

Accounting for good governance in post-crisis Southeast Asia

Abstract

It is reasonable to assume that ethical behaviour and accountability are fundamental tenets of good governance in both public and private sectors. Scrutiny of the way good governance is interpreted and applied throughout much of Southeast Asia suggests that this is not necessarily the case. Specifically, good governance tends to be program, as distinct from practice driven, particularly in the economies that were hardest hit by the 1997 economic crisis. Interestingly, these have been the economies that the largely external interests driving the good governance agenda have mostly targeted. This in itself tells us something about the difficulty of obtaining 'good' outcomes from international pressure, and helps to explain how accountability and ethics have become disconnected from good governance in post-crisis Southeast Asia. Finally, the paper offers some suggestions for reasserting emphasis on practices, rather than relying on the less transparent, and more politically vulnerable programmatic approach.

Introduction

This paper is concerned with how international and domestic pressures have sought to influence alleged practices such as unethical behaviour, corruption, and a lack of transparency that arguably contributed to the Asian financial crisis. In particular I am interested in how 'good governance' prescriptions have been interpreted, responded to, and implemented, and how this has resulted in some 'governance' practices that are arguably anything but 'good'. From the case study discussions to follow, good governance is found to hinge on substantive redistribution of power and greater equality that alone advances the social and political aspects of the notion. While commitments to good governance programs and policies are commendable, it fails to create the sorts of checks and balances that meaningful representation and unfettered contestation provide.

This paper is based on the research of a larger work focussed on the politics of good governance in the so-called ASEAN 4 states.¹ Three findings from this study are worth considering here. First, local political elites are well able to use notions of good governance for political point scoring. Second, grassroots and non-government organisations (NGOs) tend to interpret good governance in terms of historical, economic and cultural circumstance, and as an opportunity to operate outside the state apparatus. Third, external development agencies promoting good governance are finding themselves caught-up in a complex discursive interplay between local interests, prompting a rethink of their agenda expectations. All three findings have implications for the continually evolving meaning of good governance. This is important because getting the economy back on track is a major source of legitimacy in post-crisis Southeast Asia, and good governance is playing an increasingly pivotal role in these perceptions. However, it should be emphasised that good governance is not just a policy agenda of state administrations, but actually operates at the interface between state and civil society, seeking to expand policy communities by including a range of organisations and interest groups in the political process.²

The initial task here is to explain what is actually meant by 'good governance' within its evolving theoretical context, and then it will be shown how there are important nuances in the way the notion is interpreted in Southeast Asia. The case studies presented are the ASEAN 4 states, Thailand, Malaysia, Indonesia and the Philippines. The economies of these states were profoundly impacted by the economic crisis that swept through the region in the late 1990s. While Malaysia and Thailand have graduated from most donor-funded development programmes and many, particularly urban-based citizens, are beginning to enjoy higher incomes and better services, the multilateral financial institutions still have considerable leverage in their economies. This point was emphasised during the crisis in Thailand *vis-à-vis* the International Monetary Fund's (IMF) bailout, while the posturing of the Malaysian Prime Minister, Mahathir Mohamad, is indicative of the kind of pressure and publicity that can be exerted by international interests. Poverty is more widespread in the Philippines and Indonesia, and the many internationally funded development projects underway are likely to continue running for many years to come. This lends a great deal of leverage to donor organisations, and discovering how this leverage is being used and received in terms of the good governance agenda is important for understanding shortfalls in achieving better practices.

Good governance theory

In the words of Thomas Weiss,

"[g]overnance and its prescriptive partner of good governance have elicited not only commentary by scholars and development practitioners but also policy changes by national governments and international funding agencies. The forces of democratisation and globalisation are pressuring 'good governance' proponents to reorient their priorities from the exigencies of economic growth and efficiency to those governance policies and institutions that best promote greater freedom, genuine participation and sustainable development."³

Weiss is describing the new mood in the development community marked by the release of the *1997 World Development Report*. The report focussed on state capacity building by developing partnerships and institutions both internationally and locally through citizen participation. Overnight, the good governance agenda was broadened to include human rights issues, and a new emphasis was placed on striking a balance between the state and civil society. However, the good governance story doesn't stop here. Martin Doornbos suggests that,

"when other, less tangible concerns have lost their immediate pertinence or self-evidence, or when donors sense they do not quite get a grip on them, it will be [the] hard core of financial accountability questions that keeps standing out as the core of 'good governance' concerns."⁴

What Doornbos is arguing is that 'good governance' as a policy prescription is beginning to lose its initial shine to the donor community "due to its lack of tangible utility" and the impracticality of 'interventionist' political conditionality.⁵ Donors are discovering how difficult it is to measure compliance, and also are finding out that diverting aid to sub-state and non-state actors is beginning to weaken rather than build state capacity. But while the term "appears to be evolving into a general figure of speech without too much practical consequence" from a donor point of view,⁶ new life is being breathed into 'good governance' by developing countries themselves in terms of specific practices such as accountability. African leaders for example have placed good governance at the centre of the NEPAD (New Partnership for Africa's

Development) initiative.⁷ And in Southeast Asia, some leaders have enthusiastically embraced good governance discourse, and are using it to build legitimacy in their administrations.

It is important to realise that 'good governance' is not a fixed notion. It is instead an evolving and increasingly influential discourse that introduces new ideas about public policy, which are often subject to disparate interpretations. The discourse combines liberal democratic notions with a 'new public management' (NPM) approach to economic policy-making that is beginning to express itself in policy and practice throughout the developing world. This is occurring in a post-Cold War, and increasingly 'post-Washington consensus' environment that explicitly recognises the potential importance of the social and economic impacts of disaffection caused by structural adjustment programs. The discourse is clearly value laden and thus ideological in orientation, and is aimed at constructing (enabling) a capacity to govern with increased transparency, openness, accountability and participation.

World Bank publications are central to any discussions of good governance. Its origins can be traced to the World Bank's disappointment with earlier 'mainstream' approaches to development assistance, with a simplified list commencing with physical capital, followed by human capital and then structured policy reform. Good governance began to surface in the late 1980s as institutional reform initiatives, which were supplemented by 'new' good governance or social development in the 1990s.⁸ The notion emerged following the ascendancy of rationalist economics in advanced economies, with questions beginning to be asked about government size, capability and efficiency. Increasingly, the Bank appeared to form the opinion that political reform had to be encouraged on recipient countries own terms, while programs aimed at fostering plural and stable institution building were undertaken.⁹ 'Good governance' was chosen as an appropriate label for this new orientation, conjuring up positive notions of enlightened networking, power distribution and expertise in contrast to negative connotations of military empowered authoritarian government often associated with developing countries. Moreover, the term helped to smooth over the Bank's transition from limited concerns with public administration to more inclusive ideas suggesting that institutions matter. Indeed, the Bank has good reason to de-politicise its re-orientation on the grounds of maintaining neutrality, which helps to reinforce its legitimacy. This approach to hands-off 'public (P)olitics is officially explained by the restrictive Articles of Agreement in its original Charter.¹⁰

According to the Bank's 1992 publication, *Governance and Development*, factors such as legitimacy, participation of civil society, basic human rights and pluralism all contribute to notions of good governance.¹¹ While this undoubtedly entailed a widening of the Bank's focus, public sector objectives such as efficiency, independence, accountability and transparency maintained a priority in the emerging discourse.¹² Meanwhile, the term quickly became fashionable with development interests, joining 'sustainable development' as one of the most frequently used, indistinct and misunderstood buzzwords in contemporary political discourse.¹³ The ideas associated with the term increased expectations for donor and recipient countries alike, and it found its way to the centre of rhetorical prescriptions for the achievement of consistent economic growth. Moreover, it has come to symbolise efforts in the war against corruption, while democratic frameworks are implicitly included in the emerging agenda. All this 'fanfare' has encouraged an escalating number of actors to pursue good governance in its numerous forms, resulting in a complex of transactions that has been taking place in targeted countries. And as 'good governance' is set against a background permeated by its appeal to 'common sense', this makes it all the more powerful.¹⁴

Exploring the rationality of good governance further, it is suggested that it is grounded in assertions of the moral existence of the good, and its antithesis, a bad or unacceptable approach to public management. The rationale hinges on the assumption that morality rather than raw power should ideally determine management decisions, and envisions working towards mutuality between political and business leaders, and citizens and employees. Such a view appears to be informed by the mutual obligation and reciprocity practices, which are enjoying increasing popularity with policy-makers in more advanced administrations. Moreover, the term upholds a universal morality that is inevitably compared to managerial standards in the West, and therefore has limited flexibility to cater for cultural, social, political and other contextual variations. This has invited much criticism of the agenda from grassroots organisations.¹⁵

While good governance rationality may be universal, it is also explicitly utilitarian. Good governance is projected as a 'learned' mutually benefiting set of moral practices, and this in itself suggests that it is not 'natural', but better conceived as a construct based on rule conforming normative behaviour.¹⁶ Its utilitarianism allows it a morality all of its own, freeing it to pursue self-interest as long as governance measures strictly comply with one of its fundamental components: the rule of law. This logic suggests that good governance frameworks imply a dichotomous tension between 'intrinsic' and 'external' moral concerns. While intrinsic morality related to its narrow band of objectives are adhered to, externalised sensitivities of stakeholders with different interests can be discounted. This runs contrary to ideas about the importance of mutuality and consensus that the discourse appears to espouse, simply because good governance is not being seriously challenged by competing approaches to polity management that recognise broader or diverging objectives.

The World Bank in particular emphasises the technical aspects of a 'legal framework for development'. The Bank argues that there should be a set of rules known in advance, that these are to be enforced, conflicts are to be resolved by an independent judiciary, and there must be mechanisms for amending rules when they are found inappropriate or no longer serve their purpose.¹⁷ The utilitarian rationale of these Bank guidelines is clear and the implications for minimising economic transaction costs are obvious. What the Bank's vision lacks though beyond vague references to appropriateness and participation are real opportunities for local stakeholders to oversee the implementation of good governance programs. Admittedly this is beginning to be addressed in project designs, as the World Bank's fraud unit, which has been studying 30 cases in Indonesia alone, is finding that locals manage projects with far greater accountability than 'experts'.¹⁸ In Bandung for instance, local social workers are beginning to understand that they need to practice as well as teach good governance.¹⁹ This indicates that the utilitarian rationale underpinning the technical construction of good governance could be fading as communitarian values take hold.

Another perspective suggests that rather than fading, utilitarian principles may simply be expanding by making concessions. This could be happening in much the same way that neo-liberal states, which subscribe to modern Anglo-American ideas of public policy, appear to be responding to criticism arising from disaffected stakeholders. According to this view, communitarian values are embraced by universal claims of shared conceptions of the common good, allowing utilitarian goals such as sustained economic growth to be cast as a collective responsibility. This has been flagged by the emergence of a 'politics of inclusion', a corresponding reduction in the legitimisation of oppositional activity and notions of civil society as a site of contestation.²⁰ The line of demarcation between inclusion in the state and in the wider polity has become blurred, and this has implications for democratic process.²¹

It is possible then that the transition from utilitarian 'state' to universal 'common good' perceptions effectively muzzles oppositional, largely 'communitarian', voices, at least in regard to economic goals.

An important perception reinforcing the claims of governance as an instrument for the pursuit of the common good is the neo-liberal tendency to see the state as an oppressor. This is understandable given the privileged position of international capitalism in governance frameworks.²² It is this propensity to cast global trade and investment in a favourable light which are behind calls for a 'smaller', 'hands-off' state, although what appears to be occurring in advanced 'Western' economies is a 'hollowing' out of the state. This is the maintenance of state structure, while civil society increasingly takes on the activities traditionally carried out by the state.²³ This is fuelling the 'competition state', as 'distributive states' are losing their autonomous policy-making capacity.²⁴ Accordingly, neo-liberal ideology asserts that a higher common good is realised by free markets endowed with a sense of social responsibility rather than by distributive policy. This assertion is possible because neo-liberal ideas tend to view wider social justice concerns as neither intrinsically 'good' nor 'bad'.²⁵

This moral delineation is a significant point of departure between good governance and its neo-liberal roots. Good governance, which by definition implies the existence of bad governance, is reified by its supporting discourse to the extent that it is conceptualised as "the means by which societies deliver collective goods and minimise collective bads".²⁶ Given that the separation of good and bad is a value laden exercise, this dichotomy tells us much about the normative perceptions of the proponents of good governance. It is therefore not surprising that good governance policies tend to address 'bad' rather than 'good' practices.²⁷

Good governance also induces ideas of a collective project for the 'common good', using lots of 'good sense' that simply appears to be 'common sense'.²⁸ However, these conceptions gloss over the unequal power relationships that result from overlaying good governance frameworks on existing, vertical power structures that elites manage to keep intact. How this is done is a major focus in the case studies to follow, but in short it is because good governance is focussed on market and managerial reform as if they were insulated from political processes. Notions of openness, transparency, accountability, equity and responsiveness may sound very much like communitarian values, but a deeper analysis finds good governance amenable to privileged interests. Thus, a central claim in the good governance discourse, the removal of 'crony capitalism', free-rider and rent seeking behaviour, is rendered unsustainable on the grounds that these are invariably politically sanctioned.

Being narrowly defined by goals aligned with public choice theory, the good governance agenda is interpreted as a revisionist neo-liberal challenge to the state.²⁹ It is revisionist in that the economic principles supporting good governance make room for democratic, social and human rights dimensions. This is qualified by implying a dispute-free democracy, a non-contesting civil society and a passive rights movement grounded in notions of inclusion. From this perspective, good governance attempts to transcend ideology by adhering to a persuasive humanitarian discourse while concentrating on the structural components of its agenda. The result is an intensely normative package designed to school administrations in the drafting of governance enhancing regulation while notions of capacity building are systematically nurtured.

Thailand, where the Asian economic crisis first hit, opted for neo-liberal solutions at first, but reforms have stalled under their new Premier. The reverse has taken place in the Philippines with their new leader committed to neo-liberal reform replacing a deposed populist President convicted on corruption charges. The reform movement has also cut a swathe through Indonesian politics fuelled by corruption allegations. Meanwhile, Malaysia's long-term Prime Minister is managing to implement corporate governance initiatives modelled on its economically advanced neighbour, Singapore, which are being warmly received internationally. Admittedly, interpreting policy changes in Southeast Asia as post-crisis protection ignores the impacts associated with economic globalisation more generally. Therefore, both of these phenomena must be kept in focus to obtain a clear picture of the way Southeast Asia is responding to these challenges, and how we can account for the progress of the good governance agenda.

Thailand

Good governance has emerged as an important element for reinforcing the legitimacy of regimes in Thailand since the May 1992 Bangkok demonstrations. Its rise is closely aligned with a movement that ultimately led to the drafting of Thailand's 1997 constitution. The new constitution, which above all is designed to combat corruption, embodies three major reform priorities: increased people-participation in government at all levels, and stronger guarantees of human rights; the creation of 'watchdog' agencies and emphasis on more transparent and accountable decision-making processes; and the creation of mechanisms to ensure government stability and efficiency.³⁰ These initiatives position the constitution as the prime instrument for the good governance agenda in Thailand. Indeed, they mirror the World Bank's four central pillars of good governance; ensuring political transparency and a voice for all citizens; providing efficient and effective public services; promoting the health and well-being of its citizens; and creating a favourable environment for stable economic growth.³¹

Until recently, East Asian watchers had commended Thailand for its free press and democratic reforms exemplified by the new constitution. However, many of its stipulations are yet to come into effect, and a great deal may never be implemented. The current government reportedly has plans to amend the constitution and water down the powers of independent bodies that were created by it.³² Amendment is at least technically possible given that Premier Thaksin Shinawatra's coalition building has provided the government with a two-thirds majority in the legislative chamber. This has decimated the Premier's opposition, and allowed him to operate independently of Parliament, which is a place he seldom attends.

Thaksin also happens to be Thailand's richest man, having made his fortune building up his family controlled telecommunications company Shin Corp. His obvious connections with big business are for many a strong indication that 'money politics' still determines electoral outcomes in Thailand, albeit metropolitan rather than the traditional provincial sources of money.³³ Thaksin was controversially acquitted on corruption charges of asset concealment in August, 2001, eight months after his election, with 8 out of the 15 judges of the Constitutional Court finding in his favour. Interestingly, none of the nine others who had previously faced the Court for concealing assets successfully defended the charges, including an MP who was found guilty by 12 judges to 1 on the same day that Thaksin's decision was made, despite a weaker prosecution.³⁴ The verdict saved Thaksin from a five-year ban from politics, and explains his determination to dilute the powers of the Court.

By making what clearly appears to be a political rather than a judicial decision, the Court has lost the opportunity to send a clear message to politicians concerning the possible consequences of illegal and unethical practices. Instead, the onus of reform has quickly swung back to Thaksin, who wasted no time in launching an efficiency and accountability drive within the bureaucracy on the grounds of "unprecedented political clout", following the Court's favourable decision.³⁵ The verdict leaves political reforms languishing whilst Thaksin's 'good guy' image continues to evoke public sympathy for finding himself entangled in the net designed for the real offenders: the bureaucrats. As Purachai Piemsomboon, the current Interior Minister and the likely replacement for Thaksin if he had been found guilty has pointed out, "50 percent of the national budget disappears through corruption".³⁶

As an expression of the influence and interests of the democratically motivated Thai middle class,³⁷ the Constitutional Court has failed to endorse the emerging view that political transparency and accountability are not negotiable. The Court has demonstrated that the weight of capital will continue to steer Thai politics, and constitutional reform is unlikely to counter this influence. Indeed, the reforms focus debate on the politics of ethics, and deflects concerns about economic policy, thereby helping to undermine a major goal of the Thai democratic movement: the development of a more equitable society.

Thaksin blames banking reforms recommended by organisations such as the IMF and the Bank for International Settlements, a co-ordinating body for central banks, for fuelling the financial crisis. He claims that bank transparency inspired by new good governance codes escalated public debt, reduced funds for poverty alleviation, and ensured that the economy will be unable to independently pursue solutions to poverty.³⁸ By contrast, the Premier advocates a national plan for recovery centred on the less than transparent Thai Assets Management Corporation (TAMC) through which he hopes to eventually absorb debts worth more than a trillion baht.

While Thaksin may see the type of good governance enshrined in the constitution as dangerous, the notion nevertheless remains very powerful and occupies a privileged position in Thai political discourse. He is therefore faced with the task of redefining good governance in terms of strong, decisive, yet compassionate leadership, to ensure that his regime is not eroded by the currency of the notion. In his quest Thaksin has been assisted by some unlikely sources. Comments by officials from the World Bank describing Thaksin as "consistent", and compared the attributes of consistency to good governance measures such as accountability, responsibility and transparency, help to improve his image as a leader.³⁹ Nevertheless, the Bank was quick to point out that Thailand should concentrate on being more competitive by modernising regulatory frameworks, downsizing and increasing participation of the private sector, introduce new laws on competition policy, and implement trade and investment reform.⁴⁰ And there is some evidence that he is taking up the advice, at least in respect to trade. The Thai and Australian governments have negotiated a free trade agreement that is likely to stimulate the automotive industries in their respective countries, and there are hopes that benefits will flow on to other sectors.⁴¹

A further indication of Thaksin's vision is his open admiration for Malaysian Prime Minister, Mahathir Mohamad. Like Mahathir, Thaksin is suspicious of the intent of global capital shored up by multilateral institutions, and shares the opinion that unfettered market capitalism entrenches unfavourable terms of trade and allows unacceptable risks of capital flight. This scepticism explains his determination to make 'exchange-rate stability' the guiding principle of monetary policy, which theoretically provides incentives for domestic investment while controlling for international 'exploitation'.⁴² However, Thaksin had to sack the fiercely independent Bank of Thailand Governor, Chatumongkol Sonakul, to get his way.⁴³ Thus, despite the free trade agreement with Australia, Thaksin is clearly committed to following at

least a 'middle of the road protectionist course', which has much support from Thai labour organisations.⁴⁴

Thaksin's views have been well supported in the corridors of power, and are representative of many of Thailand's bankers and business elites, who suffered most from the economic crisis and of course stand to benefit significantly from the TAMC. However, Thaksin's clashes with the bureaucracy and the media are eroding support amongst Bangkok's middle and upper classes.⁴⁵ His authoritarian style and his intolerance of criticism is prompting warnings from the press of a looming dictatorship, reflecting the transition from optimism at the time of Thaksin's election to the present growing realisation of failed election promises to help the poor.⁴⁶ Yet the poor remain committed to his vision of a debt moratorium for farmers, 77,000 village loans and affordable medical-care. If the promises aren't met, people in rural areas see themselves as being no worse off.⁴⁷ In reality though, only farmers with debt under 100,000 baht (US\$2,200), or no more than a quarter of all farmers will benefit, while village development funds will be made available only to viable development projects on a revolving-loan basis.⁴⁸ And while these election promises respond to demands from civil society and the growing NGO movement in Thailand, there is little evidence of consultation with the community.

Support for Thaksin's nationalisation policies have come from various sections of the population for reasons associated with the discourse of localism.⁴⁹ Kevin Hewison argues that local nationalism drew strength from the resistance to the Chuan government supported IMF and World Bank strategies for economic recovery in the wake of the 1997 crisis, and this movement has clearly contributed to Thai Rak Thai's electoral success.⁵⁰ However, it is not so clear that the poor have newfound parliamentary representation. What the rural poor at least are enjoying are enhanced opportunities to engage in economic activities as a direct result of global exposure at the local level that is helping to drive restructuring processes and "deagrarianisation".⁵¹ NGO and media reports demonising global processes therefore fail to adequately portray modest local expectations of higher, or at least more diversified incomes that will likely continue Thailand's fascination with globalisation tempered by nationalist sentiments.

While at best, the rural and urban poor remain under-represented, Philip Hirsch argues that opposition to centralised decision-making based on the politics of the environment has been increasingly legitimised.⁵² This has amplified the voice of NGOs, and expanded their role from primary organisational instruments of environmentalism to champions of all those whose livelihoods are threatened. And this, put simply, includes a large percentage of the Thai population. Hirsch explains that the environment cuts across a raft of social and economic issues including disputes over resources, the decentralization movement, and struggles to participate as stakeholders, all of which usually distils into questions over the competing interests of state and civil society. As the voice of 'the people' in a majority sense, it is worth quoting *verbatim* the views of leading Bangkok-based environmental NGO, Towards Ecological Recovery and Regional Alliance (TERRA) regarding the debate over good governance. In an editorial in their glossy quarterly, *Watershed*, TERRA states: "Good governance' programmes promoted by the aid institutions are a euphemism for speeding up economic reform, trade liberalization and foreign investment".⁵³ Or as Srisuwan Kuankachorn, the Director of TERRA's sister organization Project for Ecological Recovery, claims, the development model based on foreign investment and reinforced by the World Bank and the IMF is not only illusory, but threatens "Thailand as a culture".⁵⁴ Given the current anti-globalisation sentiments emanating from certain elements, Thaksin's definition of 'nationalist' good governance is sure to be well received by many grassroots NGOs. This stance is further explained by Chai-anan Samudavanija, who points out that "the Thai

population is bifurcated into a private-corporate sector and an agricultural sector—and globalisation is the agent of good governance only for the former.”⁵⁵

Interestingly, the nationalist interpretation of good governance is vastly different to the World Bank’s definition. It is an interpretation that calls for a transformation of values in Thai social and political spheres from wasteful and extravagant “Western ways” to self-reliance, prudence and thrift.⁵⁶ It is an understanding that has provoked Bangkok-based environmental NGO, Towards Ecological Recovery and Regional Alliance (TERRA), to declare that “[g]ood governance’ programmes promoted by the aid institutions are a euphemism for speeding up economic reform, trade liberalisation and foreign investment”.⁵⁷ Or as Srisuwan Kuankachorn, the Director of TERRA’s sister organisation Project for Ecological Recovery, claims, the development model based on foreign investment and reinforced by the World Bank and the IMF is not only illusory, but threatens “Thailand as a culture”.⁵⁸

On balance, good governance in the context of Thailand’s economic recovery is likely to continue to be characterised by resistance to global pressures, at least in the short term. Paradoxically, the very resistance to change welling up from the grassroots is the same momentum denying the pledge of the new constitution to turn “government by politicians into government by the people”.⁵⁹ Even though much of the new constitution is conservative,⁶⁰ the reforms that it stipulates conflict with many of the popular ‘middle road’ objectives that are currently being pursued. If a lesson is to be drawn from the recent Thai experience with constitutionalism as a way of locking-in good governance reforms, then perhaps it is the need to include ‘the people’ in the drafting process in more meaningful ways.

Malaysia

Prior to September 11, 2001, good governance discourse presented a significant challenge to Malaysian politics, or more specifically, to Prime Minister Mahathir Mohamad. Mahathir responded by using every opportunity to warn Malaysians of the potentially bad governance that the Barisan Alternatif (BA) opposition would preside over if ever elected, in terms of its potentially destabilising agenda and fractious, fundamentalist tendencies. Since America’s war on terrorism commenced, this rhetoric has found a receptive audience in Washington, which is gladly exchanging penitence for passed sins in return for cracking down on suspected terrorist cells. No longer is Malaysia being pressured for the release from prison of the former deputy prime minister, Anwar Ibrahim, and Mahathir’s vitriolic demonising of the ‘West’ for its “conspiratorial neo-colonial capitalist imperialism” is being quickly forgotten in the new security environment. While Mahathir has also acquired domestic political mileage from September 11, this is unlikely to be sustained in the long term. This view suggests that Mahathir is currently enjoying a temporary reprieve from the type of aggressive politics that has characterised his leadership, allowing him to concentrate on corporate governance and economic reforms.⁶¹

While the next general election is not due until 2004, Mahathir may call it early to take advantage of the current favourable climate. And when the poll is announced, with or without a Mahathir pledge to remain at the helm, it is likely to be ‘politics as usual’ in Malaysia, meaning that the Barisan Nasional (BN) ‘narrative’ will once again be fed to the electorate. Specifically, this is a set of nationalist views that promote self-betterment and modern sophistication in the face of insidious and infectious influences. The narrative has personified Mahathir as a wise benevolent visionary who alone is capable of exerting the discipline necessary to rapidly modernise Malaysia, and is now likely to be extended to his chosen successor. As Mahathir has himself explained, “[i]t is good governance by good people that we need. And feudal kings, even dictators, have provided and can provide good governance.”⁶²

The BN claims that its policies are underpinned by moderate Asian 'Islamic' normative values as distinct from pan-Asian 'religious' values, although the coalition's ethnic composition suggests that this is not necessarily the case.⁶³ Indeed, much can be made of the 'moderate' image of Islam both locally and internationally, and this political reality has reinforced the current value-system. Apart from strong leadership, an important element of the BN narrative is the appeal for solidarity. Accordingly, Mahathir promotes the impression that Malaysians are united in discrediting the forces of globalisation and unscrupulous foreign investors. Yet despite this hardline approach to Western economic thinking, attracting foreign investment remains as important to the Malaysian peninsula as it has been for at least the last hundred and fifty years.⁶⁴ However, the policy volatility that accompanied Mahathir's verbal outbursts, particularly at the height of the economic crisis, has been an incessant frustration to investors, making it difficult to quantify risk and rendering Malaysia's economy worse off than it might otherwise have been had it maintained consistent policies.⁶⁵ The need to restore investor confidence explains why Mahathir dropped currency controls that safeguarded against capital flight, at least as far foreigners are concerned, although he has resolutely kept the ringgit pegged to the U.S. dollar since 1998.

Malaysia is now "back on the investment map", and with the exception of Korea has one of the best-regulated and most transparent credit and equity markets in Asia.⁶⁶ For instance, new rules have made it necessary for all listed companies to release quarterly results, including balance sheets and profit-and-loss statements, which is not even required in Singapore or Hong Kong. Complete disclosure of everything from company director salaries to board composition is also now compulsory.⁶⁷ Mahathir has also apparently listened to accusations of nepotism levelled against him, no doubt amplified by the family factor in the fall of Indonesia's former President Suharto. Mokhzani, Mahathir's second son, has resigned from his UMNO job and sold sizeable stakes in two companies with government contracts for a significant loss, in order to concentrate on supporting his father's political endeavours.⁶⁸ And after cleaning up his own backyard, Mahathir has begun pressuring his party colleagues to tidy up their images, a notoriously difficult task given the personalised nature of Malaysia's patronage politics.

Daim Zainuddin's resignation, who represented the second power nucleus in UMNO, signalled Mahathir's intentions of reinforcing his leadership. And as was the case following the sacking and imprisonment of Anwar, Daim's business allies have also been removed from their celebrated, and now nationalised Malay businesses, which included Malaysian Airlines, Malaysian Resources, and the Renong Group, which were drowning in debt after the economic crisis.⁶⁹ Replacing Daim's political supporters has been equally necessary. Between April and August 2001, twenty senior UMNO officials, including the party's secretary general and many division heads and branch leaders were suspended or removed based on allegations of offences relating to money politics.⁷⁰ These restructuring efforts and personnel changes have clearly paid dividends for Mahathir, generating a new flow of foreign capital based on an assessment from international investors that serious efforts are being made to curb cronyism.⁷¹

Mahathir continues to defend privatisation, and is clearly not embarking on a long-term nationalisation spree.⁷² Recent developments are better interpreted as a strategy to get business back on its feet through debt-restructure changes funded by government revenue.⁷³ The Corporate Debt Restructuring Committee has accelerated restructure plans for numerous firms crippled by debt, and Mahathir will be hoping that Malaysia Inc. will be performing well enough to support his claims of sound economic management based on good corporate governance at the next

election. Not that all experts agree that this governance is likely to be more transparent or accountable than it has been in the past.⁷⁴ Nevertheless, it will be an important embrace of terminology that is rhetorically powerful, supported by a growing economy, and ultimately is likely to promote "the rule of the man of prowess rather than the rule of law".⁷⁵

Overall, and significant in terms of the focus here, Mahathir's rhetoric implies that Malaysia's long-term stable economic performance outweighs other social and political determinants as the ultimate good governance yardstick. This emphasis on Malaysian macroeconomics and its defence against 'Western hegemony' deflects the heat from inefficient governing practices beyond economics. And disciplining party members for alleged money politics reinforces Mahathir's repudiation of the lack of transparency and cronyism allegations.⁷⁶ As Deputy Prime Minister Abdullah Badawi has made clear, "[t]he perception that UMNO is a corrupted institution must be changed."⁷⁷ However, these tough disciplinary measures imposed from above is reinforcing the idea that effective governance remains concentrated in a few hands that are able to act swiftly and decisively, unhinged from party politics and an ethos of mutual protection. Thus, governance under Mahathir remains top-heavy, autocratic, and economically focussed. Whether this is considered good enough is a matter to be determined by the electorate.⁷⁸

Mahathir's blend of good governance combines the World Bank's 'flavour of the month' vernacular⁷⁹ with the traditional recipe of *musyawarah* (deliberation) and *muafakat* (consensus). These local terms characterise the government's policy contract that for so long has pandered to the psychologically and economically dependent Malaysian middle-class — the traditional beneficiaries of the *status quo*.⁸⁰ Deliberation is not interpreted in a substantive democratic sense, but is understood as the relative autonomy of the governing regime to incrementally make policy based on astute consideration of events, without the need to engage in lengthy and potentially limiting consultations. This is balanced by the need for consensus, which is also used in a restricted sense to include only the government and its supporters rather than the entire population.

Views outside this 'consensus' are simply not published in the state run media, which has become widely disbelieved, with circulations falling more than 20%.⁸¹ The independent news website *Malaysiakini*, with both English and Malay reporting, has much greater credibility, attracting as many hits as the Malaysian dailies have readers, and many more than the sharply falling circulation of the leading English daily *New Straits Times*.⁸² The government has of course recognised this emerging 'problem', and has moved to regulate Internet journalism, but these efforts have met with only limited success to date.⁸³ Meanwhile, Mahathir is beginning to engage in select debate that provides him with good press, such as talk of meritocracy.⁸⁴ And finally, Mahathir's press strategy is crowned with his claims of victory in the currency control argument, asserting his economic expertise, and rebounding demands for the restructure of Malaysia's financial architecture back to the international community.⁸⁵

Mahathir promotes 'moderate nationalism', 'moderate Islam', 'moderate democracy',⁸⁶ and now it would appear, 'moderate governance'. He has fully grasped the resonance of governance discourse, and is whole-heartedly pursuing it within his 'Asian values' paradigm. In the fallout from the Anwar affair, the opposition used the new version of good governance to reap a much-improved performance in the 1999 general election. Having spurred Mahathir into action, the BA has been left with limited opportunity to debate the differences between Mahathir's 'economic' and the broader 'socio-political' notions of good governance using conventional means. However, many of UMNO's traditional Malay middle-class support-base now have online access to the internet, meaning that dissenting views are beginning to filter

out. Closer ties with the US though is not only reducing international pressure for the recognition of human rights in respect to political detainees, it is preparing the way for good governance – 'Mahathir style'.

Indonesia

Reformasi in Indonesia has been characterised by the apparent convergence of political actors pursuing good governance within new *demokrasi* frameworks. This rise of the *reformasi* movement in Indonesia in the 1990s was also accompanied by the new public discourse of good governance.⁸⁷ Years of administrative and political repression buckled under burgeoning aspirations fed by mass protests that brought down the Suharto regime and secured new freedoms such as those of association and publication, and delivered a more democratic electoral system. Good governance was then rapidly accepted at the grassroots as a superior social, economic and political process to the *pancasila* ideology of Suharto's 'New Order', which championed family values, order and nationalism.

According to its Indonesian advocates, good governance is the prime facilitator of sustainable social and economic development, which they argue had been stilted and finally collapsed under the internal contradictions that emerged during the Suharto era. Voices of reform within the *reformasi* movement were claiming that good governance could be achieved largely by legal reforms that enforced the rule of law, and by sponsoring institutions that cultivate a robust civil society that will safeguard against human rights abuses and endemic corruption. Yet despite advances made in terms of legislation and the strengthening of certain aspects of civil society, many of the objectives of good governance are yet to be realised. Indeed, some observers believe that Indonesia under Megawati Sukarnoputri's presidency is rapidly slipping back into an oligarchic military dominated New Order.⁸⁸

Good governance in Indonesia was ideologically accepted as a national goal in May 1998 after the fall of Suharto, although only a loose consensus surrounding the actual meaning of the notion has taken root. There is also much debate about the best way to implement the agenda, which is understandable given averse, powerful and corrupt political interests.⁸⁹ Viewing good governance within the historically constructed context of Indonesian politics also helps to explain why there is confusion over the implementation agenda, and sheds light on why government strategies and decisions appear to diverge in many instances from what independent good governance advisors are repeatedly prescribing.

Accepting that any legal and social reforms in Indonesia's languishing *demokrasi* project are likely to be slow, and being aware of the pitfalls normally associated with making value judgements, it may be more useful in this brief analysis to talk of 'better' rather than 'good' governance.⁹⁰ It follows that better governance is validated by better outcomes, and better outcomes arguably include substantive democratic reforms that foster institution building, enhance participation of civil society, reduce corruption, reinforce the rule of law, achieve economic growth, induce investment, and genuinely redistribute benefits. Admittedly there have been major electoral reforms, NGOs are blossoming, and there has been a return to positive economic growth figures⁹¹, however most of the indices that are used to measure good governance indicate that there has been little improvement since May 1998.

Why has good governance in Indonesia so far failed to deliver appreciable positive outcomes? It is argued that certain continuities in the lingering 'special relationship' between the military and elitist elements, and the disconnection of the citizenry, has offset advances that have occurred in areas such as legislation and half-hearted attempts at enhancing the capacity of civil society. Without the exposure and removal

of these impediments, good governance is unlikely to be realised in any substantive form. In sum, for good governance to prove effective in Indonesia in the foreseeable future, it must have a specific and clearly articulated political dimension.

There is nothing particularly 'Indonesian' about 'good governance', although the construction of the national persona in terms of values undoubtedly helps to underpin the current widespread popularity of the concept. By this it is meant that the 'Indonesian national project' draws its strength and politics from administrative unity overlaid on social and cultural diversity.⁹² Dutch colonialism, replete with the harsh excesses of the 'culture system' in the mid 1800s and the pattern setting Javanese emigration strategy of the early 20th century Ethical Policy, was clearly instrumental in administrative unification of the native and immigrant peoples of this vast archipelago. Inadvertently though, this experience bound them together in their struggle not only for independence, but for a "just government". This was pointed out by the indigenous lawyer, S.L. van der Wal, who argued that a just government, whether that be Dutch, Japanese or Indonesian in form, was the ultimate priority of the Indonesian people prior to independence.⁹³

This helps to explain the renaissance during Suharto's New Order of the three historically dominant political values of order, harmony, and unity within a hierarchical framework of statecraft. The *pancasila*, which was cited extensively by Suharto to justify the New Order, comprises the principles of belief in God, a just and civilised humanitarianism, national unity, democracy through consultation and consensus, and social justice. Clearly though, Suharto used the code to deflect criticism from the reinforcement of the historical imposition of state over society. Conveniently, the notions of opposition and accountability are inconceivable within *pancasila* ideology, lending weight to New Order legitimacy derived from its core objective: political stability, and as a presumed function of this □ economic development.⁹⁴

Key *pancasila* elements help explain the longevity of the New Order. The Suharto regime repressed political struggle, it created 'New Order friendly' institutions or transformed existing organisations into instruments of the government on every level of society, and it crowded out competing ideologies, even Islam. This meant that many of the most dedicated Islamic followers preferred to support the official opposition. And perhaps most decisively, Suharto won acceptance by delivering economic goods, albeit at the cost of rising indebtedness and the coexistence of extreme poverty and wealth in the resource-rich outer regions.⁹⁵ However, by the 1990's, these elements no longer operated cohesively. The influences of globalisation eventually gave rise to political and ideological discontent and the emergence of new values associated with good governance: in short, enhanced democracy allowing increased participation, transparency of decision-making and respect for human rights.

The terminology frequently used to denote the notion of good governance in Indonesian is *pemerintahan yang bersih dan berwibawa*, which directly translated means 'clean and honourable governance'.⁹⁶ *Pemerintahan* (meaning governance) derives naturally enough from the word *perintah* (to govern), and carries with it clear connotations of a vertical relationship such as would exist between employer and employee, teacher to student, parent to child, and so on. In the context of the state, *pemerintahan* refers to the instructions within the structured chain of command that positions the president on top, and descends to the lowest authority represented by the local police chief or the village head in rural areas. Moreover, the public excluded from this authoritative structure of the state occupy a collective group that generally expect to be 'governed' by those that are a part of the state apparatus. This vertical governance relationship overlaid by a clear separation between the state and civil society is clearly evident in the harsh and arrogant attitudes exhibited by many

government officers and the mixed response of fear and excessive respect from the citizenry. Interpreting governance in this way may well be testimony to the effectiveness of the New Order and its efforts to invoke social continuities from Indonesia's feudal past, but also underscores how difficult it will be to introduce Western notions of 'good management' that operate within a democratic culture defined in Western terms, even within the new democratic framework.⁹⁷ Megawati clearly holds to this New Order view of good governance. For instance, before the resignation of Suharto, Megawati remarked that Indonesia's political system was not that bad, and only needed "a little more light let in."⁹⁸ Indonesia's conservative policy direction since taking office confirms that her views have changed little.

There is no doubt that the World Bank has led other international institutions in disseminating the competing good governance discourse associated with *demokrasi*. And NGOs have also taken up the good governance agenda, aiming for reforms at the community level. However, with corruption rampant even within grassroots organisations, unless NGOs can practise good governance themselves, their message of reform is not likely to be taken seriously.⁹⁹ There are a handful of reform-minded politicians and generals, but they have only tacit approval from the majority of political, military and religious elites who have been chiefly responsible for protecting the existing "oligarchy" of New Order apologists.¹⁰⁰ On balance then, the 'ethical' alliance is being crowded out by elites who recognise the importance of legitimate governance, but lack the will to discard their old values.

This poses the question of the effectiveness of good governance and rule of law projects in a state where the leadership is not brought to account by civil society, and where global discourses can be incorporated into pre-existing visions that are antagonistic towards reform. Good governance in Indonesia must therefore redress flawed relations between governors and the governed, which is extremely difficult and potentially messy given that such relations have cultural, linguistic, ideological and historical dimensions, and are subject to social and economic influences. The case of Indonesia underscores the inadequate horizontal linkages within good governance and democratic structures. Developing these linkages offers real hope for meaningful accountability, but is inevitably a political task.

The Philippines

While democratic processes re-emerged after the 1986 'people power' revolution in the Philippines propelling Corazon Aquino into power, steady undercurrents have prevented major public policy reforms taking place. With Aquino's ascendancy, and each presidential transition since, there have been significant opportunities for socio-economic change. However, after short bursts of action and many promises, each administration succumbed to entrenched forces resistant to change. This underscores the influence of local oligarchies and the interests of the upper classes in a relatively weak state encumbered by strong societal, semi-feudal elites.¹⁰¹ Despite curbing the excesses of Estrada's tenure in Malacanang Palace, with spending slashed to levels that the IMF acknowledges has reached its limits,¹⁰² there are indications that President Gloria Macapagal-Arroyo's administration continues to be hamstrung by traditional socially structured impediments. Specifically this is a fundamentally unequal society compounded by an incapacity to collect adequate internal revenue and consequentially the inability to reduce budget deficits, and provide modern services. Well into Arroyo's term, there is little prospect of significant improvement in the living standards of 17 million Filipinos living in poverty.¹⁰³

Arroyo's presidency, like her predecessors, rests on appeasing elites. Dismantling acute elitism is therefore probably beyond Arroya's capabilities even if she had the will to do so, which appears unlikely given her own extremely elite circumstances.¹⁰⁴ Ensuring more effective revenue raising would however be a major step towards fulfilling her promise of delivering good governance, and could stop the seemingly endless run of budget deficits that sends the Philippines into deeper debt each year.¹⁰⁵ The President has taken the cue from the IMF and has legislated significant tax administration reforms, however these are mostly still to be implemented. Furthermore, the Department of Finance (DOF) strongly resists pressure to raise taxes and initiate new ones, continuing to claim that there is much more scope in improving the collection of existing taxes.¹⁰⁶ There is no disputing the validity of this claim. Incredibly, only 1.7 million of the Philippines 28 million workers currently fill in tax returns.¹⁰⁷ And the country's tax department officials are renowned for their corruption, which usually takes the form of allowing unentitled deductions. Indeed, it has been estimated that tax fraud costs the government at least P242.47 billion a year, which is not much less than what is raised.¹⁰⁸ And this directly impinges on the government's ability to afford efficient and adequate basic services to benefit the poor such as garbage collection, water supply, housing, transport, health care and flood control. A story appearing in *Asiaweek* illustrates the problem.

"A successful Filipino doctor in Philadelphia, visiting [the Philippines], was shocked at how little income was being declared by his ex-classmates who live in luxurious houses and frequently vacation abroad. [He points out] with our Latin background, it is not realistic to base revenues on self-declarations of income. We should tax evidence of wealth like houses, cars, trips, club memberships and weddings. Our collections of estate taxes are shockingly low. In a country with many NGOs, donations by the rich are miserably small."¹⁰⁹

It is this problem that has prompted the latest tax reforms: a switch from net to gross income calculations, coupled with reductions in the rates and a rise in income thresholds. A gross income tax basis may work well in Hong Kong, but critics argue that the Philippines will raise even less revenue, particularly in the short term while the system changes over.¹¹⁰ Effectively, the reforms would deny corporate deductions for items such as advertisement, travel, representation and training, and it is claimed that it would also act as an incentive to encourage individual workers to submit returns. It is more than likely though that if the corruption is not addressed internally in the DOF, and particularly in the Bureau of Internal Revenue (BIR), then some other way of ensuring graft will be worked out. Meanwhile, the idea that lower taxes is an inducement to pay tax is a doubtful proposition, and should be seen for what it is □ a hand-out to middle and upper class tax payers.¹¹¹

There are signs that something is being done about corruption in the BIR, with plans in place for reorganisation, and talk of ultimately creating a new autonomous revenue authority aimed at building capacity, improving human resources training, raising salaries, and eliminating political intervention in appointments. However, the establishment of a GOCC (a government owned and controlled corporation) would require legislation, and it is yet to be seen whether there is the political will to carry this through effectively. For instance, the recent *Anti-Money Laundering Act of 2001* has been criticised for being unworkable and insufficient, and will need to be revised before it is useful.¹¹² Thus, while legislative and even constitutional changes aimed at tax reform are welcomed by the international community of investors and financiers, it is clear that social and economic prosperity in the Philippines requires much deeper and broader efforts addressing the endemic problem of inequality.¹¹³ And this is where the good governance ethical code applies most crucially to the Philippines.

Arroyo came to power repeatedly talking about the need for good governance and morality in politics, claiming that "she was determined to lay the foundation for good, effective governance by espousing an economic philosophy of transparency and free trade". Arroyo explained that "[g]ood governance is based on a sound moral foundation...[and that]...[t]he most important thing is leadership by example."¹¹⁴ In her own words she describes good governance as "everybody's business", meaning that it not only affects everyone, but is grounded on moral standards of society and not just government, essentially elevating transparency to a "philosophy".¹¹⁵ John Silva argues that her conception is "rooted in a long-standing non-profit credo that "transparency" promotes clarity and community involvement and in turn, makes "good governance" possible."¹¹⁶ This differs to the understanding of Arroyo's predecessor, who was less inclined to share the onus of good governance with society. Estrada claimed that the Philippine economy was kept "afloat through sound macroeconomic fundamentals, prudent fiscal management, and good governance. We adopted a market-oriented approach to development, guided by the principles of liberalization, deregulations, [sic] and privatization."¹¹⁷

By endowing society with a moral responsibility, the current president's views appear to be consistent with the analysis of her Presidential Commission on Good Government (PCGG), but are at odds with critics who point out that Arroyo does not single out the wealthy. To quote again from the same *Asiaweek* article, there is a "lack of concern by the upper-income group about corruption in all sectors of the government." The article makes the point that "corruption would not be possible if the rich did not provide the bribery funds", and there would be much more money available to tackle governance problems if upper-income groups didn't move funds abroad.¹¹⁸ Perhaps the reason that Arroya is not taking a hard line with wealthy Filipinos is that she is busy securing her position, and has endeavoured to learn from Estrada's fate. The former president saw himself as the champion of the poor, and "raised the ire of the gentry" in the process.¹¹⁹

Given her temperament and her economics background, few would doubt that Arroyo will engage in 'capable' governance and incremental policy development. This in itself can make a difference to the nature of politics in the Philippines, and is likely to slowly generate benefits for the poor. However, even her supporters admit that Arroyo is no reformer, and is better described as a cautious coalition builder, a style she has used very successfully and is unlikely to change now.¹²⁰ And she has also surprised her opponents and shown that she can play the part of the authoritarian Asian leader with her crackdown on the May 1, 2001 pro-Estrada protests, and her relentless pursuit of rebels in southern Mindanao.¹²¹ Economically advantaged groups in the Philippines must begin to realise though "that demonstrations are just the beginning of a process that should reduce their own privileges, increase their tax consciousness and upgrade their ethical standards."¹²²

If Arroyo's vision does reflect her insular elitist background, then it is not surprising that there is little elbowroom for civil society at the President's policy table. This restricts the influence of those international interests that have formed alliances with the NGO community, and ultimately casts doubt on the willingness of the current government to embrace the 'internationalist' agenda of participation and human rights. Nevertheless, Arroyo has forged a good relationship with the multi-lateral financial institutions and strengthened her claims to good governance by responding to their concerns with token measures such as the tax reforms discussed here.

Good governance pivots on striking a balance between state and society. This is not taken seriously in terms of obligation, bargaining and accountability, which underpin the social, political and economic contract between Filipino citizens and their government. Providing welfare, protection of workers rights, and modern basic services are functions of this contract, and these are predicated upon effective, broad-based taxation. Thus, despite all the talk of good governance objectives, Arroyo's administration is not attempting to balance state and society. Good governance in the Philippines is therefore understood as a popular discursive mechanism for maintaining elitist control.

Conclusion

This discussion has raised certain questions about good governance discourse, and demonstrated that it is not easily recognisable in the political and economic traditions in Southeast Asia. Hence, successfully identifying 'bad' outdated policies and replacing them with modern 'good governance' policies has been a treacherous exercise that has lent itself to all sorts of agendas. Simply put, this is because politics cannot be extricated from social and economic reforms, and this is a truism that is even more acute in societies that lack substantive democratic traditions. Alternatively, a clearer, sharper good governance discourse that focuses on particular ethical practices presents a more elusive target for local spin-doctors. This new emphasis may also highlight the ineffectual accountability structures and processes that allow unethical practices to flourish. And while beefing up watchdog powers remains highly political, it is also clear that the will to engage this task is dependent on the domestic struggle for rights and representation, and the messages that international interests are sending the region.

The case studies have shown that Thailand's constitutional response to good governance must be accompanied by the political will to effectively engage the rural majority. Malaysian personality politics allows its political space to be dominated, thereby muting debate over competing interpretations of good governance. Indonesia is heading back to the security of order rather than proceeding to new governance structures. And the Philippines, despite all the talk of good governance, is making little progress in reforming one of the world's most fundamentally unequal societies. So while rapidly industrialising Southeast Asia is undertaking measures to protect against the kind of excesses that resulted in the regional economic crisis, it is apparent that they are yet to safeguard themselves against possible future social and political crises that good governance could avoid. Indeed, it may well be that the stronger Southeast Asia performs economically, the more likely it will be that such crises will take place.

This paper has found that ethics and accountability have become disconnected from good governance in post-crisis Southeast Asia largely because domestic democratic movements have floundered in the re-emergence of strong government promising economic recovery. Various plans and programs have been launched throughout the region, but because these are often centrally managed, they tend to lack accountability mechanisms. The initiatives sound good and are easy to sell to the public and international investors, but there is plenty of evidence to show that unethical practices abound. A leaner good governance discourse that champions a universal global ethic¹²³, not unlike the universal declaration of human rights, could make a big difference.

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- ⁶³ The relationship between Islamic values and Malaysian modernisation policies is usefully explored in Farish Noor's chapter in Han Sung-Joo ed., *Changing Values in Asia: Their Impact on Governance and Development* (Tokyo: Japan Centre for International Exchange, 1999).
- ⁶⁴ Susan Loone with K.S Jomo, "Renong," Pt. 2, *Malaysiakini*, Aug. 17, 2001.
- ⁶⁵ Andrew MacIntyre, "Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia," *International Organization* 55, No.1 (2001), p.111.
- ⁶⁶ Dominic Armstrong, regional research head of ABN Amro in Singapore, quoted in S. Jayasankaran, "Malaysia Turns Around."
- ⁶⁷ Ibid.
- ⁶⁸ S. Jayasankaran, "Final Sacrifice: Daim Bows Out," *Far Eastern Economic Review*, June 14, 2001.
- ⁶⁹ S. Jayasankaran, "Mahathir to the Rescue," *Far Eastern Economic Review*, Aug. 23, 2001. Before Daim's resignation, a ruckus developed over the nationalisation of Malaysian Airlines that damaged the relationship of UMNO's two most senior figures. Daim had pushed through a deal that paid three times the listed value for the national carrier. Tajudin Ramli, the Airline's former chief and business partner of Daim's, is now under police investigation.
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- ⁷⁵ David Martin Jones, "What Mahathir Has Wrought," *The National Interest*, Spring, 2000.
- ⁷⁶ Lorien Holland, "Shaking the Party Grip on Power," *Far Eastern Economic Review*, March 1, 2001.
- ⁷⁷ Penny Crisp and Arjuna Ranawana, "Rebranding Mahathir," *Asiaweek* June 29, 2001, p.18.
- ⁷⁸ This question is canvassed by Surain Subramaniam, "The Dual Narrative of 'Good Governance': Lessons for Understanding Political and Cultural Change in Malaysia and Singapore," *Contemporary Southeast Asia*, Vol. 23, No.1 (2001), p.73.
- ⁷⁹ Williams and Young, "Governance, the World Bank and Liberal Theory," pp.88-9.
- ⁸⁰ See Martin Jones, "What Mahathir Has Wrought".
- ⁸¹ John Funston, "In Malaysia, a leader who's lingered just a little too long," *Sydney Morning Herald*, July 16, 2001, p.12.
- ⁸² James Wong Wing On, "A tale of two key NST editors", *Malaysiakini*, Sept. 17, 2001.
- ⁸³ Jayasankaran, "Final Sacrifice".
- ⁸⁴ Mahathir's contribution to the meritocracy debate is confined to diluted notions of the term, which will in effect stiffen entry criteria for Malays wishing to attend university. The government is even considering scrapping entrance quotas for Malays. As Bruce Cheesman observes however, even a restricted version of meritocracy may lead to unrealistic expectations within the Chinese, and particularly the "needy" Indian, populations. See Bruce Cheesman, "Mahathir plays the merit card," *The Australian Financial Review*, Aug. 17, 2001, p.25.
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- ⁹⁰ Alasdair Bowie, "Harnessing Gravity," address to the Globalization: The Agent of Good Governance? Workshop, April 25, 2001. Available online: <http://www.ics.si.edu/asia/reports/2001/gblgov.htm>
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- ⁹² Michael Leifer, *Indonesia's Foreign Policy*, (London: Allen & Unwin, 1983), p.xiii.

- ⁹³ S.L. van der Wal, *De Volksraad* (1964), pp.587-97, reproduced in C.L.M. Penders (ed.), *Indonesia: Selected Documents on Colonialism and Nationalism 1830-1942* (St. Lucia: Uni of Qld Press, 1977), p.347.
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- ⁹⁵ Ibid, p.127; Jamie Mackie, "Indonesia: Economic Growth and Depoliticization," in J.W. Morley ed., *Driven by Growth: Political Change in the Asia-Pacific Region* (New York: M.E. Sharpe, 1993), p.81; and Gerry Van Klinken, "The Coming Crisis in Indonesian Area Studies," *Journal of Southeast Asian Studies*, 32, No.2, (2001).
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- ⁹⁹ Djalal, "A Small Matter Of Trust," *Far Eastern Economic Review*, Sept. 20, 2001.
- ¹⁰⁰ John McBeth, "Nothing Changes".
- ¹⁰¹ See for example Alasdair Bowie and Danny Unger, *The Politics of Open Economies: Indonesia, Malaysia, the Philippines, and Thailand* (Cambridge: Cambridge University Press, 1997), pp.127-8. This analysis is almost unanimous, although some accounts point out that some aspects of the state in the Philippines are strong, such as in the perception of legitimacy while democratic processes are maintained, and in the states ability to suppress the rural poor's land reform claims. See Benedict Kerkvliet, "Land Regimes and State Strengths and Weaknesses in the Philippines and Vietnam," chapt. 9 in *Weak and Strong States in Asia-Pacific Societies*, Peter Dauvergne (ed.), (St Leonards, NSW: Allen & Unwin, 1998), pp.158-174.
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- ¹⁰³ This is the World Bank's figure. A third of the Philippines population lives on less than the equivalent of \$1 per day. See Deidre Sheehan, "Rural Poor Are The Real Key," *Far Eastern Economic Review*, May 24, 2001.
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- ¹¹⁵ Gloria Macapagal-Arroyo, "Reinventing & Returning the Government to the People," *Presidents & Prime Ministers* 10, No.1, (2001).
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¹²⁰ Deidre Sheehan, "Keeping Her Eye On the Ball," *Far Eastern Economic Review*, June 14, 2001.

¹²¹ Deidre Sheehan and Rodney Tasker, "Everybody, Get in Line," *Far Eastern Economic Review*, May 17, 2001.

¹²² *AsiaWeek*, "Impoverished Democracy."

¹²³ As the 'Declaration of a Global Ethic' at the *Centre for Global Ethics* website points out, "not ethics, which implies rather great detail, but ethic in the singular, i.e., the fundamental attitude toward good and evil, and the principles to put it into action". Online:
<http://astro.temple.edu/~dialogue/Center/mission.htm>