pp. 13-15.

71 S. Awanohara, Far Eastern Economic Review, August 22, 1980, p.11.

72 Chang Heng Chee, "Singapore in 1981 : Planned Changes, Unplanned Consequences," Asian Survey, vol. 22, no. 2, February 1982, p. 224.

was inspired by its convictions that it was difficult to secure international support for Pol Pot-led resistance against Vietnam because of Pol Pot's involvement in the genocide in Cambodia. The Republic sought to broaden the base of the resistance and it was successful in its diplomatic efforts to host a tripartite meeting of the three Khmer factions led by Son Sann, Prince Sihanouk and Khieu Samphan, leading to an agreement to form a coalition of these different factions fighting against the occupation of Cambodia by Vietnam. By November 1981, Singapore had crystallized the proposal further to suggest the formation of an interim Cambodian government of the three factions in a loosely structured coalition. Finally, the efforts of ASEAN, especially Singapore, resulted in the formation of the Coalition Government of Democratic Kampuchea (CGDK) in June 1982.⁷³ It was also the intense ASEAN efforts which compelled China to accept the CGDK in spite of its reluctance to do so.⁷⁴

Singapore championed arms support to the non-communist factions of the resistance. Malaysia too favoured Singapore's approach. Singapore thought arms support to be a necessity and asked the Western nations to come forward to support the resistance. Lee Kuan Yew stressed that unless the non-communist resistance in Cambodia were better armed, the blood-stained Khmer Rouge might have an advantage in the event of Vietnam's withdrawal from Cambodia.⁷⁵ Singapore, like other ASEAN countries, maintained that the Pol Pot faction of the Khmer Rouge should not be allowed to come to power.

73 Donald E. Weatherbee, "The Diplomacy of Stalemate" in Donald E. Weatherbee, ed., Southeast Asia Divided : The ASEAN - Indochina Crisis (Colorado, 1985), p.4.

74 Lau Teik Soon, "ASEAN and the Cambodian Problem", Asian Survey, vol. 22, no. 6, June 1, 1982, pp. 556-57.

75 Asiaweek, January 8, 1982, p.19.

In spite of its best efforts in trying to bring solution to the Cambodian problem, Singapore had been charged of being hawkish in its approach to the same. There was a conspicuous element of self-contradiction in Singapore's policy on Cambodia. While the country vigorously advocated an intended boycott of Vietnam, its enterprising businessmen were engaged actively in trading with the Socialist state, with trade dealings estimated at more than US \$ 250 million annually. This was second only to transactions between Vietnam and Japan during the 1980s.⁷⁶ Singapore did not want to exacerbate tensions with Vietnam to a degree that would discourage foreign investment and trade. Singapore did not want to break its relations with Hanoi.⁷⁷

Vietnam's occupation of Kampuchea and ASEAN's opposition to it brought into focus the security problems of Southeast Asia in general and ASEAN region in particular. Lee Kuan Yew stressed in 1982 that it might be the time to begin greater military cooperation within ASEAN. The ideal he said, "would be multilateral exercises encompassing all the members".⁷⁸ In the light of the above statement, an assessment of ASEAN security situation and the attitude of Singapore towards it could be made.

For ASEAN, 'security' had been one of the most comprehensive terms. It included disturbances against internal security of a political nature, e.g., sedition, secession or rebellion, etc., and common crimes. The police looked after the criminal code, but internal disturbances of a political nature were more complex and formed a border area merging into the realm of

76 Bangkok Post, August 7, 1989.

77 Marcel Barang, "Business is Business", South (London), September 1984, p. 15.

78 Asiaweek, October 22, 1982, p. 24.

military.⁷⁹ The ASEAN countries felt that the Indonesian formula of national resilience would be the best way to check internal disturbances. This also led them to cherish a thought of self-reliance in defence and security. They started thinking in terms of genuine non-alignment which would not be possible without the cooperation of ASEAN members to work together to create a viable defence.

A brief profile of ASEAN members' defence capabilities would further throw light on the possibilities of ASEAN security cooperation. It is clear that ASEAN's total military capabilities by 1982 was 767,900 soldiers, 513 combat aircrafts and 322 naval vessels.(See the following table)⁸⁰ This strength did make possible an ASEAN security system capable of defending the region itself.

Singapore's championing of the cause of multilateral military exercises was inspired by the bilateral military cooperations already taking place among the ASEAN members. Singapore had been undertaking military exercises with the armed forces of Indonesia.⁸¹ 1980s marked increased military, cooperation among Indonesia, Malaysia and Singapore, though they were limited only to the exchange of data intelligence, standardization of equipment procedures etc. Joint military operation could also be seen in the case of Malaysia and Thailand which staged a joint operation against insurgents on their troubled joint border. Malaysia and Singapore held joint naval exercises in the straits of Malacca.⁸²

79 Moechtar Kusuma Atmadja, n.49, p. 163.

80 Table is given on page 83.

81 Ibid, p. 24.

82 Ibid, p.25.



















Indonesia's opposition to the military presence of foreign powers and its championing the cause of organised security cooperation within the ASEAN were also shared by Malaysia and Singapore which felt that if and when foreign military presence would be withdrawn, ASEAN would be ready to take up the challenge of defending itself. The change in the US policy on Indochina and a growing US-China tie-up created suspicions in the minds of ASEAN members, who could not speculate whose side the US would take in the event of a conflict between China and any one of them.⁸³

The task of planning a viable security system for South-East Asia fell mainly on Indonesia, Malaysia and Singapore which were fully committed to ASEAN and had been like-minded on important ASEAN matters. Though individual ASEAN countries often downplayed military and security cooperation, there was a feeling that such cooperation would cut down cost and help in the process of development in the ASEAN region. Lingering suspicion within the ASEAN weakened their will to work together on defence and security matters. The greatest barrier to the integration of the defence of the region was the fear that a militarily united ASEAN would be drawn into a superpower conflict.⁸⁴

83 Moechtar Kusuma Atmadja, n. 49, p. 165.

84 Asiaweek, October 22, 1982, p. 31.

TABLE
ASEAN MEMBER'S DEFENCE CAPABILITIES

THAILAND	PHILIPPINES
 238,100  191  71	 112,800  120  120
SINGAPORE  42,000  93  22	
MALAYSIA  102,000  37  97	INDONESIA  273,000  72  62
INDEX  Men Under Arms  Combat Aircraft  Naval Vessels	

SOURCE : Asiaweek, October 22, 1982, p. 26.

CHAPTER V

CONCLUSION

The achievements of Singapore had been remarkable when viewed against the lack of natural resources in the country and the disequilibrium in the balance of power in the region of South-East Asia. Despite its small size and a multiracial population, the Republic had been able to achieve a status which was nearly at par with the other developed nations of the West. Singapore's search for regional identity, which started immediately after independence, had been bearing fruits. In spite of its diversities with the ASEAN member countries, Singapore had been exerting a major influence in the ASEAN.

However, this would not have been possible, had Singapore not been able to evolve itself into a homogenous society. It was to the credit of the leaders of the People's Action Party (PAP) that Singapore's priorities were set right. It was the political maturity of Lee Kuan Yew that the communists were kept out of the country's polity, which made it possible for the evolution of a society based on the free play of market forces. The political leadership of the country helped in the evolution of a single national identity for the people of Singapore, i.e., the Singaporean national identity without which the country could not function in union. Lee Kuan Yew deserved credit for realising that people would work for the development of their country only when they would enjoy a sense of security and unity. It was chiefly this realisation on the part of the leadership that cultural and linguistic diversities were enveloped in a strong commonly shared feeling of being Singaporeans.

The process of evolution of a homogenous society was complemented by the process of evolution of a regional identity which found expression in Singapore's membership of the ASEAN. In order to become ASEAN spokesman, Singapore needed to demonstrate its own strength and unity. The Republic became successful in demonstrating to the other ASEAN members its overall growth and development and that it had much to contribute to ASEAN resilience. It was chiefly this which made Singapore's voice dominant in all the ASEAN forums.

ASEAN, in fact, proved to be an effective instrument to iron out mutual differences and suspicions of the member countries. Disputes got settled through talks: Confrontationist attitudes gave place to a relationship of trust and complementation. ASEAN spirit of friendship and cooperation manifested in the change of attitudes of Indonesia towards Malaysia and Singapore, and of the Philippines towards Malaysia over the former's claim on Sabah.

Singapore thought that the platform of ASEAN would make the voice of the Republic stronger and it would be able to speed up the process of neutralization of foreign powers in the region. The geo-strategic location of the Republic demanded that it should not be aligned with any major power. Singapore appeared to have become successful in its attempts. Allowing all the powers to invest in the region and remain in and around the country, Singapore made its intentions clear.

Singapore's efforts to neutralize the major powers, ie., the U.S., Soviet Union, China and Japan were a necessity even from the viewpoint of its

security. A small island state without any natural resources and surrounded by big and ambitious neighbours perceived threat to its very existence. It was due to these considerations that the leaders of Singapore did not want separation from the federation of Malaysia and eventual independence. The Republic needed an assurance of its security which its own small defence capabilities could not give. Earlier, this role was filled by Britain and Malaysia. Singapore realised that only when all the major powers had stake in the country, the Republic would be safe. It started increasing their stake by encouraging investment by them in the Republic. No discrimination was resorted to in this regard. This also helped in strengthening the voice of Singapore in international forums.

Singapore's international relations were aimed at developing the Republic into a global city. This aim of the Republic brought it nearer to the ASEAN due to the realisation that a strong ASEAN would complement Singapore's efforts in this direction. Singapore realised that the concept of global city would remain a myth without acquiring a respectable regional standing. This motivated Singapore to work for the development of ASEAN countries.

This realisation and its own economic compulsions put Singapore at the front-stage in shaping the economics of the ASEAN countries.

Feeble economies of the ASEAN which were earlier taken advantage of by the powerful economies of the West, suddenly discovered that they were not weak and started asserting themselves. It was, in fact, the combined voice of ASEAN that attracted the attention of Japan, EEC, and other developed countries of the West. Japan's Fukuda doctrine was a recognition of the

importance of ASEAN which was also demonstrated in the efforts of EEC to boost its trade with the ASEAN. The ASEAN countries put a united effort to compete with the economically powerful countries and they became successful too. It is worth mentioning that, during the period under study, Japan, EEC and the US entered into substantial trade relations with the ASEAN countries.

In putting a joint front and championing the cause of ASEAN economy, Singapore's voice had been very powerful. A country adept in international business, Singapore knew the major causes of irritants in international trade and the discriminatory practices adopted by the powerful West. It had changed its own economy, accordingly, to suit the standards of international business. However, the Republic was not blind to the realities of the less developed economics of its ASEAN partners. Singapore always raised its voice against the discriminatory practices of the West. On the one hand, it asked the ASEAN members to encourage foreign investment in their countries; on the other, it asked the EEC, Japan, the US and others to open their markets to ASEAN products. Singapore had been an ardent critic of protectionism resorted to by these countries. The Republic had been emphasizing that trade was possible when the partners were equal.

Within the ASEAN, Singapore emerged as a champion of free-trade. This was definitely due to the country's own market situations which operated on the principles of free trade. But, it was also influenced by its desire to make ASEAN economy more competitive. Protectionism resorted to by ASEAN members was making their products costly and less competitive in the world market. It was also hindering the scope of bilateral and multilateral

trade when Singapore entered into bilateral reduction of tariffs with the Philippines in 1977, the only aim was to speed up the process of evolution of ASEAN economic cooperation. It was Singapore's efforts that made "free-trade" a long term objective of ASEAN.

The importance of Singapore's voice, in the ASEAN, had been because of the level of development the country had achieved and the dependence of ASEAN members on the Republic. ASEAN's international business depended not only on the multinationals which had their headquarters at Singapore, but also on the infrastructural facilities it provided in the form of banking, financial institutions and international money markets. ASEAN countries were linked to Singapore through trade and investment also. The trade of ASEAN members with Singapore, during the period under study, had been substantial. Along with the US and the EEC, Singapore had been one of the largest investors in the region.

The influence of Singapore in ASEAN was also due to the Republic's contributions in building the spirit of comradeship in the region. Singapore always downplayed the tone of Chineseness in its domestic and inter-state policy in spite of its majority Chinese population. This was because the Republic understood ASEAN members' sensitivities to China's influence in the region. It is worth recalling that Singapore had stressed on holding the ASEAN Heads of Government Meeting at Manila, to demonstrate ASEAN solidarity.

The period from 1976 to 1987 had been a period which roughly coincided with the conflicts in the Indochina region. Vietnam attacked and occupied Kampuchea in December 1978 and, subsequently, China invaded

Vietnam in February 1979. By the end of the nineteen eighties the ground for the Vietnamese withdrawal from Kampuchea had been almost prepared. This was the reason that ASEAN activities vis-a-vis the Indochina crisis overshadowed all its other activities.

Singapore with the other ASEAN partners adopted the policy of vehemently opposing the Vietnamese occupation of Kampuchea. Vietnam's action was seen as a direct infringement of the sovereign rights of an independent and sovereign nation. Though Singapore had no love lost for the Khmer Rouge led by Pol Pot and his clique, it had to oppose the Vietnamese occupation as it questioned the very right of survival of a smaller nation against its bigger neighbours. Perhaps, Singapore wanted to ensure its own future from the possible ambitions of its big Malay neighbours.

This observation gained ground due to the hawkish approach of Singapore towards the Kampuchean problem. On the one hand the Republic criticized Vietnam at all fronts; on the other, it tried to establish better trade links with the latter. While trying to understand Singapore's position it must be kept in mind that, in its relationship with Vietnam, Singapore was trying to strike a balance between its security needs and economic realities. Nevertheless, it could not be denied that it was Singapore's persistent efforts within the ASEAN that helped create a strong international lobbying in denying international support to Vietnam.

It was to the credit of Singapore along with Malaysia and Thailand that the CGDK (Coalition Government of Democratic Kampuchea) was formed in 1982. In spite of its reservations about threat perception from China or the Soviet Union to its own integrity, Singapore worked closely with the ASEAN

partners on the question of trying to find solutions to the Kampuchean problem.

Despite reservations of some ASEAN partner's such as Indonesia and Malaysia, on the question of arms support to the Khmer resistance, Singapore felt convinced that arms help to the coalition could bring strong pressure on Vietnam to withdraw from Kampuchea. This could also help in checking the Pol Pot faction of the Khmer Rouge from coming to power after the Vietnamese withdrawal.

Even when Singapore had reservations about ZOPFAN and the Kuantau proposal, it did not support Vietnam. And when ZOPFAN became an ASEAN call, Singapore's voice of dissent melted away. When Vietnam gave a counter proposal to the ZOPFAN, Singapore charged Vietnam of trying to destabilize the region.

Singapore's opposition of Vietnam could also be seen as a manifestation of its strong anti-communist approach. Vietnam's victory in the Indochina against the US had already made it powerful. Its occupation of Kampuchea brought Vietnam closer to the ASEAN frontiers. If unchecked Vietnam had the potentialities of encouraging communist subversive activities in the ASEAN region. ASEAN countries had already been taking bilateral and multilateral steps to suppress communist insurgencies.

Singapore also emerged as one of the greatest advocates of an ASEAN security system. ASEAN needed to have its own defence to force any challenge in the future. The defeat of the US in the Vietnam War, and a decrease in the US commitment in South-East Asia, gave strength to the idea

of an ASEAN security system. It was also a fact that, though security was never on the agenda of ASEAN, it was security threat due to Indochina conflict that brought ASEAN together during the period under study. Singapore's advocacy, along with Malaysia and Indonesia, of an ASEAN security system, was also a manifestation of the effects of bilateral military operations obtaining among the ASEAN countries.

Thus, working within the framework of ASEAN, Singapore worked for the overall development of the ASEAN region, which was enveloped in underdevelopment, unemployment and poverty. Despite its small size the Republic emerged as an outstanding spokesman of ASEAN. This was due to a combination of various factors like a foreign policy which showed farsightedness and accommodated various viewpoints, the pragmatism and maturity of the leader and their command on English language, its connection with the developed world-socialist and capitalist, and the emergence of the Republic as an admirable model for development.

Looking into the future it could be said that, with conflicts giving place to cooperation in the region, and the possibility of an end to the cold war politics, ASEAN's voice of cooperation would become stronger. Whether the ASEAN countries would emulate Singapore as a model would depend much on Singapore itself. With its modern technology and skilled manpower Singapore would be capable of instilling confidence in its ASEAN partners. Singapore's emergence as an economic giant would enable it to play an active role in the economic life of the region. The ASEAN countries while building the infrastructure for their own economic growth would turn towards Singapore for modern technology and expertise. However, it would need

greater will on the part of the Republic to share its prosperity with its poorer neighbours, and a reciprocal complementation from the latter. Seeing the way Singapore had been working within ASEAN, there are all possibilities that the Republic would work towards strengthening ASEAN economy. The future of Singapore would depend, in a real sense, on the future of its ASEAN friends. If they would remain poor and underdeveloped, Singapore would not be able to go very far and the backlash effect may be dangerous for the Republic's growth and progress.

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