Social Cohesion and Conflict Prevention in Asia

Managing Diversity through Development

NAT J. COLLETTA, TECK GHEE LIM, ANITA KELLES-VIITANEN

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Edited by
Nat J. Colletta
Teck Ghee Lim
Anita Kelles-Viitanen

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Preface

With the end of the Cold War, the fallout of the Asian financial crisis, and the deepening of globalization, the complex, intertwined relations among politics, economics, and culture have acquired a salience that cannot be ignored. Old and new identity struggles and sharp societal cleavages in many Asian societies pose a serious threat to political stability and economic and social well-being in the region.

The Asian Regional Consultation on Social Cohesion and Conflict Management, held on March 16–17 in Manila under the sponsorship of the Asian Development Bank and the World Bank, with the support of the World Bank’s Post Conflict Fund, provided a unique opportunity to take stock of these changes. The richness of the dialogue, which formed the basis for this book, reflected the contributions of the many participants and resource persons who are listed in the appendix. The mix of representatives from government, civil society, and donor organizations, all speaking in their personal capacities, allowed for an open and unencumbered discussion of the issues and challenges ahead in forging constructive social policies for the region.

The consultation, and the resulting book, could not have come about without the contributions of many organizers who handled the day-to-day arrangements. We would like to specifically thank William Staub and Patricia Calcetas of the Asian Development Bank’s Social Development Division and Kazuhide Kuroda and Frode Davenger of the World Bank’s Post Conflict Unit for the numerous hours they spent to make the event happen. We thank Nancy Levine for her excellent
editorial work on this project and Drew Fasick for his imaginative cover design.

The views expressed in this publication do not necessarily represent those of the World Bank or the Asian Development Bank. The editors and authors take full responsibility for the ideas, organization, and analysis presented here. We hope that readers find in this book a useful reminder of the importance of social considerations in the promotion of peace, stability, and sustainable development in the region.

Nat J. Colletta
Teck Ghee Lim
Anita Kelles-Viitanen
2001
Abbreviations and Acronyms

ADB  Asian Development Bank
AFPFL Anti-Fascist People's Freedom League (Burma/Malaysia)
AGOTIC Action Group of Tamils in Colombo (Sri Lanka)
APEC Asia-Pacific Economic Cooperation
ARMM Autonomous Region of Muslim Mindanao
ASEAN Association of Southeast Asian Nations
BAPERKI Badan Permusyawaratan Kewarganegaraan Indonesia (Consultative Body on Indonesia Citizenship), an association of *peranakan*, or Chinese of Indonesian origin
BAPPENAS Indonesian National Development Planning Agency
BCIC Bumiputera Commercial and Industrial Community
BJP Bharatiya Janata Party
BLL Buraku Liberation League
BSPP Burma Socialist Programme Party
CARERE Cambodia Area Rehabilitation and Regeneration Project
CCA Common Country Assessment (United Nations)
CCC Cooperation Committee for Cambodia
CDA Comprehensive Development Framework (of the World Bank)
CEDAW Convention for the Elimination of All Forms of Discrimination Against Women
DDR Disarmament, demobilization, and reintegration
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>EEOC</td>
<td>Equal Employment Opportunity Commission (United States)</td>
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<td>FLAP</td>
<td>Emergency Livelihood Assistance Program (Philippines)</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<tr>
<td>GNP</td>
<td>Gross national product</td>
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<tr>
<td>GTZ</td>
<td>German Agency for Technical Cooperation</td>
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<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<tr>
<td>HIV/AIDS</td>
<td>Human immunodeficiency virus/acquired immunodeficiency syndrome</td>
</tr>
<tr>
<td>IBRA</td>
<td>Indonesian Bank Restructuring Agency</td>
</tr>
<tr>
<td>ICCs/IPs</td>
<td>Indigenous cultural communities and indigenous peoples</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>JVP</td>
<td>People’s Liberation Front (Sri Lanka)</td>
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<tr>
<td>KKN</td>
<td>Corruption, collusion and nepotism (in Bahasa Indonesia)</td>
</tr>
<tr>
<td>LTTE</td>
<td>Liberation Tigers of Tamil Eelam (Sri Lanka)</td>
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<tr>
<td>MCA</td>
<td>Malaysian Chinese Association</td>
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<tr>
<td>MCP</td>
<td>Malayan Communist Party</td>
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<tr>
<td>MILF</td>
<td>Moro Islamic Liberation Front (Philippines)</td>
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<td>MNLF</td>
<td>Moro National Liberation Front (Philippines)</td>
</tr>
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<td>NCCA</td>
<td>National Commission for Culture and the Arts (Philippines)</td>
</tr>
<tr>
<td>NCGUB</td>
<td>National Coalition Government of the Union of Burma</td>
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<td>NDP</td>
<td>National Development Policy (Malaysia)</td>
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<td>NEP</td>
<td>New Economic Policy (Malaysia)</td>
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<td>NGO</td>
<td>Nongovernmental organization</td>
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<td>NLD</td>
<td>National League for Democracy (Burma/Myanmar)</td>
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<tr>
<td>NPC</td>
<td>National Peace Council (Sri Lanka); National Planning Council (Indonesia)</td>
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<tr>
<td>ODA</td>
<td>Official development assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OHS</td>
<td>Operation Head Start (United States)</td>
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<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>OPM</td>
<td>Free Papua Organization</td>
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<td>OTI</td>
<td>Office of Transition Initiatives (U.S. Agency for International Development)</td>
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<tr>
<td>PA</td>
<td>People's Alliance (Sri Lanka)</td>
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<tr>
<td>PAS</td>
<td>Islamic Party of Malaysia (Parti Islam SeMalaysia)</td>
</tr>
<tr>
<td>PKI</td>
<td>Partai Kommunis Indonesia (Indonesian Communist Party)</td>
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<tr>
<td>PNB</td>
<td>National Equity Corporation (Malaysia)</td>
</tr>
<tr>
<td>PNI</td>
<td>Partai Nasional Indonesia (Indonesian National Party)</td>
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<tr>
<td>REPELITA</td>
<td>Five-year development plan (Indonesia)</td>
</tr>
<tr>
<td>SARA</td>
<td>Ethnicity, race, religion, and social group issues (Indonesia)</td>
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<tr>
<td>SEDC</td>
<td>State economic development corporation (Malaysia)</td>
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<tr>
<td>SLORC</td>
<td>State Law and Order Restoration Council (Burma/Myanmar)</td>
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<tr>
<td>SPCPD</td>
<td>Southern Philippines Council for Peace and Development</td>
</tr>
<tr>
<td>SPDC</td>
<td>State Peace and Development Council (Burma/Myanmar)</td>
</tr>
<tr>
<td>SWIFT</td>
<td>Support With Implementing Fast Transition (Philippines)</td>
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<td>SZOPAD</td>
<td>Special Zone for Peace and Development (Philippines)</td>
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<tr>
<td>TAG</td>
<td>Transition assistance grant</td>
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<td>UMNO</td>
<td>United Malays National Organization (Malaysia)</td>
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<tr>
<td>UNDAF</td>
<td>United Nations Development Assistance Framework</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific, and Cultural Organization</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nation’s Children’s Fund</td>
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<tr>
<td>UNP</td>
<td>United National Party (Sri Lanka)</td>
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<tr>
<td>UNTAC</td>
<td>United Nations Transitional Authority in Cambodia</td>
</tr>
</tbody>
</table>
USAID       United States Agency for International Development
USDA        Union Solidarity and Development Association (Burma/Myanmar)
VDC         Village development committee (Cambodia)
WTO         World Trade Organization

Note: As in the chapter by David I. Steinberg, the use of the names Burma, Myanmar, and Burma/Myanmar implies no political bias. Spelling of the names Soeharto/Suharto and Soekarno/Sukarno follows the authors’ preferences.
Social Cohesion in Southeast Asia: From Economic Miracle to Social Crisis

During the Cold War era, discussions concerning Southeast Asia were mostly dominated by the "economic miracle," masking deeply rooted internal ethnic, religious, and other societal cleavages. Violence and conflict, when discussed at all, were usually seen in interstate terms. Attention was directed at flashpoints such as the Democratic People's Republic of Korea and the Taiwan Straits or at waning separatist movements like those in Mindanao or Shan State, where the bogey of communism from the north was making its way south or persisted in remote parts of otherwise thriving nations.

More recent developments, especially following the destruction of the Berlin Wall and the advent of the Asian financial crisis, make it clear that future flashpoints are more likely to be within than outside countries. We need to pay greater attention to what is happening at the level of societal change. How do economic growth rates translate into changing social relations and structures? What are the distributional impacts of such growth on ethnic and religious groups and sentiments? What have the growth of the cities and the privileges of the center meant for the peripheries? What is the effect of spatial and demographic trends? Who have been excluded, and why are they deciding to take matters into their own hands? Who are the winners and who are the losers? What is the role of the state in managing diversity as a strength rather than a vulner-
ability? These are questions we are only slowly beginning to ask, and the answers are difficult to come by.

We do know that the income gap, within cities and between city and countryside, widened in the 1980s and 1990s. As growth moderates or constricts, the politics of a literate, near-poor, lower middle class increasingly dominates political battles. More alarmingly, as the great leap forward in social mobility that has characterized the life experience of the post-war generation in all the member countries of the Association of Southeast Asian Nations (ASEAN) goes into reverse gear, there is a strong possibility of polarization and violent conflict along primordial lines. The elements of a Sri Lankan scenario for the region challenge the basic assumption that Asia has outgrown social crises. These realities, among others, make it necessary to bring the issues of social cohesion, violent conflict, and the management of diversity into the policy debate.

Social cohesion can be described as the glue that bonds society together, promoting harmony, a sense of community, and a degree of commitment to promoting the common good. Beyond the social relations that bridge ethnic and religious groups, vertical linkages in which state and market institutions interact with communities and peoples can further cement the cohesiveness of a society if they are inclusive, transparent, and accountable.

The interplay of kin and communal bonding and bridging social relations (horizontal social capital) with democratic and authoritarian governance (vertical social capital) shapes cross-cutting social relations and social cohesion—the bedrock for managing conflict. The greater the degree to which vertical social capital (that is, the responsiveness of the state to its citizenry) and horizontal social capital (cross-cutting, networked relations among diverse communal groups) intersect, the more likely it is that the society will be cohesive and will possess the inclusive mechanisms necessary for mediating and preventing conflict before it turns violent (see Figure 1). The weaker is social cohesion, the weaker are the reinforcing channels of socialization (value formation) and social control (compliance
Figure 1  Social cohesion: The integration of vertical linking and horizontal bridging social capital

State and markets

*High social cohesion, low conflict*
- Inclusion
- Rule of law; democratic state
- Access and equality of opportunity
- Efficient, noncorrupt bureaucracy
- Open society

Civil society

Horizontal Social Capital

Bonding
(kin, religious, and ethnic based)

Low social cohesion, high conflict
- Exclusion
- Oppressive, authoritarian state
- Inequity/inequality
- Corrupt, inefficient bureaucracy
- Closed society

Communities and individuals

mechanisms). Weak societal cohesion increases the risk of social disorganization, fragmentation, and exclusion and has the potential to end in violent conflict. The emergence and growth of civil society—that is, cross-cutting social relations (associations) focused on issues or causes—as key mediating agents between communal groups, governments, and markets is central to a nation’s capacity to manage social and economic transformation peacefully and mediate conflict.

Social cohesion and conflict are often seen as polar opposites. Conflict, in this light, transforms into increasing levels of violence as the social bonds in a society are fragmented and state and market linkages become exclusive in nature, blatantly favoring winners and losers in the society. But a cohesive society is characterized by far more than the absence of conflict, whether latent or overt. A functioning, efficient, and transparent state; respect for human rights and justice; a socioeconomic system based on distributional equity; and high levels of social capital, especially social capital that is associational in nature and cuts across traditional societal cleavages—these are fundamental characteristics of a cohesive society. The presence of such characteristics is manifested in various forms of conflict mediation, be it the justice system or an inclusive education system. Even in societies with these ideal characteristics, conflict will occur periodically, but it is likely to be more frequent, deeper, more violent, and more damaging in societies that lack or lose these characteristics and that operate without such institutional capacity to mediate conflict and manage diversity. Conversely, conflict is more effectively managed when social cohesion is high. If conflicts are more likely to occur, and the consequences are likely to be more deleterious, in societies that lack social cohesion, it is also true that postconflict reconstruction and the establishment of lasting peace require the building or rebuilding of social cohesion.

The financial and economic crisis did not so much cause as reveal these weaknesses of fragile social cohesion and poor governance. Recent sectarian outbursts of violence in Indonesia and elsewhere in the region raise the question of the very nature of the development process. In the past, successful “mar-
ket building” has taken precedence over “nation building.” Social cohesion should be put back on the agenda as an independent policy goal. One also needs to question, as is happening in political economy, whether the moral economy should be synonymous with the nation-state—a construct that is associated with the term “social cohesion.” That vision of cohesion, derived from the European model of a homogenous nation, may be simply not feasible, and perhaps not even necessary, in the pluralistic societies of Southeast Asia. It was such considerations that led the World Bank and the Asian Development Bank to organize a regional consultation on these issues.

The Asian Regional Consultation on Social Cohesion and Conflict Management was held on March 16–17 at the Asian Development Bank, Manila. The meeting was jointly organized by the Social Development Department of the Asian Development Bank and the World Bank’s Post-Conflict Unit and East Asia Social Development Department. It brought together 65 participants, including 35 country participants from 12 countries and 20 representatives of bilateral and multilateral organizations, to analyze underlying social cleavages (ethnic, religious, age, gender, spatial, and so on) as potential (and current) sources of violent conflict in the region. Experience with social and economic policies and programs aimed at managing diversity to prevent violent conflict was also examined. The meeting was organized as a consultation, to promote the free and frank exchange of views. Participants, who attended as individuals, not in their official capacities, included government officials from strategic agencies, academicians, scholars from think tanks, and leading development policy practitioners from the region. The papers presented at that consultation, and the lively discussion around them, are the basis for this book.

The timing of the meeting was ideal. In the aftermath of the financial and economic crisis in the region, there has been much new thinking regarding assumptions about development and growth in Asia. The whole notion of an “Asian miracle” has been under scrutiny. Although the reassessment has largely focused on the economic dimensions of the crisis, some of it has also examined the social dimensions. A major development during the crisis
in some countries in the region was the eruption of violent conflict, which led to fears about the unraveling of the social fabric, the breakdown of social cohesion, and the related negative impact on the economy and on political stability. Indeed, the situation in Indonesia appears to be confirming such fears.

Conventional development planners have tended to ignore lack of social cohesion, and its role in fostering violent conflict, as critical variables in the development process. One reason is the uncertainty and distortions these factors bring to a stylized planning process; another is that the solutions to these problems appear to lie in the hands of politicians and other social actors. An analysis that includes social cohesion is clearly in line with new trends in development planning, such as the World Bank's Comprehensive Development Strategy, that view development as a holistic process. It also harmonizes with the calls for participation, transparency, accountability, and democratization, all of which have pronounced noneconomic dimensions. The new approach is all the more desirable because we have seen the damaging consequences of failure to address social cohesion and conflict issues and to incorporate consideration of these issues into the development process. The fact that few, if any, countries in the region are currently unaffected by the problems of ethnicity and religious conflict underscores the importance of focusing attention on this subject.

Note

1. As Berkman and Kawachi (2000: 175) observe,

Social capital forms a subset of the notion of social cohesion. Social cohesion refers to two broader intertwined features of society: (1) the absence of latent conflict whether in the form of income/wealth inequality, racial/ethnic tensions, disparities in political participation, or other forms of polarization and (2) the presence of strong social bonds—measured by levels of trust and norms of reciprocity, the abundance of associations that bridge social divisions (civic society), and the presence of institutions of conflict management, e.g., responsive democracy, an independent judiciary, and an independent media.
References


Part 1
Social Cleavages: Perspectives on the Fault Lines in Society

The contributions in this part bring a multidisciplinary perspective to the recent problems of social cohesion in Asia. Sharon Siddique, writing from the vantage point of sociology, postulates that cohesion in societies in Southeast Asia is weakest where most of the society's members are alienated or stakeless and is strongest where members consider themselves to be full stakeholders in their societies. To Siddique, social cohesion is the outcome of a policy environment that facilitates the maximization of stakeholding. She points out that the financial and economic crisis which hit the region in 1997, and the subsequent social conflicts, clearly illustrate the limitations of the growth-oriented formula for development embraced by governments and development agencies.

Although impressive as measured by the performance of various economic indicators, development gains that were narrowly economic and unevenly distributed left large segments of the population without a sense of just and fair treatment. At the same time, overarching national and social visions of societal development, seeking the allegiance of all citizens regardless of race, ethnicity, or class, failed to resonate. This failure was partly attributable to the inherent intransigence of the schisms produced by religious, ethnic, and other social differences and partly to the top-down approach of governments that attempted to bypass civil society. The schisms have now
emerged as devastating fault lines, with the economic crisis of the late 1990s providing tinder for the fire.

In the aftermath of the crisis, and with the rebuilding of economies and of social cohesion, two processes might be seen as complicating recovery: globalization and democratization. To the extent that both center on the need to validate and accommodate a more vibrant civil society, they are likely to be positive influences on the forces and trends that promote social cohesion. But in any case, Siddique argues that a return to social cohesion has to be the paramount policy priority for the region, even at the expense of a rapid return to economic growth. The tradeoffs between political and social stability and economic efficiency have never been more prominent.

Moazam Mahmood categorizes the countries of South and Southeast Asia by income and finds a striking correlation between internal cleavages and patterns of economic growth. In general, economies with high employment have less-intense or nonthreatening cleavages. Low-employment economies are subject to more serious cleavages, as seen in, for example, India, Pakistan, the Philippines, and Sri Lanka.

Much depends on general economic conditions. The low-growth, low-income economies are likely to have low employment, partly because of institutional factors such as the absence of land reform and the persistence of feudal landowner-labor relationships. Rural migrants swamp the urban labor market, and a low-wage, low-productivity informal economy dominates urban areas. Constrained markets and low productivity in turn act as a brake on economic growth and incomes. The government tends to spend its resources on political regulation rather than on macroeconomic policy and social protection; its role is, again, both a cause and an effect of the general economic conditions. By contrast, in the high-income economies the government devotes more of its energy to economic functions, labor markets are unconstrained, people have access to land, full employment is usual, and the general well-being provides no breeding ground for serious cleavages.

The high-growth, middle-income economies have some characteristics of high-income economies, such as high produc-
tivity and a large formal sector, but little land reform has taken
place, and government involvement in social protection and re-
distribution is low. Reversals such as the Asian economic crisis
of the late 1990s can bring about economic hardship and a
sharpening of internal conflict. Finally, the transition econo-
mies are moving from a situation in which land and labor, like
other resources, were allocated by fiat, not demand, and there
was substantial hidden unemployment. They exhibit low pro-
ductivity, low growth, and, in some cases, high open unem-
ployment, and a few of them suffer from serious social
cleavages.

Jacob Meerman combines economic analysis with political
and sociological perspectives. He looks at social cohesion and
conflict through the prism of economically disadvantaged and
low-status ethnic and other minorities living in societies with
other ethnically dominant groups and examines how these
groups and their governments have attempted to reduce the
poverty and status gaps. Meerman argues that cultural endow-
ments inherited from parents have in large part reinforced the
low status and highly disadvantaged economic positions of the
four minorities he discusses: India’s Dalits, or scheduled castes;
the Burakumin of Japan; Afro-Cubans; and U.S. Black Ameri-
cans. The endowments and social disadvantages that have re-
inforced the general causes of poverty are not immutable and
can be changed through public policies and measures to reduce
discrimination in labor markets, education, and other areas.
Key to achieving parity of economic status for minorities is the
acquisition of human capital equal to that of the majority. Suc-
cess with this approach is likely to reduce ethnic and social
conflict.

The arguments provided by Meerman suggest the eco-
nomic rationale for a concentration on ethnicity in poverty
analysis in instances where the incidence and depth of poverty
of low-status ethnic minorities are worse than for the corre-
sponding majorities. First, not only do such groups present
ready-made “targets” for programs and policies to reduce pov-
erity; the resources used to benefit them might have unusually
high returns in increased welfare and social cohesion. Second,
where majorities have atypical histories compared with those of minorities, custom-made measures may be desirable in addition to general antipoverty programs. Third, a political rationale for the work relates to the strongest motivating force in ethnic analysis: the need to reduce violent conflict. Some have noted that although economic growth of low-status groups may reduce economic and social inequality within countries, it may be associated with increased intergroup rivalry or growing frustration within groups, leading to increased ethnic tension rather than the contrary. Nevertheless, tensions may gradually subside if the minorities are culturally similar to the national majorities and desire economic and political parity as participants in the larger society rather than autonomy. The examination of experiences similar to those of the four groups analyzed by Meerman could provide helpful feedback regarding policies for low-status minorities that might seek to follow a similar path.

The assumption that elimination of economic inequality for certain ethnic groups in multiethnic societies will eventually greatly reduce ethnic tensions is examined in the chapter by James V. Jesudason. The author looks at the experiences of Malaysia and Indonesia, two multiethnic countries with potential for social conflict. His analysis bears out the importance and the inherent difficulties of using social and economic instruments to correct ethnic disparities. Jesudason notes that although in both countries the Chinese minority population has suffered from discrimination and intermittent acts of violence, Malaysia, over the long haul, has had a better record of managing ethnic conflict than Indonesia. Since Malaysia’s independence in 1957, only one major ethnic conflagration has erupted there, while the Chinese in Indonesia have experienced persistent ethnic violence, despite their greater cultural assimilation.

Jesudason examines the key variables that account for ethnic conflict in both countries and argues that economic explanations, such as the greater wealth of the Chinese, and cultural explanations, such as the religious divide between the groups, do not fully account for ethnic conflict. He posits instead that it is necessary to consider the internal relations within an ethnic
group in explaining conflict. In particular, he finds that the institutional capacity for group mediation in society, especially the way the state responds to and incorporates groups, affects the nature and outcome of conflict. Ethnic peace is to a significant degree dependent on state responsiveness to the majority population. A responsive state that creates an environment in which individuals enjoy mobility, can obtain decent jobs, and are able to meet their basic educational, medical, and housing needs can have an important role in mitigating political attacks on the minority by members of the majority. Whenever state responsiveness has been weak, segments of the majority group, in both Malaysia and Indonesia, have perceived the state as a tool of the Chinese, leading to attempts to scapegoat and attack the minority group.

Despite some similarities in ethnic relations in the two societies, there are important differences in their political institutions, as manifested in diverging capacities for conflict management. The higher degree of Chinese cultural assimilation in Indonesia has not led to greater group safety. The Chinese in Malaysia, although less assimilated, have had their own organizations and political parties for a long time, allowing them to enter into political pacts with the majority group and form cross-cutting ties. In Indonesia the Chinese have found themselves scrambling around for friendly patrons, none of whom could devise a programmatic solution to the rift between the prihumi (indigenous people) and the Chinese.

Jesudason further postulates that although so far Malaysia has managed ethnic conflict more effectively than has Indonesia, there is no assurance that this will always continue. There are indications that the state is losing its ability to respond to the population and that Malays are not so willing to support the ruling party unreservedly. A different scenario could arise if Malays continue to turn away from the ruling party while non-Malays, fearing an increasingly Islamic opposition, turn to the regime for cover. This diverging behavior could gradually lead to a recurrence of mutual suspicion. In Indonesia democratization promises to give the Chinese a greater political voice and secure them a place as legitimate members of society. The
worry for ethnic relations is whether the economy can recover adequately from the financial crisis and whether the state can become more effective in responding to the needs of the general population. Poor economic and political management in Indonesia could tempt rogue elements within the military and other political opportunists to incite ethnic and religious hatred as a means of gaining power.

Four hundred years of Spanish colonialism and a short period under U.S. rule left the Philippines with a majority Catholic, westernized population and a generally disadvantaged minority of Muslims and non-Muslim, non-Christian peoples who live in distant or isolated areas and are little known to the majority. Recent laws and regulations have attempted to halt and redress the inequities visited on the traditional communities—dispossession of their land, exploitation of natural resources in their areas, and lack of educational and other services. Formal and legalistic remedies, however, do not bridge misunderstandings and bring people together; they do little to heal the resentments that have led to outright conflict in areas such as Mindanao. Jaime C. Laya describes a number of initiatives by the Philippine National Commission for Culture and the Arts to encourage the arts of cultural communities and bring them to the attention of national and international audiences. In addition to preserving traditional cultures and increasing the majority culture's awareness of their value, festivals, awards, and other programs encourage mutual exchange and build bridges between people who had had limited knowledge of each other.

Finally Sharon Bessell examines the issue of gender-based cleavages. Analyses of social cohesion and conflict in the region usually explore various cleavages within society based on ethnicity, religion, economic status, or culture, but little attention has been paid to the gender dimensions of these issues. This lacuna persists despite the greater understanding and the greater capacity to identify problems and solutions that can be gained from a gender analysis. Bessell's paper contributes to filling this gap and to furthering much-needed debate.
Bessell begins with the observation that women are rarely formally included in managing conflict and in developing policies that promote social cohesion. She sees this exclusion as especially serious because women might bring to the discussion a different perspective from that of men. According to Bessell, gender analysis involves more than addressing the question, "why include women?" Gender is not about "women's issues"; rather, a gender analysis leads to understanding of the highly political ways in which issues are allocated to either men or women and of the nature and construction of masculinity. "How is conflict gendered?" "How do gender roles undermine social cohesion?" and "How can gender roles be harnessed to promote social cohesion?" constitute a second, and equally pressing, category of questions.

Besides discussing why women must be included in efforts to promote social cohesion and manage conflict, Bessell examines what they can contribute to such efforts in various situations, including overt conflict and war. She does so through an analysis of the gender dimensions of the four characteristics identified as being fundamental to a cohesive society: a functioning state, respect for human rights, equitable distribution, and bridging social capital.

If social cohesion is to be fostered, detailed attention to the development of inclusive social policies is necessary. Bessell suggests that education policies are of particular importance. The development of inclusive social policies is largely dependent on the widespread promotion and acceptance of social justice and human rights as values that benefit all groups within society, as well as protect individuals. This requires a shift from a zero-sum game to a situation in which compromise and negotiated settlement are politically tenable and have a high degree of social acceptance.
Social Cohesion and Social Conflict in Southeast Asia

Sharon Siddique

We have determined that fighting poverty and improving living standards of all the people in the region will be the overarching objective of the ADB . . .

Tadao Chino, President, Asian Development Bank, 1999

Poverty reduction is a key goal of the World Bank and the Asian Development Bank (ADB). Many client states are crisis-stricken economies with high levels of poverty and, concurrently, low levels of social cohesion. Social conflict inhibits the efficient disbursement of allocated funds and the implementation of approved projects. If their efforts are to increase the success rate of poverty reduction programs, the World Bank and the ADB cannot afford to ignore the importance of encouraging the formulation of policies that facilitate social cohesion.

Southeast Asia in the year 2000 makes a particularly interesting case study in social cohesion. The economic crisis that hit the region in July 1997, and the subsequent social conflicts, followed three decades of (perceived) social cohesion during which many governments and assistance agencies were lulled into the impression that Southeast Asia had developed a winning formula for development. The stocktaking currently under way in Asia holds many fascinating lessons on the com-
plex relationships between social cohesion, social conflict, and economic growth. Viewed from a regional perspective, the operative questions are:

- What policies successfully nurtured Southeast Asia’s three decades (late 1960s to late 1990s) of social cohesion and rapid economic development?
- What are the catalysts and causes that have contributed to the reemergence of social conflict in the region?
- What is now being done to return these societies to a state of social cohesion?
- What are the lessons for governments, civil societies, the private sector, and assistance agencies as they rewrite a social policy agenda for Southeast Asia?

**The Concept of Social Cohesion**

Figure 1 is a graphic representation of the thinking process through which the questions listed above can be addressed. It is assumed that social cohesion is a basic prerequisite for any society; a permanent state of social conflict would mean either the transformation or the annihilation of the society. Thus, any society constructs sets of policies in order to maximize social cohesion, and these provide the social stability necessary for the society to survive and perhaps to progress.

No society has succeeded in maintaining a permanent state of social cohesion. The key question, then, is, what are the trigger factors that move a society in a state of social cohesion to a state of social conflict? Since social conflict in any society can only be viewed as a negative state, what mechanisms of intervention and mediation do societies develop to attempt to return to a state of social cohesion? Finally, once stability has been achieved, what new policies are forged to ensure the “permanence” of this new state of social cohesion?

Although social cohesion is difficult to quantify precisely, it is strongest when a majority of members consider themselves to be stakeholders in a particular society. Conversely, it is weakest when a majority of members are alienated, or
Figure 1  Social conflict and social cohesion: Processes of transformation

"stakeless." Such detachment can lead to social instability and social conflict. There is thus a highly moral basis for social cohesion. A society that cultivates within its members a feeling that they are stakeholders, participants in the societal process, and, perhaps, owners of the system is inherently moral. This is so because such a society must be seen to embrace and manage diversity—socioeconomic, religious, cultural, political, and ethnic—in an impartial manner.

"Social cohesion" and "social conflict" are potentially rich concepts that can expand our knowledge of how societies function. They describe conditions of social interaction that transcend the aggregate of individuals who make up any particular society and that provide a useful analytical tool for understanding the holistic nature of the development process. Moreover, the terms have the advantage of being ideologically
neutral and can therefore be applied to societies that differ in their political systems, stages of development, and structures of governance.

Social cohesion, then, is a function of providing a policy environment that facilitates the maximization of stakeholding. In 1996, a year before the Asian crisis, Singapore’s senior minister, Lee Kuan Yew, recognized this need when he observed, “We must be wise enough to spend some part of [our] profit to maintain social cohesion in Singapore between the more enterprising and successful and the less adventurous and therefore the less wealthy” (Straits Times, July 11, 1996). In other words, social cohesion depends on ensuring maximum buy-in into the system.

In its Comprehensive Development Framework (CDF) the World Bank elaborates just such an approach. The CDF was primarily designed to achieve greater effectiveness in reducing poverty, but it is also a useful reference point for summarizing the current state of social cohesion and social conflict. The World Bank’s implicit assumption appears to be that the CDF facilitates social cohesion by ensuring that a maximum number of societal members see themselves as stakeholders in the system. The CDF is based on four principles (see also <www.worldbank.org/cdf/cdf-faq.htm>):

- The country, not assistance agencies, is the determiner of the goals and the phasing, timing, and sequencing of the country’s development programs.
- Government, civil society, assistance agencies, and the private sector should form a partnership in defining development needs and implementing programs.
- A long-term vision of needs and solutions, built on national consultations, that can engender sustained national support is required.
- Structural and social concerns are to be treated equally and contemporaneously with macroeconomic and financial concerns.

The CDF also hints at just how complex this process of facilitating a societal buy-in has become. In the twenty-first century there will be few truly homogeneous societies. The challenge
will be to manage diversity in highly plural and fluid social contexts. Social cohesion will be even more difficult to maintain because our concept of “society” has become so complex. We all increasingly have multiple societal memberships. We are all stakeholders in the global economy. We are residents of particular regions and nation-states. And we all belong to a myriad of smaller “societies” such as ethnic and religious communities, interest groups, and family units. Social cohesion, then, has to do with managing societal solidarity in the face of increasingly complex pluralisms.

From the late 1960s to the late 1990s, most Southeast Asian countries congratulated themselves on having established stable systems marked by high degrees of social cohesion. The Asian crisis demonstrated just how fragile this social cohesion really was. It became obvious that in many societies of Southeast Asia stakeholders were either becoming rapidly alienated or, in reality, had never been true stakeholders.

It is particularly interesting to focus on Southeast Asia as a case study of social cohesion and social conflict because in the past five decades most Southeast Asian countries have moved through the stages of the above matrix in the following trajectory:

- 1940s–1950s: turbulent period of nation-building; prevalence of social conflict
- 1960s–1990s: period of economic growth and relative social cohesion
- Late 1990s: turbulent period catalyzed by the Asian crisis; social conflict
- 2000: search for new paradigms on which to reconstruct social cohesion.

**Maintaining Social Cohesion**

The planning process in most Southeast Asian countries in the 1960s was initiated in the aftermath of major social conflicts and political upheavals, which began in the 1940s. In Indonesia the first five-year development plan, REPELITA-1, was promulgated by the Soeharto regime in 1969, four years after the
attempted coup in 1965 and the ensuing drastic suppression, which cost hundreds of thousands of lives. Malaysia's New Economic Policy (NEP) was inaugurated in 1970, largely as a response to racial rioting in the aftermath of the national election in 1969. Singapore's watershed came in 1965, when the country separated from Malaysia and suddenly had to grapple with establishing a viable economy in an island city-state. One of the precipitating factors in Malaysia's decision to cut Singapore loose was the island's large Chinese population, which threatened Malay political hegemony. Strong state structures were created to formulate and implement these new development agendas.

For more than 30 years, during the boom period from the late 1960s to the late 1990s, Southeast Asian societies developed a set of policies that appeared to have fostered social cohesion and social stability. Social cohesion and economic growth, and the intrinsic link between the two, were taken for granted. In the ever-expanding-pie scenario, everyone's slice would grow, even if some received slices that were slightly more generous than others'. This principle was the cornerstone of affirmative action programs, such as Malaysia's Bumiputera policy, designed to increase the share of the economy held by the bumiputera, or indigenous population. The "trickle-down effect" followed the same principle. In Indonesia it was argued that even though a few benefited disproportionately, an expanding pie ensured that the percentage of those living below the poverty line would continue to decline.

Social cohesion comes about when a maximum number of members become persuaded that they are stakeholders in the society. Riding the crest of the wave of economic expansion, many Southeast Asian stakeholders bought into (or appeared to have bought into) the system. The mechanism through which this happened was social mobility. In Southeast Asian societies on a growth path, social mobility was perceived as high. Many were convinced that they, or at least their children, would have the potential to improve their social status. Thus it appears that a consensus on social mobility is a prerequisite for social cohe-
sion, and social mobility is a function of how a society organizes and justifies the allocation of its economic resources and opportunities.

Governments led this transition to prosperity. This meant that development planning during the boom years was essentially a tightly controlled, top-down process, the job of bureaucrats, technocrats, and politicians. Clear definitions and the efficiencies of the systems were lauded by governments, the private sector, and assistance agencies alike. In Indonesia, Malaysia, and Singapore national development planning was formulated, initiated, and implemented by a lead civil service agency. In Malaysia the key planning body is the National Planning Council (NPC), chaired by the prime minister and coordinated by the key planning body, the Economic Planning Unit. For more than 30 years, Indonesia’s planning process was supervised by the Indonesian National Development Planning Agency, BAPPENAS. The agency produced a summary policy document, the Guidelines for State Policy, that was presented every five years to the People’s Consultative Assembly. Singapore’s latest Strategic Economic Plan was prepared by the Economic Planning Committee, established in 1989 under the chairmanship of the minister of state for trade and industry.

In addition, most countries developed overarching “vision documents” that encapsulated future goals and aspirations—convincing “evidence” of the potential for social mobility. For example, Vision 2020, first articulated in 1991, is Prime Minister Mahathir’s formulation of Malaysia’s aspirations to become an advanced industrial country with an established sense of nationhood (Bangsa Malaysia) by 2020. In Indonesia the primary vision documents have been the state ideology of Pancasila (with its five principles of belief in one God, a just and civilized humanitarianism, national unity, democracy through consultation and consensus, and social justice) and the 1945 Constitution, both of which are still considered inalienable. Singapore’s vision for the decade of the 1990s is elaborated in a book published by the government in 1991, The Next Lap. The goal envisioned is to catch up by 2020–30 with the first league of industrial nations, on a moving-target basis, in four key areas:
economic dynamism, national identity, quality of life, and the configuration of a global city. Such visions ensure that public attention is focused on the future and on the attainment of a better and more prosperous standard of living.

These visions facilitated social cohesion. They were the rallying points around which citizens were invited to buy into the system—to become stakeholders. Because the government was the dominant institution, variations on a top-down approach evolved in Southeast Asia. The Communist Party ideology furnishes an overarching and elaborate reference point for social cohesion in Vietnam. In Myanmar the Burmese Path to Socialism provides an integrated social and economic ideology. Thailand is a Buddhist kingdom, and Brunei Darussalam is a Malay-Muslim monarchy. These “umbrella” ideologies effectively subsume contentious issues by coopting (and at times coercing) the allegiance of all citizens, irrespective of race, ethnicity, or class. The top-down approach can coexist with communism, socialism, or democracy or, in the case of Brunei, with a theocratic state.

The Malaysian government went one step further when it rationalized the extension of special status and support to the Malay community to ensure that the group had a greater stake in the system. Redressing social and economic inequalities that were detrimental to social cohesion was the main motivation behind the Bumiputera policy. Contained in the New Economic Policy that was promulgated in 1971, the policy outlined a series of initiatives to restructure Malaysian society in order to raise the economic participation of Malays in the economy. The target of 30 percent Malay participation had not been reached by the end of the NEP in 1990. The subsequent National Development Policy (NDP) sets no new time frame within which the 30 percent goal must be achieved. Instead, it calls for support for the emergence of a Bumiputera Commercial and Industrial Community (BCIC). Recent controversies between the main political parties, the Islamic Party of Malaysia (Parti Islam SeMalaysia, PAS) and the United Malays National Organization (UMNO), illustrate that the issue is not just increased wealth but how that wealth is allocated.
Governments developed systems to rationalize and institutionalize control. The common argument has been that Southeast Asian countries are highly pluralistic: multiracial, multiethnic, multicultural, and multireligious. Differences in race, ethnicity, culture, and religion were defined as too sensitive to be aired in public debate and within the political arena. The media were controlled in the conviction that sensitive, potentially divisive issues should not be openly discussed because of their potential to catalyze social conflict. Such attitudes were understandable, given the experiences of social conflict out of which many of these regimes were born.

In Indonesia, following the widespread breakdown of social order in the aftermath of the 1965 coup attempt, the Soeharto government moved to circumscribe public debate on four issues that it considered too contentious. These became known by the acronym SARA: ethnicity, race, religion, and social group. Singapore has taken a different tack. Ethnic communities have been encouraged to look after their own constituents through the formation of community self-help organizations. On the principle that social cohesion depends on a maximum buy-in into a shared stake in the economic growth trajectory, contentious issues of race and religion remain outside the bounds of public and political debate and cannot be aired in the media. When citizens stray across these "OB" (out of bounds) markers, the Singapore government does not hesitate to invoke the Internal Security Act.

The Philippines was an exception to this trend. It is the only Southeast Asian country that boasts a strong civil society. Most central issues of governance, as well as moral advocates of social cohesion, are represented by active institutions of civil society. This is in part the legacy of the unique Philippine colonial experience, which combined Catholicism under the Spanish and the nongovernmental organization (NGO) culture under the Americans. Most other Southeast Asian countries did not take up the issue of creating an enhanced role for civil society, as governments felt that social cohesion was at risk when too open a debate laid bare divisive issues of race, class, religion, and ethnicity.
Let us return to the World Bank's much publicized CDF and see whether and how its aspirations were translated into development formulas in Southeast Asia during the 30 years of rapid, sustained economic growth. In most instances, governments determined the countries' development plans. Governments constructed long-term visions, which, because people bought into the promises of social mobility, generally enjoyed national support. What was lacking, with the benefit of hindsight, was the second element of the framework, the evolution of a partnership between government and civil society in defining development needs and implementing programs. Moreover, the close relationship between government and the private sector, which fostered the efficient implementation of the development agenda, also opened the door for corruption, collusion, and nepotism to flourish. Assistance agencies such as the World Bank and the ADB broadly supported government development plans because they were successfully meeting economic growth targets.

Causes and Catalysts of Social Conflict

Since 1997, unfortunately, we have been presented with a case study in the causes and catalysts of social conflict. The Asian economic crisis was the obvious catalyst for the outbreaks of social conflict that have taken place in Southeast Asia since July 1997. It is clear that either the crisis reversed fortunes sufficiently among some groups as to transform some stakeholders into a state of alienated stakelessness or that certain policies described in the previous section masked the reality that stakeholding, as defined by the state, was fictitious.

We are now witnessing the effects of a contracting pie. When economic growth slows or reverses, social cohesion is weakened. In a period of economic contraction the potential to be upwardly mobile, or even to maintain the economic gains of past decades, is seriously threatened. Southeast Asia has learned the bitter truth of Anthony Giddens's observation: "Ecological risks, fluctuations in the global economy, or global technological change, do not respect the borders of nations".
Thus, social cohesion is also linked to the inexorable process of globalization.

When one looks for the underlying causes of social conflict, or the fault lines that have emerged to disturb social cohesion, there are three critical issues: religion, ethnicity, and class. They are not new issues; in fact, they are perennial catalysts for social conflict in Southeast Asia. The question, then, is why they at times emerge to ignite social conflict, while at other times they remain dormant during relatively long periods of social cohesion.

Indonesia provides an example of this fluctuation. Table 1 highlights the complex relationship between ethnicity, religion, and class issues and their correlation with social unrest. Two factors were crucial in the timing of conflict. First, discussion of SARA issues was proscribed during the Soeharto era. Peace and stability ostensibly reigned, or at least conflict was contained.

Table 1 Ethnicity, religion, class, and social conflict in Indonesia: Provinces experiencing civil unrest

<table>
<thead>
<tr>
<th>Province</th>
<th>Ethnic group</th>
<th>Religion</th>
<th>Resources</th>
<th>History of tendencies toward separation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aceh (North Sumatra)</td>
<td>Acehnese</td>
<td>Muslim</td>
<td>Oil and gas</td>
<td>Colonial period; 1950s to date</td>
</tr>
<tr>
<td>Riau, Jambi, Bengkulu, South Sumatra</td>
<td>Malay</td>
<td>Muslim</td>
<td>Oil and gas</td>
<td>1950s</td>
</tr>
<tr>
<td>East, West, South, Central Kalimantan</td>
<td>Dayak</td>
<td>Muslim, Christian, animist</td>
<td>Minerals, oil and gas</td>
<td>1950s</td>
</tr>
<tr>
<td>South Sulawesi</td>
<td>Buginese</td>
<td>Muslim</td>
<td>Spices, cash crops</td>
<td>Colonial period; 1950 1970s to date</td>
</tr>
<tr>
<td>East Timor</td>
<td>Timorese</td>
<td>Christian</td>
<td>Potential oil and gas deposits</td>
<td>Minerals</td>
</tr>
<tr>
<td>Irian Jaya</td>
<td>Irianese</td>
<td>Christian, animist</td>
<td>Spices, cash crops</td>
<td>1950s (Christian separatism)</td>
</tr>
<tr>
<td>Maluku</td>
<td>Ambonese</td>
<td>Christian</td>
<td>Spices, cash crops</td>
<td></td>
</tr>
</tbody>
</table>

Source:
Now some intellectuals are arguing that keeping SARA under wraps had more negative consequences than positive benefits. Indeed, the provinces now involved in conflicts were restive in the colonial period and in the turbulent period of parliamentary democracy in the 1950s. SARA issues have become so contentious in the newly inaugurated reform era precisely because they have been buried for so long.

It is also no coincidence that social unrest is occurring in resource-rich provinces. The top-down development approach that fostered three decades of rapid economic growth was driven by the center. Profits from the exploitation of the natural resources of the Outer Islands were controlled by Jakarta, and a relatively small share of the revenues was returned directly to the provinces. The military was used to ensure compliance. In the current reform era, separatist movements in some provinces have carried social conflict to its ultimate extent, calling for the dissolution of national ties and the founding of new nation-states. This has already happened in East Timor, now Timor Loro Sai. The demands from Aceh and Irian Jaya (called Papua by supporters of independence) are becoming more strident. The long-awaited district autonomy plan, due to be implemented in January 2001, may be too little, too late.

The interplay between religion and ethnicity in Table 1 is complex. In some cases—for example, among the Acehnese and the Malays—religion is viewed as a key element of ethnic identity. In others, as among the Ambonese, the ethnic group is split along contesting religious lines. For the Dayaks, religious identity is not as critical as is identification with territory, and unrest in Kalimantan has often been directed against non-Dayak migrants such as the Javanese and the Buginese. Internal migration, particularly of Javanese into the Outer Islands, has often been behind recent social unrest. The issues of access to opportunities, the distribution of wealth, and widespread corruption, collusion and nepotism (KKN) are particularly poignant in provinces that feel they have not received an adequate share of the wealth of their own native areas. Similar tables, illustrating similar situations in other Southeast Asian countries, could be constructed to shed light on these issues.
The potential for the process of reexamination to lead to outbreaks of violence is more real in multietnic, multireligious societies because the social fault lines that can be exploited by political groups vying for power in a fledgling democratic system are infinitely more complex. In May 1998 more than 100 new political parties were formed in Indonesia. Forty-eight eventually participated in the June 1999 elections, and more than 20 are currently represented in the Parliament. Political parties are already beginning to regroup to contest the next elections, in 2004, and their potential as vehicles for articulating social tensions is very real. Although democratization does appear to be an inexorable process, it can certainly be argued that, in the short term at least, it appears to promote more conflict than cohesion.

Managing social mobility in heterogeneous societies is a complex business in the best of times. The more heterogeneous the society, the more likely it is that potential social fault lines could fracture. The current economic crisis has highlighted the difficulty of balancing the various components of a heterogeneous society "united in diversity." During periods of economic upheaval, fissures along societal fault lines can and do lead to political instability. Those who cry for reformasi are in reality questioning the hitherto-accepted norms underpinning social mobility. And this questioning is in turn motivated by a reexamination of the basis of economic distribution.

In Southeast Asia economic growth was the taken-for-granted cohesive "glue" that bound heterogeneous societies. In struggling to explain the impact that the economic downturn has had on social cohesion, attention has shifted to the critical issues of how social inequalities are managed, how distribution of wealth is determined, and, ultimately, who should supervise these processes.

**Restoring Social Cohesion**

The section on "Maintaining Social Cohesion," above, outlined how government policies were designed and implemented to promote the social cohesion and social stability that were
assumed to be prerequisites for economic growth. The preceding section described some of the issues and processes that have confronted Southeast Asian nations since the 1997 economic crisis. It is clear that what Amartya Sen describes as the "old strategy" (pre-1997) failed, in certain key areas, to weather the economic storm. Sen defines this old strategy, on which the successes of Southeast Asia have been based, as "the use of the complementarity of different institutions, and in particular the creation of social opportunities through public policy that crucially supplement the functions of the market" (Sen 1999: 28).

In other words, social policy was subordinate to economic development, and social policies that were deemed to have no direct economic benefit were "legislated out" of the process of formulating development policy. This can be clearly seen by looking at public spending on social security and welfare as a percentage of total government expenditure. In East Asia the share averaged only 1.0 percent in the 1990s, while in Latin America it was 3.6 percent; in South Asia, 2.2 percent; and in the member countries of the Organisation for Economic Co-operation and Development (OECD), 12.7 percent. In recent months attention has shifted from how wealth was generated, accumulated, and invested to how limited resources can now be best allocated to those who have been most harmed by the economic crisis. It is precisely in this area of the provision of social safety nets that many Southeast Asian societies find themselves lacking.

Why did this occur? Perhaps it was because decades of growth created societies in which upward social mobility in an expanding economy was assumed to be a permanent feature. But Southeast Asian societies were single-track; there was no room for U-turns, and certainly no serious attention was paid to the possibility that progress could suddenly be dramatically reversed. Another, less often articulated, reason has to do with the implicit need to preserve the vehicles—family, clan, and village community—through which the moral basis of development must ultimately be communicated. In other words, one cannot afford to ignore the need to strengthen the institutions
on which social cohesion has traditionally relied. And this process must occur bottom up, not top down.

Sen cites two lacunae in the old strategy: the need for protective security, and the issue of democracy (Sen 1999: 29). When the development trajectory is upward, social cohesion is more easily maintained, but when crisis intervenes and growth rates fall rapidly, some sectors of the population are more affected than others. Sen calls for recognition of the importance of "protective security," which makes social safety nets an integral part of the development agenda (Sen 1999). This has certainly been the most important element in the discussions in Southeast Asia on how to return to a state of social cohesion.

The need for formal social safety nets has been placed on the Southeast Asian agenda. These mechanisms include unemployment insurance, health and medical coverage, formal sector alternatives, pensions, and social security. It is generally realized that social safety nets will need to be seen as more than crisis mechanisms; they must become a central part of social policy. This means that in contrast to the view of social safety nets under the old strategy, they must now be regarded not as an administrative cost and a burden but as an investment in future development.

This is more easily said than done. It has been recognized that a "one size fits all" approach to social safety nets is inadequate because different societies have been affected in very different ways. Studies commissioned by the ADB on the effect of the crisis on Indonesia, the Republic of Korea, Malaysia, the Philippines, and Thailand show that the social impacts varied widely across the five countries, mainly because coping mechanisms differed. (For reports on the studies, see <www.aric.adb.org/social>.

Many different types of stakeholders have been affected. For example, in Indonesia incidents of violence in Ambon, Kalimantan, Irian Jaya, and parts of Java occurred in tandem with a rise in the estimated incidence of poverty, from 11 percent to more than 14 percent during 1997-98. Not only the poor are in the ranks of the stakeless. The crisis affected Malaysian universities, as many of the estimated 54,000 Malaysian
students studying abroad were forced to return. In 1998 alone 112,000 applications were submitted for the 40,000 spaces available in Malaysian colleges and universities. In the Philippines limitations on the government's ability to respond to the crisis through fiscal measures made upgrading formal social safety net programs unfeasible, for the most part. This was reflected in the prominent response of NGOs and religious organizations in assisting households and individuals affected by drought and the economic crisis. Filipinos generally relied on community and self-help initiatives in responding to falls in real income. The downward pressure on real wages is also reflected in declines in the remittances of overseas Filipino workers.

With the benefit of hindsight, it is clear that the steady growth path of the past decades obscured the fragility of growth, particularly in Indonesia. Many social scientists have described how traditional social safety nets—extended families, clans, and religious communities—functioned as effective conduits for economic development in times of relative prosperity. For instance, studies documented how regular remittances from urban centers such as Jakarta, Medan, and Surabaya revitalized village life and helped raise rural living standards. The flow has been somewhat reversed in the current economic climate, and now agricultural products, particularly rice and other food staples, are being “remitted” from rural areas to sustain unemployed city dwellers. But such informal social safety nets are inadequate for coping with the scale of the problem.

No one disagrees with the urgency of providing immediate relief to those suffering from unemployment and a descent into poverty. But the wholesale borrowing of Western models of state and institutional social safety nets such as unemployment insurance, worker compensation packages, and retrenchment and unemployment benefits requires careful and sensitive consideration. For example, in mid-1999 the World Bank reported that only 10,000 of the more than 1.4 million Thais hit by the economic crisis had applied to join a scheme especially designed for the poor. Investigation showed that the stigma of being labeled as poor had prevented Thais from registering for
the low-income card scheme (LICS), which would give them free medical services.

Excessive corruption, collusion, and nepotism can contribute to fomenting social conflict when stakeholders reject a society as immoral. Southeast Asian countries are now dealing with the reality that social cohesion is tied to the process of democratization, of maximizing the participation of all stakeholders in the system. But it is not only those who resort to violence who must be listened to. Indeed, it is the voices of the people who represent the “moral majority” that ring most clearly when one is attempting to understand the complex issues surrounding a return to social cohesion. An illustration is this interview with a peasant farmer in Aceh, whose wisdom should certainly be tapped:

With a face that has begun to wrinkle and hair that has turned entirely grey, Teungku Yacob is beginning to show his age. Now 58 years old, he is small and thin, and his complexion is dark. He spends his days working near his house in his rice field. To describe his feelings about present-day conditions, Teungku Yacob quotes an Acehnese saying:

These days
People no longer show any shame,
Flowers no longer give off any fragrance,
Chili peppers no longer impart any spiciness.

In view of these conditions, he hopes the government, in carrying out the national development programs, will pay more attention to the negative effects, so that the villages can perpetuate stable customs and maintain the strong foundations of their religion. He feels that physical development is meaningless if moral development lags behind . . . For the present, all Teungku Yacob can do is to work hard and to pray for
himself and his family. (Selo Soemardjan and Breazeale 1993: 144-48)

Teungku Yacob is making a plea to preserve the moral fabric, and this is certainly a most vital element in maintaining social cohesion.

Southeast Asian societies are faced with a dilemma. New state-sponsored and state-administered social safety nets will have to be created, but they should not be set up at the expense of the traditional social safety nets that have so effectively served to reinforce social cohesion. The myriad ripple effects of any fundamental cultural shift have profound implications for extended family, clan, religious, and ethnic group relationships and for the moral basis of society, on which social cohesion—the buy-in by stakeholders—must ultimately rest.

The second failing of the old strategy described by Sen concerns democracy. His argument is that in times of economic downturn and social conflict, some social groups are affected disproportionately. This was also verified in the ADB studies cited above. Sen's point is that it is only when these groups gain a voice in the democratic process that their diverse needs are addressed. One can argue this case for Southeast Asia by focusing on the urban and rural poor.

In general, the urban poor appear to have been more seriously affected than the rural poor, particularly on densely populated islands such as Java and Bali. There are significant differences within the rural population, however. Subsistence farmers in rural areas have been much more adversely affected than those in the export-crop-producing Outer Islands such as Sulawesi and Sumatra, where real incomes actually rose during the crisis. Rural-to-urban migration patterns have also been significantly affected. In Vietnam waves of rural migrants are flowing into the cities in pursuit of jobs. This migration represents one of the biggest dilemmas facing the communist leadership: how to provide for the betterment of the peasant class it purports to champion while maintaining social cohesion. The issue of democratization will continue to loom large well into the new century.
The questions of when to intervene and how much to intervene remain complex and are as yet unresolved. But there is another side to restoring social cohesion. A condition of social conflict often requires a sometimes long and arduous path of mediation. Conflict resolution is thus an integral part of the process of returning to social cohesion. Here again we return to the need to understand the vital importance of taking a moral, and often a religious, stance toward conflict resolution in Southeast Asia.

Chaiwat Satha-Anand has emphasized the role of religion in this process and has examined the positions of various prominent faiths—Buddhism, Islam, and Christianity. When President Abdurrahman Wahid of Indonesia visited the former East Timor, he apologized for the conduct of Indonesians toward the Timorese and visited a cemetery, where he strewn flowers on the graves of some of those who had sacrificed their lives in the Timorese struggle against Indonesian occupation. But when blood is shed, memories are long. Satha-Anand makes the point that forgetting is not the answer:

A lot of people in the world believe that forgiving goes hand in hand with forgetting. This is a misconception for two reasons. First, for victims of violence . . . forgetting is extremely difficult. Second, a forgetful person cannot forgive anyhow. Only those who remember can. (Satha-Anand 2000: 12)

There is much to repair in terms of forgiving before social cohesion can again become a prominent feature of life in Southeast Asia. Mediation through consultation is a strength of many Southeast Asian societies and is a key to returning to a state of social cohesion. In Indonesia success in strengthening the judiciary is now being measured by how it deals with the prosecution of KKN-related injustices under the Soeharto regime. But opening these wounds, however necessary, always poses the threat of a reemergence of social conflict.
Rewriting the Social Agenda

There is a sobering new awareness of the fragility of the single-track growth path, and nowhere is this more apparent than in Indonesia. A process of reexamining the principles of social cohesion is under way. This should be encouraged. Building stronger, more resilient societies is as important as reengineering economic growth. The conclusion from Southeast Asia is that there is a clear relationship between social cohesion and economic growth. In a simple world, where nation-states could exist outside the sphere of the pressures of globalization and democratization, it might be possible to argue that social cohesion could exist in a sort of steady-state subsistence economy. Such a situation, however, is becoming increasingly rare, particularly at the level of the nation-state.

Southeast Asia therefore appears to have only two workable options as it assesses its agenda for the future. It can attempt to return to a rapid growth and social cohesion formula, which did, after all, provide 30 years of relative prosperity, or it can choose a slow growth and social cohesion formula. The hypothetical options of rapid growth and social conflict, or slow growth and social conflict, are at best unattractive and at worst untenable. The options are illustrated in Figure 2.

Both the World Bank and the ADB have recognized the complexity of the task ahead. The problem lies in moving from generalities to concrete policy options. The World Bank’s CDF presents a platform on which to frame some of the options.

The first of the CDF’s four principles, ownership by the country, appeared to be present in the elaborate buy-in strategies and institutions that were created in many countries during the 30 years of economic growth. Most Southeast Asian development plans, however, were largely formulated by the government, in some instances with the heavy assistance of funding agencies. There was too little consultation with civil society, and too little accountability was ascribed to the private sector. Development plans were the job of bureaucrats. The top-down approach was justified by pointing to the volatile nature of Southeast Asia’s pluralist societies. Restricting discus-
Figure 2  Growth and social cohesion or conflict

RAPID GROWTH

Southeast Asia, 1960s–1990s

SOCIAL COHESION    SOCIAL CONFLICT

Southeast Asia, 2000   Southeast Asia, 1997–99
Southeast Asia, 1960s–1990s

SLOW GROWTH

sion on sensitive issues and controlling the media appeared to foster social cohesion. But some of the social conflicts that we are now witnessing can also be attributed to the pent-up pressures of long decades of repression.

In Indonesia “ownership by the country” is far too much of a generalization. The Jakarta-centric development agenda of the Soeharto regime left little room for participation at the provincial or district level. The new government has embarked on a policy of granting more regional autonomy. In a time of economic contraction, however, the central government will feel increasingly pressured to boost its own revenues for central government debt repayments, social safety net programs, and infrastructure projects. In late 2000 there were signs that many provinces and districts would remain restive unless the timetable for regional autonomy by January 2001 was strictly kept. Assistance agencies are caught in a bind, as their aid negotiations must be channeled through the central government, thus indirectly supporting the perpetuation of centrist policies.

The second principle, partnership with the government, civil society, assistance agencies, and the private sector, raises a
complex issue, but one that must be urgently addressed. During the economic boom years, it was governments, assisted by funding agencies, that formulated and executed development policies. It is now recognized that this did not bring about the assumed buy-in of stakeholders; rather, many people appear to have been silent and stakeless.

Recognizing and analyzing the problem is a first step. The multiplicity of actors at various levels is a hallmark of globalization, which is ushering in a turbulent period of adjustment to a new international paradigm. The complexity is compounded by the fact that different actors have relative strengths and weaknesses at various levels, making coordination and cooperation extremely difficult. Table 2 illustrates the current situation in Indonesia, but it can be applied to most Southeast Asian countries.

Under the Soeharto regime, the development of civil society was discouraged. The Abdurrahman government has reversed this policy and is supporting the growth of civil society. This issue is linked to the process of democratization and the monitoring of corruption, collusion, and nepotism. Although the new government has supported a policy of press freedom and open debate, groups that are hesitant to abandon policies of social control resist an increase in the role of civil society. Their arguments are, in the main, based on the assumption that

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Strengths and weaknesses of actors in society, Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional (APEC, ASEAN)</td>
</tr>
<tr>
<td></td>
<td>International</td>
</tr>
<tr>
<td>Civil society</td>
<td>Weak</td>
</tr>
<tr>
<td>Private sector</td>
<td>Strong</td>
</tr>
<tr>
<td>Government</td>
<td>Weak</td>
</tr>
<tr>
<td>Assistance agencies (World Bank, ADB)</td>
<td>Strong</td>
</tr>
</tbody>
</table>

n.a. Not applicable.

Note: ADB, Asian Development Bank; APEC, Asia-Pacific Economic Cooperation; ASEAN, Association of Southeast Asian Nations.
sensitive issues of race, ethnicity, and religion must continue to be managed in order to maintain social cohesion and avoid social conflict. When blood has been shed and property destroyed, such arguments are difficult to counter.

The role of the private sector in Indonesia is also complex. The multinational corporations are in the vanguard of the globalization process, and they played a key role in supporting Indonesia's rapid growth, which averaged more than 8 percent a year in the 1980s and 1990s. Unfortunately, under the Soeharto regime, particularly in the final years, it was often necessary to forge alliances with members of the Soeharto family or their close associates to become a business player. Although this policy has changed under the Abdurrahman government, renewing foreign investors' confidence in Indonesia is an arduous task, made more complex by the pressure to honor international contracts signed under the former regime.

Similar problems face the Indonesian private sector, many elements of which have yet to restructure the massive debt overhang in U.S. dollars and Indonesia rupiah that they incurred in 1997–98. Coupled with this is their compelling need to integrate into the regional and global economies to survive. Most Southeast Asian countries, Indonesia included, have joined the World Trade Organization (WTO), and it is only a matter of time before existing protective tariffs and nontariff barriers will be challenged. The policy of integration into the global economy, to which the new government continues to subscribe, is made all the more difficult because of the disarray of the private sector.

The new government's policy of supporting the restructuring of the private sector will certainly put a strain on labor relations as companies merge or collapse and uncompetitive industries are dismantled. The process will have an effect on social cohesion. National business interests and international business priorities may also fuel social conflict. The new government's policy of accelerating the selloff of Indonesian Bank Restructuring Agency (IBRA) assets is being resisted by nationalists and national businessmen, who resent the bargain-
basement prices and the transfer of control to non-Indonesian big business interests.

This situation highlights the global policy arena, in which Indonesia is a participant but not a leader. Indonesia, and Southeast Asian countries in general, currently suffer from a dearth of coherent policies emanating from "governments" at the international and regional levels. The United Nations is a body that represents nations. Giddens, however, reminds us that the transnational nature of life in the twenty-first century will probably mean that other forms of governance will have to be found, particularly if social cohesion is to be accorded a higher priority. "We need to democratise above—as well as below—the level of the nation" (Giddens 1999: 75).

Thus far, the Association of Southeast Asian Nations (ASEAN) has been reluctant, or unable, to take the lead in formulating a regional policy framework. Here, the Europeans are more advanced. The European Union (EU) recognizes the need to maximize the number of stakeholders by strengthening the economic and social cohesion of the EU through the balanced financing of projects in the fields of the environment and trans-European transport infrastructure networks. The European Union Cohesion Fund is specifically restricted to member states whose per capita gross national product (GNP) is less than 90 percent of the EU average. At the moment Greece, Ireland, Portugal, and Spain are eligible to benefit from the Cohesion Fund. ASEAN has only begun to consider such issues. Thus, Indonesia, in its current time of need, does not have a strong regional structure to assist it in the process of promoting stakeholding.

Finally, although the World Bank and the ADB have a strong international presence, they lack official status or legitimacy within the regional and subnational contexts in which their influence has such a great impact. They generally work through government ministries and agencies at the national level. There is almost no direct interaction at lower levels of government and, until recently, little with civil society and less with the private sector. Private and national funding agencies with a global presence, such as the Ford Foundation, the Japan Foundation,
and the German Agency for Technical Cooperation (GTZ), all pursue their own assistance programs. Although some are extremely effective, none of these foundations has the resources to operate on the scale of the World Bank and the ADB.

The third CDF principle, a long-term vision of needs and solutions, has been tried in Southeast Asia. One problem has been that when a vision becomes too closely identified with a particular leader, it does not survive his exit. This has been the case with Indonesia’s Pancasila Development, promulgated by the Bapak Pembangunan (“Father of Development”), Soeharto. One can ask whether Malaysia’s Vision 2020 will survive the departure of Prime Minister Mahathir. Thus, we return to the need to maximize the stakeholders’ buy-in to any long-term vision constructed by the political elite. If Indonesia is indeed to construct a new vision of its future, the new government is adamant that it must be through a democratically empowered process.

The fourth CDF principle is the focal point for much of the debate on social cohesion in Southeast Asia today. The lack of focus on structural and social concerns was perhaps the greatest weakness of the old strategy, which tended to concentrate on macroeconomic and financial concerns in the belief that rapid and sustained growth would essentially take care of social concerns in a natural leveling-up process. That this has not necessarily been the case is now accepted, but the extent to which social safety net structures can be imported from Western societies remains problematic. In Indonesia a crucial question concerns the level of government by which such social safety nets should be formulated and administered. The policy of empowering and funding the central government to implement such a program could seriously undermine both traditional local social safety nets and regional autonomy.

Southeast Asia is currently rebuilding its economies and its societies in the aftermath of the Asian crisis. The rapid descent into economic turmoil stunned many analysts, who were, it must be admitted, equally surprised by the rapid resumption of economic growth. The question of whether this growth trajectory is sustainable cannot be answered through economic
analysis alone. Two processes appear to be critical and inexorable: globalization and democratization. Neither can be denied. Both center on the need to recognize and accommodate a more vibrant civil society. "We shouldn't think of there being only two sectors of society, the state and the market-place—or the public and private. In between is the area of civil society ..."(Giddens 1999: 77). This is a lesson that many Southeast Asian countries are currently seeking to understand. It is likely that a return to social cohesion will be the paramount policy priority, even at the expense of rapid growth.

References


Underlying Causes of Social Cleavages in Asia: Employment, Property Rights, and the Role of the State

Moazam Mahmood

This chapter examines some of the causal factors that underlie cleavages in the South and East Asian region. Cleavages can be defined as differences between countries, as well as those within a country. The causes of these external and internal cleavages may be internal or external, nor need there be a correspondence between the externality or internality of the cleavages and their causal factors. That is, external cleavages can be caused by internal as well as external factors, and internal cleavages can be caused by external as well as internal factors. This discussion confines itself to internal cleavages, and it focuses on only those internal causal factors that contribute to internal cleavages.

The chapter attempts to outline some symmetries between patterns of economic growth and social cleavages across a very broad region of Asia that stretches from Afghanistan to the Pacific. Many of the two dozen countries in the region are ravaged by intense and violent internal cleavages, epitomized by those in Afghanistan but well represented by Sri Lanka and the Philippines. Less intense but undeniable internal cleavages are evident in India, Indonesia, Myanmar, and Pakistan. Internal
cleavages in Cambodia and the Lao People’s Democratic Republic (PDR) are smoldering from past ravages.

In the analysis, these countries are grouped by economic growth. A curious correlation is found between groups of countries with serious internal cleavages and the pattern of economic growth in these groups. Essentially, low-employment countries are observed to have more-intense cleavages, high-employment countries have less-intense cleavages, and full-employment, high-income countries have nonthreatening cleavages.

The question then emerges: what factors determine the observed levels of employment and income in the countries of South and East Asia, which have such deep implications not only for the economies but for the very polities of the countries? This question may seem more suited for a textbook on development economics than for a discussion of cleavages because it seemingly begs the economist’s answer with the proverbial plethora of factors, including the kitchen sink. The purpose of the chapter, however, is not to be textbook-exhaustive but to choose a few fundamental factors that determine employment, income, and cleavages.

The analysis offers two major determinants of employment, income, and cleavages in South and East Asia. The first determinant is the system of property rights and the pattern of institutional change in that system. The second is the role of the state that results from the property rights system and institutional change.

**Economic Exclusion and Social Cleavages**

Colletta and Cullen (2000) observe that of the 20 poorest countries in the world, 16 are currently involved in major conflicts. Between 1985 and 1995, 91 of 96 violent conflicts were internal. Therefore, internal social cleavages require explanation. External factors accounting for internal social cleavages may be important, but they are in some ways more obvious than internal factors. Furthermore, external factors largely have to work through internal factors to foment social
cleavages. The determination of social cleavages by internal factors thus becomes paramount. This leads Colletta and Cullen to investigate the concept of social capital as the space within which social conflicts can occur. High social cohesion strengthens social capital, reducing the risk of conflict, while low social cohesion weakens social capital, increasing the risk of conflict. The authors posit that cohesion is determined in two dimensions. One dimension is through associative kin networks across individuals, families, kinship, villages, and tribes. A second dimension is given by the relationship between the individual and the state, which can be weak or strong. Cohesiveness in social capital is weakened in both dimensions—kinship, and civil society—through exclusion, inequality, and indignity.

This chapter seeks to investigate the role of economic exclusion, poverty, and inequality in determining social cleavages. It is conceptual, setting out a framework of argued relationships. More empirical delineation of these relationships calls for another research agenda.

Capturing the Diversity and Symmetry of South and East Asia

The South and East Asian region contains countries and economies as diverse as Afghanistan and Japan. These countries can, however, be categorized on the basis of three critical variables, gross domestic product (GDP) growth, income, and employment. This gives four economic regimes, as shown in Table 1.

1. Low-growth, low-income, low-employment economies.
2. Economies in transition from overwhelming public sectors to some degree of private sector ownership. These transition economies are characterized by varied growth but low income, and by low levels of open unemployment but high levels of hidden unemployment that represents considerable surplus labor.
3. High-growth, middle-income economies with high growth of employment varying to full employment (before the crisis of 1997–98).
4. Medium-to-high-growth economies with the highest incomes and full employment (precrisis).

The striking single-variable distinction between these four economic regimes is employment. The low-growth regimes have low employment levels. The transition economies have low levels of open unemployment but high levels of hidden unemployment. The high-growth, middle-income economies have had very high employment growth, and the highest-income economies have had full employment.

In Table 1, the low-growth, low-income, low-employment economies are predominantly South Asian: Afghanistan, Bangladesh, India, Pakistan, Philippines, and Sri Lanka. The transition economies, Cambodia, China, Lao PDR, Myanmar, and Vietnam, have varying growth, low incomes, and low levels of open unemployment but high levels of hidden unemployment. The high-growth, middle-income, high-employment-growth economies are Indonesia, Malaysia, and Thailand. The high-income, medium-to-high-growth, full-employment economies are Hong Kong (China), Japan, Republic of Korea, Singapore, and Taiwan (China).

<table>
<thead>
<tr>
<th>GDP growth</th>
<th>Low-growth economies</th>
<th>Transition economies</th>
<th>High-growth economies</th>
<th>High-income economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Income</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

Economies in each group

- Afghanistan
- Bangladesh
- China
- India
- Lao PDR
- Pakistan
- Myanmar
- Philippines
- Vietnam
- Sri Lanka
- Cambodia
- Indonesia
- Hong Kong (China)
- Korea, Rep. of
- Japan
- Malaysia
- Singapore
- Thailand
- Taiwan (China)
Symmetry between Employment Conditions and Social Cleavages

These four economic regimes—indeed, employment regimes—display a surprising symmetry with social cleavages, as the mapping below shows.

<table>
<thead>
<tr>
<th>Employment</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleavages</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

The low-growth, low-income, low-employment regimes have the highest incidence of social cleavage. Afghanistan has been torn by civil war. Sri Lanka is verging on civil war. The Philippines is beset by the Mindanao conflict. India has armed conflict in the north and social cleavages in the west and the south. Pakistan has armed conflict in Karachi and sectarian armed conflict countrywide. Bangladesh is wracked by a political cleavage. Thus, the low-employment regimes are subject to the most serious social cleavages in the region.

Within the transition economies, China has high growth, and Vietnam had high growth until the crisis, while Cambodia, Lao PDR, and Myanmar have low growth. All these economies have relatively low per capita income even for low-income economies. China and Vietnam have low levels of open unemployment, while Cambodia, Lao PDR, and Myanmar have higher levels of open unemployment. There is again a symmetry between employment conditions and social cleavages. These transition economies have lower unemployment levels than the low-growth economies, and their social cleavages are also less marked. Within the transition group, where open unemployment is high, in Cambodia, Lao PDR, and Myanmar, social cleavages are also high. Cambodia is barely emerging from a civil war, with considerable political cleavages that threaten stability. Myanmar has very deep political cleavages, as well as conflicts in the north. Lao PDR is not now subject to such serious social cleavages as in the past. In China and Vietnam, with
relatively low levels of open unemployment but high levels of hidden unemployment, regional and social cleavages are symmetrically less open, more beneath the surface.

The high-growth, middle-income, high-employment-growth economies have low social cleavage. Of the three countries, Indonesia, Malaysia, and Thailand, only one, Indonesia, has strong religious, regional, and social cleavages. In these economic regimes the symmetry between employment conditions and social cleavages is apparent. Malaysia and Thailand, with full employment (prior to the crisis), have long put any serious social cleavages behind them. Indonesia has had high growth of GDP and high employment, but this still left a relatively high level of open unemployment, verging on 10 percent, and it is Indonesia that faces serious social cleavages, with threatened instability.

The highest-income, medium-to-high-growth, full-employment economies face no serious social cleavages. In Hong Kong (China), Japan, Korea, Singapore, and Taiwan (China) there is not one serious internal conflict or cleavage.

Major Determinants of the Pattern of Growth, Incomes, Employment, and Cleavages

Thus, there appears to be a strong symmetry, across four categories of economic regime in South and East Asia, between the critical economic characteristics of growth, income, and employment, on the one hand, and social cleavages, on the other hand. The symmetry between open unemployment and social cleavages is particularly marked. The low-growth, low-income, low-employment economies have the highest incidence and intensity of social cleavage. The transition economies, with lower levels of open unemployment, compared with the low-growth economies, but with high levels of hidden unemployment, have the next highest incidence of social cleavage in the region. The high-growth, middle-income, high-employment-growth economies have a very low incidence of social cleavage. And the high-income, medium-to-high-growth, full-employment economies have no serious social cleavage.
Even within each category of economic regime, the symmetry between open unemployment and social cleavages is apparent. Within the low-growth category, all the countries have high open unemployment and all have serious social cleavages. Within the transition economies, Cambodia, Lao PDR, and Myanmar have higher levels of open unemployment and open social cleavages, in comparison with China and Vietnam, with lower levels of open unemployment, high levels of hidden unemployment, and hidden social cleavages. Within the high-growth category, Indonesia has high levels of open unemployment and serious social cleavages. Malaysia and Thailand, with full employment, have no serious social cleavages. All the high-income economies had full employment before the crisis, and they have no serious social cleavages.

Given the fundamental symmetry between employment and social cleavages, the next question is, what causal factors have determined the conditions of GDP growth, income, and employment? Two determinants are posited to explain the diversity in growth, income, employment, and therefore social cleavages across these categories of economic regime. The first determinant is the system of property rights and the institutional change in this system. The second determinant is the role of the state resulting from the system of property rights. We examine the working of each of these determinants in turn to obtain the growth, income, employment, and social cleavage characteristics of each of the four categories of economic regime.

**Impact of Property Rights and Institutional Change on Growth, Incomes, and Employment**

Property rights are important in explaining access to factors of production, especially land and capital. Access to land and capital determines employment, production, and incomes. Constraints on access to land and capital have two major implications. First, employment drops because there is less land and capital to work with. Second, if access to land and capital is constrained, there are fewer producers, less competition, and
therefore lower productivity, output, and growth. Property rights and the pattern of institutional change in these rights thus strongly determine employment, income, and growth. Uneven transformation of property rights helps explain the differentials in employment, income, and growth observed across the four categories of economic regime in South and East Asia.

**Literature on Property Rights and Institutional Change**

The literature on property rights and that on institutional change dovetail well together. Property rights are typically posited to change so as to reduce transaction costs (Cheung 1969). The well-cited example is of the transition in landownership rights and rentals. Under a feudal dispensation, land is predominantly owned by landlords who rent it out to landless tenants under the contractual conditions of shared inputs and outputs. Share rentals, however, imply high transaction costs for the landlord in the form of loss in output through disincentives for the tenant to invest in increasing productivity, since the productivity gain will have to be shared with the landlord. Fixed rentals eliminate the tenant's disincentive for increasing productivity, since the gains no longer need to be shared with the landlord, and allow the landlord a higher fixed rent. The transaction costs of renting are therefore reduced in fixed rents compared with share rents. The arrow of institutional change requires that transaction costs be reduced over time. Therefore, property rights that give rise to share rents tend in time to be transformed into property rights that allow fixed rents.

The literature on institutions and change mirrors the property rights literature. Institutions are now well defined as rules made by people to govern their behavior (North 1996). Institutions change over time to reduce the entailed transaction costs. Typically, the institution of property rights changes over time to reduce its transaction costs, becoming more efficient. Therefore the institution of land rent is observed to change over time from corvée—compulsory labor on the landlord's plot—to share rents, to fixed rents, each successively more efficient than its predecessor.
The general principle of change that emerges from both the property rights literature and the institutional change literature is the standard argument that more-efficient institutions, such as more-efficient property rights, come about over time. The problem with this argument is that it contains no qualifier about the time frame for the change in property rights. In some economies the change from less-efficient feudal share rents to more-efficient capitalist fixed rents could be telescoped into, say, decades, while in others the change might take centuries. The agents of institutional change in property rights are able to work faster in some economies, making them more efficient than others. That is the precise problem in the four categories of economic regime in South and East Asia.

Changes in Property Rights in South and East Asia

The four categories of economic regime in South and East Asia are characterized by a distinct set of property rights that has resulted from a distinct pattern of institutional change. The contention is that the different patterns of institutional change have produced differing property rights that help to explain the differences in employment, income, and growth conditions across the four categories of economic regime.

Low-growth regimes. The distinguishing feature of property rights in the low-growth regimes is an agricultural land market that is still characterized by feudal extra-economic ties (see Table 2). Extra-economic ties are a hallmark of a landownership system in which (a) land is still largely owned by a class of landowners who (b) restrict access to this land by a large class of landless peasants (c) through share-renting it out in small plots (d) under contractual conditions of shared inputs and outputs, (e) which implies joint production under the landlord’s supervision (f) rather than total surrender of the plot to the tenant (g) because of an insecure, underdeveloped fixed-rental market for land. Extra-economic ties are vestiges of a feudal system of landownership and tenure that constrains access to land and so constrains employment, output, and growth in agriculture.
Table 2  Property rights, institutional change, and the labor market

<table>
<thead>
<tr>
<th>Property rights and institutional change</th>
<th>Low-growth economies</th>
<th>Transition economies</th>
<th>High-growth economies</th>
<th>High-income economies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land reform</td>
<td>None</td>
<td>Land allotment</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td>Land market</td>
<td>Property rights, extra-economic, feudal; market, constrained</td>
<td>Controlled by fiat; constrained</td>
<td>Efficient; not constrained</td>
<td>Efficient; land inequality low</td>
</tr>
<tr>
<td>Agricultural labor market</td>
<td>Extra-economic, feudal</td>
<td>Controlled by fiat; constrained</td>
<td>Not constrained</td>
<td>Not constrained</td>
</tr>
<tr>
<td>Access to land</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

Resulting characteristics of the labor market and employment

| Agricultural employment                   | Low                  | Land and labor market inflexible | High                  | Full                  |
| Rural-to-urban migration                  | High                 | High                              | Medium                | None                  |
| Employment in industry                    | Formal, low; informal, high | Formal, medium; informal, medium | Formal, high; informal, low | All formal |
| Informal links                            | Low                  | Low                              | High                  | High                  |
| Productivity                              | Low                  | Low                              | High                  | High                  |

The land market in low-growth regimes has not developed a fixed-rental market that improves access to land and so increases employment, output, and growth in agriculture. Still, extra-economic ties persist to a significant extent, Constraining employment, output, and growth. These extra-economic ties persist in the low-growth economies largely because the effective land reforms witnessed in other parts of Asia have not occurred. Land reforms break up the concentration of landownership, distribute land to smaller owners and landless tenants, and dissolve extra-economic ties by stipulating formal fixed-rental contracts subject to administrative monitoring and normal judicial recourse. Land reforms
thus improve access to land, directly through redistribution and indirectly by facilitating the emergence of a secure fixed-rental land market.¹

Low access to agricultural land in the low-growth economies gives rise to a distinct labor market. In agriculture it implies that agricultural employment remains low relative to the supply of rural labor, productivity remains constrained, and output and incomes remain low, as shown in Table 2. Low absorption of labor in the agriculture sector leads to a considerable rural labor surplus that is prone to migrate to urban areas. High rural-to-urban migration produces a large urban labor market, which the formal industrial sector can hardly absorb. This in turn results in a much larger informal industrial and services sector, in part based on cheap refuge labor. The cheap labor in the informal sector implies low wages and low productivity in the dominant urban labor market. The wage productivity differentials between the urban formal and informal sectors also imply low vediting links between them, further constraining the productivity, wages, and growth of the dominant informal sector.

Property rights in the low-growth economies, characterized by extra-economic ties, insecure fixed rentals, and low access to land, strongly affect the labor market. They result in low labor absorption in agriculture and high surplus labor in rural and urban areas. These employment conditions in turn give rise to low productivity, wages, output, and incomes in the two largest sectors—agriculture and the urban informal sector. In aggregate, employment, incomes, and growth remain low in this category, constrained by property rights and the pattern of institutional change.

**Transition Economies.** The distinguishing characteristic of property rights in the transition economies is the constraints on the functioning of both the land and labor markets. Although land reforms have reallocated land, property rights cannot be readily transacted, and, paradoxically, the land market in the transition economies is strongly constrained. Furthermore, the labor market is also constrained because it is administered by
fiat. Employment levels in agriculture and in urban enterprises are given and are not readily adjusted to demand. If the critical variables of land and labor cannot be adjusted to demand, the productivity, wages, and profitability of any enterprise, whether in agriculture, industry, or services, become coincidental rather than controllable. Given demand commensurate with fixed employment and land levels, productivity, wages, and profitability will be high, with no surplus labor. Alternatively, if demand is insufficient for the fixed employment and land levels, productivity, wages, and profitability will plummet, and there will be hidden unemployment. ²

These market-constraining property rights have a considerable aggregate impact on employment, productivity, wages, and growth. Fixed employment levels imply that although open unemployment is kept relatively low, hidden unemployment and surplus labor—especially in agriculture, but very much also in industry, both with insufficient demand—will be high. If some enterprises have sufficient demand while others have insufficient demand relative to labor and land, aggregate productivity, wages, and growth will be dampened.

In terms of restructuring at least the labor market, China and Vietnam have moved ahead of the other transition economies. Some enterprise response to demand, in China through employment and in Vietnam through wages, has allowed productivity and competitiveness to rise, generating high growth rates. In Cambodia, Lao PDR, and Myanmar lack of even labor market reform keeps productivity, competitiveness, and growth low and open unemployment levels high.

Property rights that operate the land and labor markets by fiat constrain these key markets in the transition economies. A labor market run by fiat keeps levels of open unemployment relatively low compared with the low-growth economies. Inflexibility in the land and labor markets relative to demand, however, dampens their productivity, wages, and growth.

**High-growth regimes.** Property rights in the high-growth economies have moved land markets toward efficiency. The primary characteristic of land markets in these economies is
the development of a secure fixed-rental market in agricultural land. This has been brought about not by land reform but by demographics and land inheritance patterns. A factor that has worked to preserve larger landownership in the low-growth economies has been land inheritance based on primogeniture, which allows the eldest son to inherit the entire landholding and prevents population dynamics from fragmenting landownership across generations. In the high-growth economies population dynamics and inheritance patterns have fragmented landownership into small farm sizes. This has probably facilitated the emergence of a secure fixed-rental market in land.

Both the smaller farm sizes and the emergence of an efficient land market have resulted in an agriculture sector in the high-growth economies that absorbs much higher labor inputs per hectare than in the low-growth economies and that results in higher productivity. The small-farm argument is that small farm sizes tend to use a much higher input of labor per hectare, maximizing their use of a resource with which they are relatively better endowed. Large farms tend to use a much higher input of capital per hectare and a much lower input of labor per hectare, minimizing their use of a resource with which they are relatively better endowed (see, for example, Sen 1962) and minimizing their use of a resource with which they are relatively less well endowed. The result is that small farms which maximize their use of labor inputs per hectare have higher land productivity than larger farms.

The efficient land rental argument is that land rental markets allow greater access to land for production. Land-poor and landless farmers rent land from land-abundant farmers through secure fixed-rental contracts. Optimal farm sizes, which result from adjustments in the rental market as very small farmers rent in and very large farmers rent out, also increase land productivity.

This efficient land market in agriculture affects the entire labor market in the high-growth economies and, therefore, their productivity and growth. The efficient land market brings about high labor absorption in agriculture and high productiv-
ity, wages, and growth. As a result of high labor absorption in agriculture, rural-to-urban migration pressure is low. Given low rural-to-urban migration, the formal urban industrial and service sectors are able to absorb most of the urban labor force. Consequently, these high-growth economies have large and dominant formal industrial and service sectors and much smaller urban informal sectors. Thus, in the high-growth economies the dominant urban sectors are formal, with high productivity, high wages, and high growth, unlike those in the low-growth economies. Since the urban informal sectors in the high-growth economies are not driven by low wages and low productivity, they can have stronger vending links with the formal sectors.

In aggregate, the efficient land markets in the high-growth economies give rise to high labor absorption, high productivity, high wages, and high growth in their dominant agriculture and urban formal sectors. This contrasts strongly with the situation in the low-growth economies, where inefficient land markets result in low labor absorption, low productivity, low wages, and low growth in the dominant agriculture and urban informal sectors.

**High-income economies.** Of the five high-income economies, Hong Kong (China) and Singapore are city-states with no agriculture sectors. Japan, Korea, and Taiwan (China) have all experienced radical reforms as a result of the post–World War II occupation of the region by the Allied armies under General Douglas MacArthur. These land reforms were ostensibly aimed at reducing the power of the feudal rural elites. Their long-term impact was to transform the prevalent feudal property rights. Land was redistributed from large landholdings to tenants, creating a peasantry based on small farms. The land rental market moved from extra-economic ties to an efficient fixed-rental market.

The land reforms had three kinds of impact on the labor market and the macroeconomy. First, access to land increased radically, through direct redistribution and through the development of the secure fixed-rental market. Second, labor absorp-
tion, productivity, wages, and growth in the agriculture sector increased because of the small-farm-size effect. Third, the creation of a landowning peasantry earning a higher income generated a surge in effective demand for the products of the industrial sector. As a result, labor absorption in the agriculture sector has been very high in those three economies, rural-to-urban migration pressure has been minimal, and the urban informal sector is very small, with the urban formal sector paramount.

The aggregate impact of this transformation of property rights in land has been to generate full employment in the two dominant sectors of the economy, agriculture and the urban formal sector. High productivity, wages, and growth in both sectors have resulted not just from external demand based on competitiveness but also from the considerable domestic demand unleashed by the land reform.

**Property Rights: A Key Factor**

Property rights in the primordial sector, agriculture, go a long way toward explaining the observed conditions of employment, income, and growth in the four categories of economic regime in South and East Asia. Since the primordial sector has generated much of the labor force in the past or still does today in many of the economies, its absorption within the sector is seen to be paramount, with far-reaching implications for the industrial and services sectors. Absorption of labor in agriculture is seen to depend strongly on access to the principal factor of production, land. Access to land is enabled or constrained by the land market, and the functioning of the land market is determined by the prevalent property rights system. In some economies institutional change has resulted in property rights that have enabled greater access to land; in other economies the process of institutional change has been slower, keeping access to land low.

The low-growth economies are generally seen to have property rights that restrict access to land. Their property rights are still characterized by feudal extra-economic ties. The
distribution of land is more concentrated, and a secure fixed-rental market for land has not emerged to a significant degree. So, fewer people own land, and fewer can rent it without incurring large transaction costs that dampen productivity. This has major implications for the entire labor market, for output, and for growth. With a constrained land market, labor absorption in the agriculture sector is relatively low, as are productivity and growth. This also gives rise to high rural-to-urban migration that floods the urban sectors—industry and services. Consequently, the formal parts of the industrial and service sectors absorb only a small part of the expanded labor force and are dwarfed by the dominant informal sector. Since the informal sectors are driven by a large supply of cheap labor, their productivity, wages, and growth are low. In aggregate, in the low-growth economies, a constrained land market results in the two dominant sectors, agriculture and the informal sector, having low labor absorption and low productivity, wages, and growth.

In the transition economies the property rights systems afford relatively greater access to land but do not allow further transactions in it. The labor market also functions by fiat to give enterprises a constant level of employment. This implies that open unemployment is relatively low compared with that in the low-growth economies, but hidden unemployment is still high. It also implies that the land and labor markets are constrained by their relative inflexibility in responding to demand fluctuations. Consequently, labor absorption, productivity, wages, and growth for an enterprise become almost coincidental. If an enterprise's demand is high, its labor absorption, productivity, wages and growth will also be high; otherwise, not. In aggregate, this dampens labor absorption, productivity, wages, and growth.

Institutional change in property rights in the high-growth economies has been faster than in the low-growth economies. Property rights in the land market have evolved toward greater access. This appears to be partly the result of inheritance patterns that permit greater fragmentation of ownership over time in the high-growth economies, compared with the more con-
solidating inheritance pattern of primogeniture in the low-growth economies. It is also attributable to the emergence of a secure fixed-rental market in land, allowing more renting out by larger landowners and more renting in by smaller farmers and landless tenants. Greater access to land and smaller farm sizes has permitted significantly higher labor absorption and higher productivity in the agriculture sectors of the high-growth economies than in the low-growth economies. Higher labor absorption in agriculture has also implied lower rural-to-urban migration. This has produced urban formal sectors that have, in turn, absorbed most of the urban labor force, leaving the urban informal sectors relatively smaller. And since the urban formal sectors have not been swamped by cheap migrant labor, their wages, productivity, and growth have been high. In aggregate, property rights in the high-growth economies have evolved to give greater access to land, resulting in the two dominant sectors—agriculture and the formal sector—having high labor absorption, with high productivity, wages, and growth.

The high-income economies with primordial agriculture sectors have had their property rights transformed virtually overnight by post-World War II land reforms. These reforms have transformed the feudal concentration of landholdings and extra-economic ties in property rights. Access to land has improved through direct redistribution and through the emergence of a secure fixed-rental market for land. Consequently, through the small-farm-size effect, labor absorption and productivity have been very high in the agriculture sectors. Very high labor absorption in agriculture has in turn produced very low rural-to-urban migration and urban formal sectors that absorb the entire urban labor force. Again, the absence of cheap surplus labor has given the formal sector high wages, productivity, and growth. And, in aggregate, the development of property rights in the high-income economies has meant that the two dominant sectors, agriculture and the urban formal sector, have high labor absorption and high productivity, wages, and growth.
The Role of the State

The second major determinant of employment, income, growth, and social cleavages in the four categories of economic regime in South and East Asia is the nature of the state's role. Essentially, the state plays two roles: cleavage management, and political and economic management. Given the existence of social cleavages, or perception of external threats, the state has a role in containing these within manageable limits. The state also plays a role in management of the polity and the economy. The performance of the state in political and economic management feeds into the development of social cleavages and is analytically prior to cleavage management.

The argument here is that the state inhabits a space that is created by property rights. Property rights are seen to give the functioning of two important markets: the land market, and the labor market. Property rights can produce a land market imperfection, as in the low-growth economies, where a secure fixed-rental market does not exist and where extra-economic ties are needed to secure transactions such as land rental through sharecropping. This implies that land rights are not transparent, and therefore a space is created for the state to monitor, administer, and regulate land rights and transactions—to manage the land market.

Similarly, property rights can produce a labor market imperfection, as in the transition economies, where enterprise employment levels are set not by demand but by fiat. If employment levels are not determined by demand, a space is created for them to be set by fiat, by the state, giving the state a role in management of the labor market.

Management by the state of the land and labor markets, or indeed of any other market such as that for credit, has an important behavioral implication. Notionally, the state can act in two ways in its management behavior: economically or, if there is a divergence, politically. An even-probabilistic statement is that the state will act politically in half of its decisionmaking. A statement with greater likelihood is that if the state wants to act economically in more than half of its decisionmaking, it will
work itself out of a job by correcting the market imperfection. If the state wants to act politically in more than half of its decisionmaking, it will work to maintain the market imperfection. This has wider implications for the theory of institutional change, one of which would be that, probabilistically, systems resist institutional change, and therefore the agents of change and the timing of change have to be random, with individuals and events bucking the system. The limited assertion made here is that the greater are the observed market imperfections, the greater is state management of these markets, the greater is political management by the state, and the less is economic management by the state. Alternatively, the fewer are the observed market imperfections, the less is state management of these markets, the less is political management by the state, and the greater is economic management.

Table 3 shows that, given the high market imperfections in the low-growth and transition economies, the state exhausts itself in political management, leaving it little space in which to improve its economic management. Conversely, in the high-income and high-growth economies, the state plays a relatively greater role in economic management and a more limited role in political management.

In the low-growth economies, land market imperfections make the state’s political management profile high, but other indicators of economic management are rated as low. The state’s role in macroeconomic management is so limited that in most of the low-growth economies much of it is in the form of external conditionality on loans. The state’s promotion of technical change is low, its provision of social protection is extremely limited, and its redistribution policies are negligible. This makes for the highest incidence of poverty in the region, extreme levels of inequality, and the attendant highest incidence and intensity of social cleavages.

In the transition economies land and labor market imperfections make the state’s political management profile high. The state’s macroeconomic management is judged to be low, as is the state’s promotion of technical change. The difference with the low-growth economies comes in the state’s
Table 3  The role of the state and social characteristics

<table>
<thead>
<tr>
<th></th>
<th>Low-growth economies</th>
<th>Transition economies</th>
<th>High-growth economies</th>
<th>High-income economies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State functions: Level of involvement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political regulation</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Macroeconomic policy</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Technical change</td>
<td>None</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Social protection</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Redistribution</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>Resulting social characteristics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poverty</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>None</td>
</tr>
<tr>
<td>Inequality</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Cleavages</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

A stronger role in social protection and redistribution. This moderates poverty and lowers inequality and social cleavages in the transition economies compared with the low-growth economies.

In the high-growth economies the more efficient land markets make the state’s political management profile relatively low compared with that in the low-growth and transition economies. Accordingly, the state has more space for macroeconomic policy and technical change, but, as the Asian crisis showed, its role in provision of social protection and in redistribution policies has been limited. Although growth has reduced poverty significantly in the high-growth economies, inequality remains high; nevertheless, the incidence of cleavage is low.

In the high-income economies efficient property rights have significantly reduced the state’s role in political management. This has allowed the state more space for management of macroeconomic policy, promotion of technical change, the development of social protection, and redistribution policies. The result is that poverty is very low, inequality is relatively low, and social cleavages are the lowest in the region.
The Link between Employment and Social Cohesion

This paper finds a strong symmetry between social cleavages and the critical economic variables of employment, income, and growth of GDP in South and East Asia. The economies in the region can be grouped according to the analytical categories of low growth, transition, high growth, and high income. The low-growth economies, which have low employment and low incomes, are observed to have the highest incidence and intensity of social cleavage. The transition economies, characterized by low open unemployment but higher hidden unemployment, low incomes, and varying growth, have the next highest incidence of social cleavage. The high-growth economies, with high employment growth and middle incomes, have an even lower incidence of social cleavage. Finally, the high-income economies, characterized by full employment, the highest incomes in the region, and medium to high growth, have no serious social cleavages.

Open unemployment appears to explain social cleavage especially well, both across the four analytical categories and within them. It is highest in the low-growth economies, followed by the transition economies, the high-growth economies, and the high-income economies, which, before the crisis of the late 1990s, had full employment. The social cleavages also taper off accordingly. Within the analytical categories, among the transition economies Cambodia, Lao PDR, and Myanmar have higher rates of open unemployment and open social cleavages. China and Vietnam have lower levels of open unemployment, more hidden unemployment, and more hidden cleavages than the other transition economies. Of the high-growth economies, Indonesia, despite its growth record, still has relatively high levels of open unemployment and serious social cleavages; Malaysia and Thailand, with full employment (before the crisis), had no serious social cleavages.

Property rights in the primordial sector of agriculture affect the entire labor market and, in turn, productivity and growth. The other determinant of the critical economic variables of em-
ployment, income, and growth is the nature of the state’s role. It is partly explained by observed land and labor market imperfections, which afford the state space to monitor, administer, and regulate the markets. The persistence of market imperfections implies that the state’s intervention is more often political than economic. Then the space for political management exhausts the space for economic management.

Notes

1. Of the low-growth economies, India and the Philippines have had partial land reforms. Those reforms were unable significantly to affect the entire agriculture sector by eliminating extra-economic ties, developing a secure fixed-rental market, and improving access to land.

2. In Vietnam for instance, since employment levels are to be kept constant, wages are allowed to fluctuate as an interesting adjustment mechanism. See, for example, Mahmood (1999).

3. See, for example, Ishikawa (1978) for a comparison of the much higher labor inputs per hectare in East Asia than in South Asia.

References


State Legitimacy, Minority Political Participation, and Ethnic Conflict in Indonesia and Malaysia

James V. Jesudason

In both Indonesia and Malaysia, the majority, substantially Muslim and belonging to the Malayo-Polynesian group, has had a turbulent relationship with the Chinese minority group. Indonesian leaders have routinely referred to the "Chinese problem" in their midst as they sought, at different times, to integrate, control, and assimilate the Chinese. This group—today, 6 million or so, or a mere 3 percent of the Indonesian population—always loomed much larger in the pr Benton (indigenous) mind than the numbers would suggest. In Malaysia, Malay leaders have used less loaded language, but they have nonetheless legitimized their rule by claiming to elevate and strengthen the bumiputera ("sons of the soil") economically and politically in relation to the Chinese, who constitute 30 percent of the population. Although the majority groups in both countries have thought about the Chinese minority in relatively similar terms, the management of the relationship between the majority groups and the Chinese exhibits important differences that make for an interesting comparison. There is, to be sure, a great variety of regional, ethnic, and religious tensions and conflicts in both societies, other than the Chinese dimension, but there are important analytical and practical lessons to be learned from examining this particular axis of ethnic conflict.
Most accounts of Malaysia, while recognizing the sometimes subterranean feelings of suspicion and unease in dealings between the main ethnic groups, still point to the relatively successful management of ethnic conflict there. In the past four or five decades, only one major ethnic conflagration has taken place, in 1969, and subsequent policies have contained ethnic violence, right through the Asian economic crisis. By contrast, the Chinese in Indonesia have experienced persistent ethnic violence and rampages in nearly every decade since the 1950s. The latest such episode, in May 1998, was the most brutal in recent memory. The continual targeting of the Chinese is perplexing because the Indonesian Chinese are far more assimilated into the mainstream society than the Chinese in Malaysia. Many Indonesian Chinese have assumed local names and speak to each other in the national language (Bahasa Indonesia)—a phenomenon that would be considered most unusual in Malaysia. The lessened cultural distance between the prabumis and the Chinese, however, has not protected the latter from orchestrated and spontaneous attacks. This chapter attempts to analyze some of the main variables that might explain the different outcomes in ethnic management in Malaysia and in Indonesia. I do not want to make a blanket statement that Malaysia has decidedly solved its ethnic problems; I merely wish to examine some of the similarities and differences in both societies so as to better identify the broad factors that might explain ethnic violence and conflict.

**General Explanations of Ethnic Conflict**

The range of encounters among ethnic groups, from discrimination, suspicion, dislike, and scapegoating to violent acts, is so wide that no theory or perspective will cover the myriad processes involved in ethnic relations. Many accounts of ethnic conflict do, however, highlight economic inequality between ethnic groups as a key cause. This is especially so when commercially strong minorities appear far richer, on average, than the majority group. The fiasco in Fiji in 2000 is a clear example: a group of "indigenous" elites rationalized their power grab
against a Fijian Indian–led cabinet on the grounds that the economic power and political role of the large Indian minority needed to be reduced. It is a fascinating question why individuals in capitalist societies are willing to put up with a high degree of economic inequality within their group but are far less willing, as members of an ethnic group, to accept lower levels of wealth, income, or education than another group.

Economic inequality and economic competition are important considerations in ethnic conflict, but theorists are right to point out that economic explanations per se are only part of the story. What makes people see themselves as a group, and hate as a group, has first to be explained. Donald Horowitz makes an important argument for a psychological view of group conflict. In his account, perceptions of group worth play a fundamental role in explaining the sometimes volatile and passionate nature of ethnic conflict. In the societies he studied, he found that colonial officials, faced with different levels of educational and economic performance among subject groups, commonly imputed favorable and unfavorable characteristics to them. The Chinese in Malaysia, for example, were seen as more industrious, cleverer, and more enterprising than the indolent and improvident Malays (Horowitz 1985: 162).

These stereotypes had a powerful impact on group psychology. To be labeled a backward group, with its accompanying negative qualities, not only hurt the individual’s self-esteem as a member of the group but affected the whole group’s psyche as well. A common outcome was that the group saw itself, against all logic, as vulnerable to extinction and sought in turn to dominate its environment. The influences of group worth, stereotypes, and exaggerated perceptions of threat are found in many situations of ethnic conflict, and Horowitz is right to stress the nonmaterialist foundations of group suspicion.

Horowitz’s approach, however, does not sufficiently explain how groups come to be constituted as imagined groups. Colonial group categorization is important, but other forces are at work as well. Some newer studies have tried to link the type of nationalism that takes root in a country with the way minor-
ity groups and immigrants are treated in the polity. Analysts have pointed out that a civic-based nationalism rooted in equal political rights, with a future-orientation looking to instrumental collective goals such as economic growth, is more tolerant of group differences than a nationalism based on blood, in which the collective is defined by unique cultural understandings. Filomeno V. Aguilar has provided an insightful analysis of the desire of the prajurit in Indonesia to control and erase Chinese identity and culture (Aguilar 2000). In his view, since Indonesian nationalism was a response to Indies Chinese nationalism of the early twentieth century, a competitive edge to the collective imagining of the nation emerged. This was what subsequently made ethnic relations so intractable in Indonesia, despite the highly assimilated nature of Chinese culture there.

This perspective is a powerful one, and it does provide an alternative account of the passions and animus that can result in ethnic group conflict. Economic inequality, to both Aguilar and Horowitz, may not be the trigger of conflict, but it serves as an idiom signifying a more fundamental psychological and symbolic struggle in the polity. The resentment brought about by economic gaps is not necessarily a sign of deep commitment to equality as a matter of principle; rather, it is a way of expressing other types of deficit in the polity. This point is useful to bear in mind in the analysis of ethnic relations in Indonesia and Malaysia.

It is necessary, however, to go beyond the psychological view of conflict by seriously considering the internal relations within an ethnic group. I argue that accounts of ethnic conflict must examine the institutions of group mediation in society, since the way the state responds to and incorporates groups will affect the outcome of conflict. Thus, while Malaysia and Indonesia have common intergroup dynamics, the management of ethnic tensions and violence has been different. Ted Gurr has looked into how specific state institutions contain or promote ethnic protest and rebellion and finds that stable democracies are better able than authoritarian regimes to prevent ethnic rebellion (Gurr 1993). Stanley J. Tambiah, in his work on ethnic violence, suggests that economic failures of various sorts
have played a major role in disenchantment with the state, providing the backdrop for the present plethora of ethnic conflicts in South Asia (Tambiah 1996: 340).

To explain ethnic conflict, we need to be aware of how the state is linked to intragroup processes. Rogers-Brubaker and David Laitin show how vulnerable incumbents seek to redefine conflict as an intergroup rather than an intragroup event (Brubaker and Laitin 1998). Elite manipulation may not be the only mechanism for converting within-group conflict to intergroup conflict, but the idea that intragroup processes are connected to seeming intergroup conflict is a compelling one.

I suggest two key variables for examining ethnic conflict and accommodation in Malaysia and Indonesia: the level of state responsiveness to the majority population, and the nature of political incorporation of the minority (see Figure 1). State responsiveness can be seen as underpinning the legitimacy of the state. It goes beyond symbolic gestures by the state to the majority group, to the broader issues of effective governance of the polity. These issues include commitments to creating an environment in which individuals can enjoy mobility and obtain decent jobs, and to meeting the basic educational, medical, and housing needs of the population. Moreover, the state needs to ensure that it represents the public purpose by keeping corruption down, providing channels for political participation, and respecting basic labor and property rights. I propose that a responsive state will, regardless of antagonistic ethnic feelings, play a major role in mitigating political attacks on the minority by members of the majority, whether they be state actors or ordinary citizens.

The other key variable is the degree of political incorporation of the minority group into the polity, as indicated by the extent to which minority members have influence on government decisionmaking and enjoy the right to form political parties and civil associations in public life. The legitimacy of the minority in the polity is important in reducing its members' vulnerability as targets of violence and as scapegoats. By having their own organizations, minorities will be able to enter into deals and pacts with the majority group and can play a
Figure 1  A model of majority–minority interactions

<table>
<thead>
<tr>
<th>POLITICAL INCORPORATION OF THE MINORITY</th>
<th>STATE RESPONSIVENESS TO THE MAJORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>Weak</td>
</tr>
<tr>
<td>Likely to be free of violence and overt ethnic politicization. Regime may take steps to reduce ethnic understandings of the polity. Example: Malaysia in the 1990s prior to the Asian crisis.</td>
<td>Minority can be scapegoated as a source of unresponsiveness of the state. Salient conflict over ethnic distributional issues. Minority political organizations have some collective power to ward off excesses. Assimilative tendencies contained. Examples: Malaysia in the late 1960s; some signs during Asian crisis.</td>
</tr>
<tr>
<td>Weak</td>
<td>Benjamin neglect of minority. Minority rather than majority resentment of polity, but minority unlikely to be subject to scapegoating. Example: Indonesia under the New Order, especially in the 1990s.</td>
</tr>
</tbody>
</table>
full citizenship rights de jure, but even in instances of less than full equality, a modicum of cultural and political rights, allowing for group differences and legitimacy, is important.

The worst combination of circumstances is when the state is unresponsive to the majority and the minority groups' political voice is weak or nonexistent. Then the minority can become targets of attack by angry mobs, or scapegoats for delegitimated rulers. This chapter looks at selective aspects of Malaysian and Indonesian society, historically and in the present, to illustrate my argument.

The Ethnic Problem: Historical Parallels

Malaysia's more successful institutionalization of ethnic management, compared with Indonesia's, cannot be explained by the more favorable cultural attitudes of the majority and the Chinese toward each other. An examination of both societies shows several interesting parallels in interethnic attitudes, generated by similar economic and political events. Most accounts of Sino-native interaction in precolonial settings do not mention overt ethnic conflict between the two groups. Native princes and Chinese financiers and traders formed a close symbiosis in joint ventures. Intermarriage was common, and there was considerable Chinese absorption of the language and customs of indigenous society, leading to special terms—peranakan in Indonesia, babu in Malaysia—to describe the acculturated Chinese.

The British and Dutch colonial orders, which provided the political and economic conditions for the entry of large streams of new immigrants into Malaysia and Indonesia, weakened the process of acculturating the Chinese to local society. In addition, colonial officials from preexisting nation-states contributed to inscribing official categories of indigene and nonindigene, native and transient, in the collective consciousness of the colonial subjects. Even when colonial administrators were stripping native princes and the aristocracy of their effective powers, they saw their role in paternalistic terms—protecting native populations from excessive foreign intrusion and disruption of traditional life.
The inscribing of indigency as a political concept did not necessarily mean an equal or superior valuation of the native vis-à-vis the Chinese population. In the colonial economic order the indigenous populations were in general not as commercially successful as the Chinese merchants, and this produced, from time to time, ill feeling and suspicion in everyday encounters between the ethnic groups. The unequal positions in the colonial economic system in turn determined the status system of colonial society. In Indonesia the Chinese (the “Foreign Orientals”) took up the middleman position in the economy. As G. T. Go graphically describes their position, “Practically jammed between European import and export monopolies at the top level and the masses of the Indonesian peasantry at the bottom, the Chinese, thus, remained a group apart, having a socio-economic function to fulfill, that is, the role of being preponderantly the intermediate trader or the small-and middle-scale merchant, in addition to that of craftsman or small industrialist” (Go 1987: 80).

As if to reinforce this rigid pattern, the Dutch further partitioned the society by segregating the Chinese in the nineteenth and early twentieth centuries in special neighborhoods (the Chinese quarter still lives on in many Indonesian towns); restricting their movement into rural areas; and requiring them to dress in Chinese clothes, wear a long braid down the back, and carry a pass when they traveled from one place to another (Schwarz 1999: 102). Despite the discrimination, the Chinese enjoyed a higher legal status than the native population. In civil and criminal matters they were subject to the same legal codes as the natives, but in commercial matters they were on a par with the Europeans (Schwarz 1999: 102). Skinner characterizes the Chinese in colonial Indonesia as occupying a higher position in almost all interethnic encounters, and their “supercilious awareness of their favorable situation was only too painfully evident” (Skinner 1963: 113–14).

Although British policy was never as legally compartmentalizing as the Dutch, there was a de facto division of the society in Malaysia as well. Except for the Malay bureaucratic stratum, Malay society was kept rural and self-sufficient (Golay
and others 1969: 346). The Europeans dominated the commanding heights of the economy, while the Chinese took up many of the intermediate trading positions. Although the Chinese population was proportionately much larger than in Indonesia, the areas of overlap with Malay society were highly limited. Just as in Indonesia, the overall general economic superiority of the Chinese (even though many of them were poor) was not the most fertile basis for fostering close social relations between natives and Chinese. The perceived differences in economic capability spawned powerful stereotypes in the ethnic groups’ understanding of each other, sustained by the key role of colonial discourse in reinforcing these stereotypes. The labels were similar in both places; the commercially more successful groups, despite their internal diversity, were portrayed and imagined themselves as industrious and smart, while the native groups, suffering from being labeled as indolent, stupid, and childlike, retaliated with their own set of moral judgments about what they saw as the opportunistic, sinful, and greedy nature of the Chinese (Coppel 1983: 5).

Economic differences and stereotypical understandings of ethnicity do not appear sufficient to explain persistent political conflict. Before the rise of ethnic nationalism, Malay and Indonesian journalists and scholars sought remedies for their economic weakness by looking inward within the group, wondering how they could revitalize their culture and modernize Islam to fit the modern age. The idea of the nation as an imagined community would first have to take root before broad collectivities could perceive themselves as discrete groups and encourage group competition over what constituted the nation.

An interesting fact about ethnic nationalism in Indonesia and Malaysia was that it was preceded by Indies Chinese and Malaysian Chinese ethnic nationalism, both inspired by Chinese nationalism against the Manchu on the mainland. In Indonesia new Chinese immigrants, the _totoks_, were the chief conduits for propagating Chinese nationalism and for resincizing the _peranakan_, who, having assimilated Indonesian norms, had not previously sensed a common identification
with the lotoks (Greif 1988: 3). The newly formed bonds among the Chinese were quickly used to bargain with the Dutch colonial authorities. According to Shiraishi, the Chinese, collectively suffering from Dutch restrictions on their travel and residence, were looking for a higher status in the society, coequal with the Europeans (Shiraishi 1990: 37). Their demand for an elevated position in society quickly redounded on Indonesians, who now began to perceive the Chinese as “arrogant” (Aguilar 2000: 4). Racially mixed associations began to fall apart as the urban santri (Muslim reformers), threatened by Chinese nationalism, began to develop their own sense of community.

The vanguard of Indonesian nationalism was the Sarekat Islam, a political-nationalist organization formed in 1912 as an outgrowth of the Islamic Trading Association. The older association had come into being two years earlier when its members, facing Chinese encroachment on their trading and batik-manufacturing activities, organized boycotts against Chinese dealers. Starting from a narrow economic focus, the Sarekat Islam quickly captured the imagination of many Indonesians, as the organization mobilized for self-government (Kahin 1956: 65–67). The origins of Indonesian nationalism in competition with Indies Chinese nationalism would, from the beginning, make the question of Chinese acceptance in the Indonesian polity problematic. Later, in the 1930s, the constitution of Sukarno’s Partai Nasional Indonesia (PNI) allowed only indigenous Indonesians to become full members, while other Asians “were to be content with associate membership” (Coppel 1983: 16). The polity had become an arena based on a ranking system of different degrees of authentic membership.

In Malaysia, too, it was Chinese nationalism that first arrived on the scene. The Revolution of 1911 in China triggered a pan-Chinese consciousness in Malaysia, paving the way for interdialect group cooperation and the introduction of Mandarin as the medium of instruction in Chinese schools (Heng 1988: 23). Despite the serious splits among the Chinese, as some gave their allegiance to the Kuomintang (KMT, the Chinese Nationalists) and others to the growing Malayan Communist Party, by the 1930s a Chinese imagined community,
anticolonial to varying degrees, had taken shape. This development in turn triggered Malays' consternation about their place in the society. Particularly worrisome for them was the rapid increase in the number of Chinese schools and the demands of Chinese representatives for more seats in the state and federal legislative councils.

Incipient Malay nationalism manifested itself in the late 1920s and 1930s in print journalism, which frequently attacked the Chinese. The Japanese interregnum in Malaysia, as in Indonesia, further polarized ethnic relations as the Japanese coopted Malays into lower levels of administration and deployed them in militias to combat anti-Japanese guerrilla activity by the Chinese. After World War II came the great spur to Malay nationalism in the shape of the British-designed Malayan Union Plan of 1946, which aimed at laying the groundwork for equal citizenship in the peninsula. The proposal was anathema to the Malays, who now had to face the single most-organized postwar political movement in Malaysia, the Chinese-based Malayan Communist Party (MCP). Malay associations mobilized on an unprecedented scale, culminating in the formation of the United Malays National Organization (UMNO) as a vehicle for Malay political power. Collective mobilization brought success, and the UMNO was able to obtain an agreement that would accord political primacy to the Malays.

There were many similarities in Malaysia and Indonesia in the relations between the Chinese and native populations and in the groups' attitudes toward each other. A single case study could easily fall into the trap of explaining all subsequent developments in ethnic relations in either country in terms of group differences and group suspicion. But to explain the more volatile relations between the prihumi and the Chinese in Indonesia, we need to examine separately the influence of political variables on conflict resolution processes.

**Institutional Divergences in Conflict Management**

Postindependence political institutions developed along very different lines in Indonesia and Malaysia. In Malaysia a domi-
nant party made up of ethnic components emerged in the 1950s and has remained intact since then. In Indonesia political institutionalization was always tentative. The contentious forces in the polity led either to unstable governments or to their authoritarian containment. The Chinese population in Malaysia could enter into political pacts with the majority group, while the Chinese in Indonesia found themselves scrambling around for friendly patrons, none of whom could devise a programmatic solution to the priyumi-Chinese rift in society.

One key factor that produced this divergence was the nature of the decolonization process. When the British returned to Malaysia in 1945, they were already thinking of a suitable constitutional framework for the country as a prelude to eventual self-rule. The colonial authority therefore acted as the external sponsor of bargains between the various ethnic groups. No such sponsor was available in Indonesia. When the Japanese surrendered, the leaders, Sukarno and Hatta, proclaimed independence from the Netherlands. The Dutch did not recognize the proclamation, and a period of internal civil war and military action against Dutch forces ensued (Sundhaussen 1989: 426–30). Politics immediately after independence was fluid and based on short-term alliances. The years between 1950 and 1958, often referred to as the democratic period, saw frequent cabinet changes and constant jockeying for power among Islamic, communist, and military groups. Regional rebellions further pulled the country apart. Neither the state nor the many political parties had the institutional capability to provide a coherent framework for governance.

The different processes of political institutionalization in Malaysia and Indonesia resulted in the more-entrenched political incorporation of the Chinese population in Malaysia. The armed challenge of the Malayan Communist Party led the British to create the Malaysian Chinese Association (MCA) in 1949 as an alternative basis for Chinese support. In the municipal elections in Kuala Lumpur in 1952, the MCA formed an ad hoc alliance with the Malay UMNO. The success of that alliance led to the creation of a more formal national bloc, the Alliance Party. The British had hoped for a true multiracial party to lead
Malaysia but accommodated to the reality that an ethnic coalition was probably the most viable option for the country. The Malayan Indian Congress, hoping to represent the 10 percent Indian population, formed the third component of the alliance.

The elites of the three political parties thrashed out the postcolonial Constitution, which came to be known as the independence bargain. Non-Malays were given citizenship rights, and their economic role would be safeguarded. In return, they had to agree to the "special rights" of the Malays. Article 153 of the Constitution provided for Malay dominance in the public service and set aside special reservations for Malays in government scholarships, tertiary education, and licenses for trade or business (Milne and Mauzy 1978: 41). The Constitution made Islam the state religion, preserved the role of the Malay sultans, and reaffirmed Malay as the sole official language (Milne and Mauzy 1978: 38).

In today's multicultural perspective, the Malaysian Constitution violates the principle of equal citizenship. The tradeoff for non-Malays was that the protections afforded them, such as the right to practice their religion and culture and engage in political activity, had the backing of a dominant party system, underpinned by the UMNO, that would be in a position to broadly honor these rights. The Alliance Party, which in 1974 was expanded and renamed the Barisan Nasional (National Front), enjoyed—through fair and unfair devices—a certain security of tenure, allowing it to focus on the longer-term electoral payoffs of making ethnic compromises and implementing economic policies. This mediating structure, despite many tensions and conflicts in ethnic relations, helped contain, although not eliminate, violent episodes in group relations.

In Indonesia the period of struggle against the Dutch boosted the power of military units and helped entrench the powerful but sometimes fragmented military as a force in Indonesian politics. Malaysian politics was streamlined by British-led actions to eliminate the powerful Malayan Communist Party, but no such process occurred in Indonesia. The largely indigenous Partai Kommunis Indonesia (PKI) remained a powerful force and added to the fissiparous tendencies of the polity
as it incurred the wrath of the military and Muslim groups at various junctures.

The Chinese had to find whatever allies they could. In the 1950s and up to the 1960s they did have their own political organizations such as the peranakan-based BAPERKI. These organizations had sufficient leverage to persuade the various governments of the “Old Order” (under the country’s first president, Sukarno) not to take overly harsh economic measures against them, and they successfully opposed the use of the terms “asli” (original) and “non-asli” to categorize citizens (Suryadinata 1997: 80). The main protector of the Chinese, and particularly of the peranakan, was the PKI, which saw economic issues as national versus foreign rather than as an internal ethnic struggle (Robison 1986: 61). As self-styled nationalists, the military remained skeptical of Chinese loyalty to Indonesia, perceiving the Chinese as having preferred Dutch rule to independence. The Islamic groups, such as the Masyumi Party, continued to be antagonistic to the Chinese, both tok and peranakan, and retained their long-held notion of the Chinese as engaging in sinful capitalism and as a greater obstacle to the progress of the Indonesian people than the Dutch had been (Go 1987).

From time to time, indigenous entrepreneurs would get a special dispensation from the state (as in the Benteng program, 1950–57) to promote indigenous capitalism through credit and import licenses. What is striking in Indonesia, however, was the lack of formal institutions and pacts that could underpin an acceptable division of economic and political power. The Benteng program, according to Robison, ended up producing a class of people who were more like license brokers and political fixers than an indigenous merchant bourgeoisie (Robison 1986: 45). Policy then swung around to promote state capitalism, chiefly by confiscating major Dutch assets and allowing military commanders and party (PNI) satraps to run the corporations. In the 1960s President Sukarno, who in the 1950s had questioned the loyalty of the Chinese, became more protective of them, but even then his warming up to them was driven by his desire for PKI support. The Chinese found themselves in turbulent waters, and despite the formal equality of all citizens
enunciated in the 1945 Constitution, they were never fully accepted as legitimate children of the country. When Suharto and the military took over effective power in 1966, they had a simple answer to the Chinese problem: force the Chinese to assimilate and dismantle all their political and cultural organizations. Then the problem, they hoped, would simply go away.

**Declining State Responsiveness and Attacks on the Chinese**

I have laid out some of the broad similarities and differences in the historical circumstances and institutional development of Malaysia and Indonesia as they pertain to the ethnic problem. I now return to the question of how state responsiveness and the political incorporation of the Chinese mattered for ethnic conflict. In this section I examine how a decline in state responsiveness to the majority can result in the scapegoating and targeting of the Chinese as the culprits for the plight of the majority. This is true in Malaysia as well as in Indonesia.

Although I have claimed that political representation, constitutional provisions, and the ability to form political and cultural institutions are important for giving protection to the Chinese, these conditions are not sufficient to prevent outbreaks of violence against them. If the Chinese are linked with a state that is seen as having a weak commitment to the majority population, there is a high likelihood of ethnic conflict, including attempts by the state to divert anger from the regime by channeling it toward the minority group. In my analysis I examine only certain aspects of the pre-1970 period in Malaysia and the New Order period in Indonesia; I do not claim to capture all the subtleties involved in understanding these two cases.

The legitimacy of Malaysia’s pact depended on the ability of the state to gradually bring the Malays into the economic mainstream and to make the non-Malays accept that they would have to live with a somewhat restrictive notion of citizenship. On the face of it, the state could not be said to be unresponsive in the 1960s, nor was it ineffective in economic
management. Malaysia’s economy grew at 6 percent per year between 1960 and 1970, and income per capita grew at 3.3 percent per year (Kasper 1974).

There were, however, important problems seething under the surface. It was the Chinese and foreign businesses that benefited most from economic growth. The gradualist approach of Tengku Abdul Rahman, Malaysia’s first prime minister, toward Malay economic development angered the nascent Malay business and bureaucratic group. In 1970 Malays held only 1.6 percent of the share capital of limited companies, compared with 63.3 percent held by foreigners and 34.3 percent held by the Chinese. The Malay elite began to view the government as only paying lip service to Malay economic aspirations and increasingly saw the Chinese not only as having a stranglehold over the economy but also as exerting a powerful influence, through the MCA and through personal ties, on the prime minister’s policies (Jesudason 1989). The poor, regardless of ethnic group, did not fare well—the income of the bottom 40 percent declined by 11 percent in the 1960s—but as many as 65 percent of the Malay population was classified as poor in 1970, as against 26 percent of the Chinese population (Crouch 1996: 21).

The other event that seemed to confirm to the Malays that the state was losing its capacity to attend to their needs was the postponement of the use of Malay as the working language of government and the retention of English. The government was supposed to make the switch in 1967, but the cabinet delayed the implementation of the language policy for another 10 years (von Vorys 1976: 206). This rankled the Malay cultural nationalists, who also found it disquieting that the various Chinese groups were beginning to demand that Chinese be made an official language. An increasing number of Malays saw the prime minister’s concessions less as enlightened multiracial management than as a blatant sellout of Malay interests. Malay nationalists portrayed the Chinese as unceasing in their demands—as a group that, despite living comfortably in the country and receiving government support for Chinese schools, wished to take even more from the Malays.
A close connection was drawn between the failures of the state regarding Malay aspirations and the power of the Chinese, Mahathir Mohamad, the current prime minister and once a rabid critic of the Tengku, broadly represented the Malay middle class in seeing the Chinese as exclusivist and racist and their organizations, such as the Chinese chambers of commerce, as promoting covert Chinese chauvinism (Mahathir 1970: 54). In this view, the Chinese were buying influence and producing compliant Malay leaders. The Malay-based opposition party, the Pan-Malayan Islamic Party, graphically evoked the idea of the state as no longer in Malay hands by depicting Malay ministers in cartoons and photographic images as closet Chinese. One image that circulated just before the 1969 elections showed the prime minister using a pair of chopsticks and seated at a table with a suckling pig in the middle of it (von Vorys 1976: 285). In Indonesia a similar portrayal of the leadership as being closet Chinese, or as being morally corrupted by them, would be used to criticize President Suharto as dislike of his regime built up (Aguilar 2000).

The prelude to the 1969 elections in Malaysia was marked by heightened ethnic rhetoric, particularly by the opposition parties. As Tambiah notes in his study of ethnic violence, the periods before, during, and after elections are times when people are mobilized and deliberately urged to heightened action (Tambiah 1996: 231–34). Contestants exchange insults, demonize one another, and feed mass paranoia. In 1969 the ruling coalition lost its two-thirds majority in a highly charged electoral atmosphere. The MCA fared poorly, and in frustration its leader announced that, since the Chinese had rejected the party, “the MCA has no alternative but to refrain from participation in the Government in that no representative will accept any appointment in the Cabinet or in the Federal Government . . .” (von Vorys 1976: 325). This inexplicable action, which has not been sufficiently studied, polarized the society further and gave a strong signal that the Chinese did not deserve political representation. In an atmosphere of uncertainty and, according to some controversial accounts, goaded by
UMNO politicians, armed gangs of Malays initiated mayhem and killings in the capital city. The carnage and property destruction that ensued were unprecedented in Malaysian history. Official figures put the death toll at 196, most of the dead being Chinese.

This event precipitated a major reorientation in economic policies after 1970 in favor of the Malay group, but the previous institutional arrangement of giving a modicum of representation to the Chinese would ensure that their basic economic, political, and cultural stake in the country would not be seriously threatened. Malaysia in the 1960s, however, illustrated how the delegitimization of the state, seen as not keeping faith with the majority group, could result in strong attacks on the Chinese.

In Indonesia, Suharto’s New Order underwent many changes between the 1960s and the 1990s. At the risk of oversimplifying the features of a complex regime, I argue that the New Order exhibited the two main factors that can precipitate violence against minority groups. It was (a) an authoritarian state that curtailed political participation of all groups and gave a very mixed picture in economic responsiveness and (b) a polity that strove to dismantle Chinese political and cultural organizations, thus reinforcing perceptions of their essentially alien nature. Whereas Malaysia suffered from one major episode of ethnic violence, the problem in Indonesia has been persistent. During the New Order period (1965–98) there were many episodes of violence and mayhem against the Chinese, with every decade seeing a number of major conflagrations (Greif 1988: 11–16; Heryanto 1998: 96–99). The worst episodes were in the immediate aftermath of the Suharto coup, when thousands of Chinese were killed, along with hundreds of thousands of prabumí PKI members and sympathizers, and during the Asian economic crisis, when in May 1998 rioting mobs and agents provocateurs carried out a bloodbath against Chinese communities, leading to 1,188 deaths. At least 168 women were raped and sexually molested in those riots, and 2,479 shops, 383 offices, 1,026 houses, and 1,119 cars were damaged.
It is difficult, because information is not always available, to explain the causes of these orgies of violence. Sometimes they appear to be based on local resentments triggered by local factors; at other times, demonstrations against foreign companies or the state, such as the Malari riots in 1974, ended up as riots against the Chinese. In the May 1998 riots it is broadly believed that pro-Suharto military forces, facing calls for the president's removal, sponsored and coordinated the violence, bringing in hoodlums to create havoc (Asiatweek, July 27, 1998). The lack of regularized political and institutional ways of resolving differences, both under Sukarno and during Suharto's military-backed, authoritarian-patrimonial regime, has had unfortunate consequences for ethnic politics.

Suharto had a curiously schizoid approach to the "Chinese problem." He thoroughly marginalized the Chinese as a political and cultural entity at the same time as he sponsored a select group of Chinese conglomerates to great national prominence. Suharto shared the pervasive view in the military that the Chinese were synonymous with communism because of their ties with China and the PKI link with the BAPERKI. The Sukarnoist acceptance of the Chinese as just one more suku-bangsa (sub-Indonesian ethnic group) was reversed (Suryadinata 1998: 101-3). Cina, a derogatory term close in tone to the English "Chink," was now used officially, instead of the more acceptable Tionghoa, to refer to the Chinese. All independent Chinese newspapers were closed, and only one scanty, government-run Chinese newspaper in Jakarta was permitted to publish. Chinese characters could not be displayed in public. To complete the erasure of things Chinese, even Chinese drugs and medicinal herbs from abroad became restricted items. Severe roadblocks hindered Chinese entry into academia, the civil service, and the military. Indeed, many Chinese thought that the government was leaving them with no choice but to turn into business machines (Asian Wall Street Journal, November 11, 1998), the very activity that led the pribumi to think of the Chinese as having no concern other than making money.

While the political and cultural status of the Chinese declined, their economic influence expanded enormously. As
Coppel (1983: 152) noted, “the New Order government has provided Chinese businessmen with what could well be their golden age . . .” Many of the Chinese who became part of Suharto’s clientelist network were not nationally prominent before the New Order period (Robison 1992: 71). The most famous of the cukong (the Chinese businesspersons linked to prominent power holders) was Liem Sioe Liong, who developed a close relationship with Suharto early in the latter’s military career and came to enjoy lucrative monopolies and exclusive licenses in business. Indigenous businessmen began to resent the assortment of favors, tax breaks, state bank funding, and access to import and trading licenses that the cukong businesspersons received. Suharto’s family thrived in this patrimonial setup. Many companies in the Salim Group led by Liem had one or more of Suharto’s children as partners; two children owned a 32 percent stake in the Salim-based Bank Central Asia (Schwarz 1999: 113). In mid-1993, it was estimated, 83 percent of the 162 companies listed on the Jakarta stock exchange were owned by ethnic Chinese (Schwarz 1999: 109). By contrast, the Chinese in Malaysia, who constitute about 27 percent of the population, own about 40 percent of corporate shares.

Pribumi dissatisfaction over Chinese wealth arose early in the Suharto regime and in 1974 provoked an early instance of anti-Chinese rioting. In 1979, amid continued criticism of the cukong system, a presidential decree gave preferential treatment to “economically weak groups” (Coppel 1983: 154). In the 1980s an initiative dubbed Team 10 became synonymous with the promotion of pribumi business. Under the control of the Sudharmono (the minister of the State Secretariat), Team 10 allocated government contracts to pribumi businesspersons (Pangaribuan 1996: 54-55). The scheme was criticized as benefiting only a handful of businesspersons selected on the basis of favoritism. By 1988, Team 10 had faded as a way of promoting the pribumi economically, as Suharto turned to cultivating the Muslim middle class to widen his support base.

Suharto never pursued a strong program such as Malaysia’s post-1970 New Economic Policy (NEP) to create a
visible indigenous business class. His preferred mode when under pressure to do more for the pribumi economically was the grand gesture, such as his 1990 Tapos speech, when he assembled the most prominent Chinese businesspersons and entreated them to transfer 25 percent of their wealth to the cooperatives sector, a long-held symbol of egalitarianism in Indonesian society.

The bifurcated policy of politically excluding the Chinese while enriching some sections of the community was as good as condemning them to high degrees of resentment. Some analysts and members of the Chinese community even thought that the approach was deliberate because the state would always have a convenient scapegoat for antiregime sentiment; the Chinese, rather than the authoritarian state, would be the “other” to be hated. Aguilar traces how these ideas played out in popular perceptions of the Chinese and the state:

Given the inherent “evil” of their wealth, the alliance of “Chinese” with the initially moral Soeharto regime reinforced the longstanding view that “Chinese” money is a degenerate influence corrupting and leading astray, if also enriching, the supposedly “virtuous native.” Denying that “Chinese” can ever be objects of harassment and extortion, this view admits that the “pribumi” bureaucrat or state official who becomes affluent through customary bribery may have erred, but ultimately the blame is pinned on the briber, generally believed to be “Chinese.” (Aguilar 2000: 15–16)

I have suggested that these resentments could have been contained had the state been responsive to the majority population. Although many accounts praise the state for its development achievements (compared with the record in the Sukarno era), it is important to bear in mind that the 1960s was a time of declining consumption standards for Indonesians. Using that decade as a benchmark exaggerates the achievements of the
New Order regime. Nonetheless, it has to be acknowledged that household incomes grew and per capita consumption of food increased steadily in the New Order period (Booth 1998: 129). The population had better access to basic education and to amenities such as electricity and running water. The government was minimally responsive, but it is not clear whether the Indonesian population found this adequate. The rapacious behavior of the family and government officials was well known to most ordinary Indonesians, and even in basic economic matters, there was much to be desired. A 1990 World Bank study recorded zero or negative per capita income growth rates in five eastern provinces between 1981 and 1987 (Vatikiotis 1994: 57). In 1990, 600,000 university graduates could not find jobs. Even before the Asian crisis, 10 percent of the population was living in absolute poverty. In 1997, 40 percent of the population was underemployed or unemployed, and many Indonesians had little choice but to become contract workers in neighboring countries. Many rural settlers experienced inconsiderate treatment at the hands of Suharto’s business clients and relatives. Vatikiotis notes that lower down the social scale, “local feelings in areas subject to land acquisition or development by the family ran quite high, but with no outlet for expression, they went barely heard” (Vatikiotis 1994: 153).

The economic picture was at best mixed. The same could not be said of the political system, which lacked compensating factors that could have boosted state responsiveness. The Dewan Pewakilan Rakyat (House of Representatives) had been stripped of substantive powers. The state directly intervened in and organized the opposition parties, and the press was subject to strict censorship. Labor came under severe restrictions through the device of Pancasila Industrial Relations, with the state dominating the trade union organizations (Hadiz 1997: 103). Hadiz found that most workers reported harsh working conditions and severe restrictions on formal organizing. The minimum wage was not sufficient for a basic livelihood. The corrupt and patrimonial features of the regime had a direct bearing on the benefits workers could receive because the high transaction costs for employers in doing business made them
reluctant to make wage concessions. These bureaucracy-related expenditures were regarded as "a cost that was far less easy to curb (and therefore had to be accepted) than the cost of labor" (Hadiz 1997: 178).

The Asian crisis, which brought great economic devastation to the country, completely delegitimated the state. The International Monetary Fund (IMF) dictated loan terms to Suharto's shaky government. Conditions were ripe for a major assault on the Chinese, who were blamed for everything from rising food prices to the collapse of the currency. Indonesians were beginning to impute Chinese ancestry to Suharto. Aguilar tells us:

The deduction I have drawn here finds support in overt statements which question whether Soeharto is a "true pribumi," some asserting he is "30 percent Chinese"—a yellow Soeharto—otherwise he would not have been capable of the malevolence imputed to him. At the end of the day, the "pribumi" is virtuous in contrast to the immoral "Chinese." (Aguilar 2000: 16)

The same processes of leadership and state delegitimation that Malaysia had experienced in the 1960s were occurring in Indonesia. In both places the ultimate blame for state failure was placed on the Chinese, whose marginalized status, despite their high degree of assimilation, made it possible for the rest of society to transgress the normal bounds of morality regarding their treatment. The Indonesian Chinese were a minority denied the protective cover of political and cultural rights, living under a regime with weak responsive capacities. The situation was made worse by the popular notion that the state was ultimately corrupted by the rich Chinese.

**State Responsiveness and the Abatement of Ethnic Conflict**

In this section, I illustrate the processes that lessened direct ethnic contention in post-1970 Malaysia. Many factors were re-
sponsible, from changes in the Malay class structure to a more
global orientation in policy thinking, but the critical prelude
was that the state established its legitimacy with the majority
population.

After the 1969 ethnic riots, the New Economic Policy (1970–
90) and the modified National Development Policy (1991–2000)
were promulgated with the aim of uplifting the Malays’ eco-
nomic position. The UMNO asserted more strongly its primacy
in the expanded Barisan Nasional, which had added more par-
ties, including the two Chinese-based parties, the MCA and the
Gerakan. The NEP consciously aimed to ensure proportional
representation of Malays in all occupational categories and to
increase the share-capital ownership of the Malays from about
2 to 30 percent. This was a major economic initiative with no
guarantee of success. Malaysia, however, was fortunate
enough to discover oil in the 1970s, which helped to generate
the resources for Malay economic development, and it could
draw on a large reservoir of foreign-based assets in planta-
tions and mining to effect a transfer of wealth to Malay busi-
ess interests.

When the UMNO tried to establish its credentials with its
Malay base, it seemed as though the party was embarking on a
more pronounced assimilationist path. There was much discus-
sion of what constituted Malaysian culture, and invariably,
Malay culturalists and politicians pronounced that its central
thrust had to be Malay based. The Lion Dance staged during
the Chinese New Year period would only be allowed to pro-
cceed if the tiger, Malaysia’s mascot, replaced the traditional
lion headdress. Mosques had to be bigger than the temples and
churches of other religions, and Chinese programs on televi-
sion were curtailed. The categories used to describe the ethnic
groups changed, and it became part of everyday language to
describe the Malays as the bumiputra and the non-Malays as
bukan bumiputra (“not bumiputera”). From time to time, rabid
nationalists would refer to Indians and Chinese as kaum imigren
(immigrant group). Chinese characters, so ubiquitously used to
name Chinese establishments, had to be downsized and the
Malay name displayed more visibly.
There were, however, inherent limitations on any strong assimilationist program. It was not merely the larger size of the Chinese group in Malaysia than in Indonesia that protected the community—it could be argued that assimilationist pressures are greater when the numerical threat is larger. Rather, Malaysia’s constitutional recognition of ethnic differences and of the legitimate right of groups to preserve themselves, and its preexisting political institutions built on the idea of ethnic political representation, sustained a modicum of understanding of the multicultural basis of the nation. This understanding preserved political representation, and even in the heyday of Malay group assertion the representatives of the Chinese and Indian political communities were able to plead their case when their groups’ interests were deeply threatened and when Malay-based policies became unreasonable.

By maintaining a relatively open economy and having a basically conducive framework for attracting foreign export-based manufacturers, the state was able to realize its growth targets except during the recession of the mid-1980s and the Asian crisis years. The Malay middle class expanded from 12 percent in 1970 to about 25 percent in 1995. The professional stratum of the middle class increased during that time from 4.8 percent of the Malay population to 14.3 percent. What was most striking was the growth of the Malay corporate sector, first under the aegis of the state enterprise sector and later, in the late 1980s and the 1990s, led by a class of politically well connected Malay tycoons who enjoyed lucrative contracts and bought cheaply into privatized state assets (Gomez and Jomo 1997). It has been questioned how entrepreneurial and capable these state-sponsored businessmen were, but regardless of the answer, their visibility changed perceptions that the Chinese were dominating the economy (Searle 1999). Certainly, the once-common Malay perception that greed and avarice were uniquely Chinese traits has undergone revision, and these characteristics have become more widely regarded as a multiethnic fallibility. Whereas in Indonesia the Chinese continue to be portrayed as the moral tempters of the innocent native and the source of class antagonism (Aguilar 2000: 16), in
Malaysia the promotion of Malay capitalists by the state as an explicit political and ideological program has eroded a strong sense that the Chinese, directly or indirectly, pull the strings behind Malay power.

Many Chinese businesspersons see the emergence of the new Malay tycoons (orang korporat) as a positive development: the growth of this class will favor destatization, talented Chinese will be recruited into their organizations, and in bad economic or political conditions the Malay capitalist class is more likely to be targeted than the Chinese (Jesudason 1997: 132). The nonappearance of Malay criticism of the Chinese during the Asian crisis, when people became unemployed and Malay businesses suffered badly, showed that Malays had developed a new understanding of the dynamics of the capitalist economy and saw that inequality and poverty were not the simple outcome of one ethnic group’s stealing from another.

As the dominant party, the UMNO has a broader patronage network than was found in the patrimonial rule of Suharto in Indonesia. The government has been cognizant of the need to support small Malay businesspersons for political reasons. Although the latter occasionally accuse the tycoons of taking opportunities away from them, the government has by and large tried to make the relationship between the large tycoon and the small businessperson a non-zero-sum one.

In 1970 average Malay income was 44 percent of average Chinese income; by 1995 it had increased to 55 percent. As a point of comparison, the relatively neglected Indian community saw its average income decline from 77.6 to 74 percent of average Chinese income over the same period. The full employment economy that prevailed for most of the post-1980 period allowed improvements in the labor market, which helped lower the poverty rates of all groups. The poverty rate fell from an estimated 49.3 percent households classified as poor in 1970 to 9.5 percent in 1995. These circumstances enabled the Barisan Nasional, and especially the UMNO, to gain political strength after 1970, as shown by the coalition’s share of the total vote (Table 1).
Table 1  Barisan Nasional’s share of the vote in national elections, 1969–99

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>48.4</td>
</tr>
<tr>
<td>1974</td>
<td>50.7</td>
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<tr>
<td>1978</td>
<td>55.3</td>
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<td>1982</td>
<td>60.5</td>
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<tr>
<td>1986</td>
<td>55.7</td>
</tr>
<tr>
<td>1990</td>
<td>53.4</td>
</tr>
<tr>
<td>1995</td>
<td>65.0</td>
</tr>
<tr>
<td>1999</td>
<td>56.0</td>
</tr>
</tbody>
</table>

The election years of 1990 and 1999, following economic contraction and internal splits in the UMNO, saw a decline of support for the Barisan Nasional in comparison with the preceding elections. It is particularly interesting that in the last two elections the Chinese population has come to support Mahathir and the Barisan Nasional strongly. In the next section I examine some of the creeping problems of political management in Malaysia, but for now we can say that for much of the period after 1970, the government was responsive enough to earn sustained support (Crouch 1996).

The strong position of the state made it possible for Mahathir to reorient some of the ethnic assumptions that had underpinned the polity. By the 1990s many of the unpopular regulatory restrictions on the Chinese business sector had been modified and made more palatable. It was becoming apparent that the huge affirmative action program faced limits in providing mobility for the Malay population and that what was most important in winning political support was good general economic conditions. During recessions, the UMNO tended to become highly factionalized and to incur electoral losses. Economic growth was increasingly a lubricant not just for interethnic relations but for managing intraethnic inequalities.
Against this backdrop, Mahathir could afford to take a new rhetorical stance and offer new ways of symbolically incorporating the non-Malays. In 1991 he came up with the futuristic Vision 2020, in which he spoke of the emergence of a Bangsa Malaysia (Malaysian race). The unequal citizenship rights of the present were to be glossed over, as the population was asked to set its sights on a liberal and tolerant future society in which all ethnic groups would enjoy a full and fair partnership. Vision 2020 was a symbolic break from past assumptions of Malay hegemony, and it was quickly embraced by the Chinese and Indians. Although some Malays showed some consternation, most seemed ready to embrace a more multicultural future.

Having given an optimistic rendering of Malaysia’s ethnic management in the 1980s and 1990s, I now turn to the new contradictions developing in the society. The point, however, is that the relative responsiveness of the state removed some of the bases and incentives for ethnic scapegoating.

**Continuing Dilemmas in Conflict Management**

I have laid out some of the sources of ethnic conflict and some of the mechanisms that might reduce that conflict, using selective aspects of Malaysian and Indonesian experience to make the case. I have suggested that Malaysia has done a better job than Indonesia in managing the Chinese problem, arguing that the assimilationist path, while appearing to be a logical solution to internal differences, might in fact increase group resentment. State responsiveness, however, is not an entrenched fact in Malaysia. One could argue tellingly that it has been diminishing in the past few years. If my framework is correct, one cannot rule out future ethnic tensions or conflict.

The UMNO has increasingly been run in a top-down fashion, aided by frequent electoral changes within the party and by constitutional amendments that concentrate power in the hands of the top executive, Mahathir Mohamad. During the Asian crisis, there were strong calls for reformasi à la Indonesia. Many of the same terms used to describe the Suharto regime, such as cronyism, nepotism, and corruption, became
part of everyday speech. The dramatic sacking of Anwar Ibrahim as deputy prime minister, his subsequent imprisonment, and his highly dubious court trial for sodomy and corruption caused great consternation within the Malay community. The internal tensions within the UMNO were a sign of the erosion of the party’s populist leanings, not in the direction of technocratic management but toward a system of personal rule.

Michael Backman has argued that Mahathir, unlike Suharto, has been interested in nurturing winners among his indigenous business protégés, who include his sons and other relatives (Asian Wall Street Journal, October 16, 1998). Even if Mahathir did indeed demand more efficiency from his friends and kin, he was not able to arrest the growing perception that wealth was being concentrated in the hands of a few megatycoons and that the NEP had been hijacked to serve the interests of a few well-connected people. To make matters worse, Mahathir seemed to be making national institutions such as the media, the court system, and financial agencies personally subservient to him, with the aim of preserving his power and the economic interests of his clients.

This was the backdrop to the growing Malay restiveness against Mahathir in the late 1990s. Moving in the opposite direction, however, were non-Malays, who were more willing to embrace the Barisan Nasional. Some of the increased non-Malay support for Mahathir in the 1999 elections could be explained by the astonishing scaremongering tactics employed by the media, such as the endless reruns of the carnage in Indonesia—as if to suggest that a similar massacre of non-Malays would take place were the Barisan Nasional to lose power. It was also true, however, that the non-Malays were in a real dilemma because they were not convinced that the opposition, an amalgam of political parties with different interests and led by a party with a strong Islamic orientation, could rule the nation properly. Non-Malays were not passionate about the Barisan Nasional, but they were even more skeptical about how a hodge-podge of opposition parties could be better for the country.
From the argument I have laid out, the dilemma for ethnic relations is that if many Malays, particularly the young and less well off groups, continue to turn away from the Barisan Nasional as non-Malays embrace the party, a new fault line could develop in society. Former deputy prime minister Musa Hitam minced no words when in February 2000 he criticized the authoritarian culture in the UMNO and added, "Never have we found ourselves in a situation of a Malay political party dependent on others to survive" (Straits Times, February 29, 2000). The new danger is that if the UMNO is unable to engage in serious renewal and shed its crony image, and if non-Malays still feel cornered into supporting the Barisan Nasional, Malays might think that the Chinese and Indians are out of step with their aspirations, and ethnic tensions could be reignited.

In Indonesia the new political openness promises to incorporate the Chinese more fully into the society and the polity. The development of new Chinese organizations such as the Citizen's Forum and the government's initial steps to revoke discriminatory laws such as bans on Chinese religious and traditional festivals are major steps in legitimizing the Chinese as rightful citizens in the country (Straits Times, June 9, 2000). Some Chinese fear, understandably, that the new sprouting of Chinese organizations could turn the clock back and reconfirm pribumi suspicions about Chinese lack of national loyalty. If my argument is correct, however, these are in fact positive moves to safeguard the Chinese position in Indonesia. Some Chinese organizations have begun to talk of new ways to achieve more economic balance in society, which might help portray the Chinese as more multifaceted than their stereotype as greedy accumulating machines.

The problem for ethnic relations does not lie in increasing the rights of the Chinese but in making sure that the regime can demonstrate its effectiveness in running the country and meeting popular aspirations. The economic problems in Indonesia are severe, and the international community is not convinced that the right set of institutions and policies has taken root there. The foreign debt is 120 percent of gross domestic product (GDP), and the cost of recapitalizing the devastated
banking sector might require funds amounting to 70 percent of GDP (Asiatweek, November 5, 1999). Strong inflows of foreign capital will be required to restart the economy, just as the return of billions of dollars of Chinese capital that left the country in 1998 would help rebuild confidence. Unfortunately, there is still a wait-and-see attitude among investors.

The regime of President Abdurrahman Wahid has embarked on important steps to depoliticize the military and to ferret out perceived corruption. It is an awesome task to consolidate rule and implement coherent policies on the back of weak political institutions following the collapse of strongman rule. The new president, however, increasingly appears to be keener on weakening the power of his old enemies and installing trusted allies than on building autonomous institutions run on professional lines. For example, he quickly removed two well-regarded cabinet ministers belonging to the other parties in his coalition. To make matters worse, the president himself has suffered from various scandals involving people close to him. A recent survey of Internet users in Indonesia revealed that many respondents had very little confidence in the government's economic policies and governing capability (Straits Times, June 19, 2000). Any prolonged failure to respond to the needs of the population will allow rogue elements within the military and other political opportunists to incite ethnic and religious hatred. This process has already begun in certain regions of Indonesia, as in the conflict between Muslims and Christians in Maluku.

Another possible pressure point for the Chinese is that some Islamic groups and prihumi business groups might see some form of Malaysian-style NEP as a panacea for their economic woes. Yet the Malaysian political system has not been spared charges of cronyism in recent years, and this has contributed to some degree of Malay alienation from the state. If Malaysian institutions, which started out with greater bureaucratic accountability and more effective delivery systems than those in Indonesia, can become compromised, it is likely that affirmative action programs will further worsen clientelism and corruption in Indonesia. There are too few Chinese in
Indonesia to effect a meaningful transfer of wealth. Moreover, as Mackie points out, it was the foreign share that declined in Malaysia under the NEP, and, contrary to expectations, the Chinese share of the economy actually increased (Asian Wall Street Journal, November 11, 1998). Indonesia cannot afford to squeeze the foreign sector, and there appears to be little to gain from putting the screws on the Chinese sector, much of whose capital is parked abroad. If powerful Muslim and business groups need to be appeased, the logical solution would be to engage in some form of symbolic transfer of assets to promote goodwill. But as I have stressed, the crucial path to achieving ethnic peace is a state that is accountable and effective. There are no shortcuts.

References


Slow Roads to Equality: 
Enduring Poverty among 
Four Low-Status Minorities

*Jacob Meerman*

... not alien, just profoundly alienated...

*Loury (1997): 154*

Worldwide, low-status ethnic and other minorities experience high rates of poverty. Poverty reduction is particularly difficult for minorities with a history of severe exploitation and discrimination because they suffer from inherited social disadvantages that reinforce the general causes of poverty. Many countries have attempted to promote the economic progress of these groups, with varying results. This chapter describes a project that compared the experience of four low-status, highly disadvantaged minorities: India’s Dalits, or scheduled castes; Japan’s Burakumin; the Afro-Cubans; and U.S. Black Americans.

Ethnic groups can generate many kinds of conflict, to which governments respond with many kinds of measures. The research addresses a small part of this universe in that it concentrates on the problems of four minority ethnic groups at the bottom of their national social and economic scales. Because the work is limited to cases that have fundamental characteristics in common, comparative analysis of the four should
provide prescriptive conclusions applicable to the entire set of minorities with similar characteristics.

How the minorities themselves, their governments, and others attempt to reduce the poverty-status gap, and with what success, are the key research questions. The project described in this chapter integrates economic analysis with political and sociological perspectives.

**Ethnic Systems and Their Implications**

The analytical core of the research is based on human capital theory. Cultural endowments "inherited" from parents in large part determine a child's potential for acquiring human capital, the child's capacity for labor market participation, and, therefore, the degree to which social mobility is possible. The research also examines how pertinent country institutions (lawmaking, market management, government operations, and so on) affect minorities' access to labor markets and education.

Hypotheses emerge from this analysis, but more work is needed before one can regard the hypotheses as tested. The chapter begins with a taxonomy of ethnic systems according to their propensity for violence. This step is needed to show where the research fits in the universe of ethnic systems.

**A Taxonomy of Ethnic Systems**

A classification principle developed by Donald Horowitz (1985: 21–24) defines all ethnic groups as ranked or unranked, depending on the coincidence or noncoincidence of social and economic class with ethnic origins. Ranked (hierarchical) systems occur when class and ethnic groups coincide. Unranked systems occur when the groups are cross-class. In an unranked system ethnic groups in competition with each other, usually within a single nation, do not form an unambiguous "pecking order," whether social, political, or economic.

Some countries have both ranked and unranked groups. Malaysia has an unranked system of Chinese, Malays, and
Indians. Caste and slave states provide examples of ranked ethnic groups. Ranked groups interact with each other in a division of labor to form a single polity. Unranked groups may form societies with an entire class structure within each group. Ranked low-status groups usually desire to increase their status within their society. Unranked groups usually want more autonomy or independence. The kinds of violence and other tactics used by ethnic groups, the corresponding government responses, and whether the ethnic system is open to reduction of conflict through long-term policies aimed at promoting intergroup equality depend in large part on whether the groups are ranked or unranked. The worldwide ascendancy of egalitarian ideology has made ranked systems illegitimate, but their legacies are hard to erase.

In general, over the long run, national economic development undermines ethnically ranked systems. This is a slow process and may not accelerate until well after most of the population has been urbanized. At the same time, countries that are highly advanced economically often attract migrants who form a new underclass, insofar as they become permanent participants in the economy.

The theory posits that the ethnic and status hierarchy in ranked countries is determined without overlap among groups. Such ranked ethnic systems, well illustrated by caste societies, lend themselves to analysis of poverty groups since, by definition, social class is congruent with ethnic group in these systems, and household income correlates strongly with social class. The ranking also carries over into the several status domains: social, economic, and political. Polities in which one group dominates economically and another politically are classified as unranked. In the United States before World War II, blacks and whites formed a ranked ethnic system of undergroup and overgroup. Historically, India's scheduled castes have formed an undergroup to the overgroup of other castes. In medieval Europe nobility and clergy were ranked vis-à-vis the peasantry.

Today, clearly ranked status systems are rarer than in the past. A contemporary example can be found in countries with a
sizable Roma (Gypsy) minority. (Even in this case, although most Roma in any single country have low political, economic, and social status, a few are wealthy.) In countries that were recently completely ranked, much current behavior, culture, policy, and so on is still clearly a consequence of ranking. There is some evidence that minorities in majority-over-minority systems are far more seriously disadvantaged than majorities in minority-over-majority systems. West Indian blacks who emigrate to the United States “outperform” Black Americans. They “have a low expectation of sour interpersonal relations, and this enables them to have better interpersonal interactions with white Americans than many native African Americans. Their sense of efficacy, coming from a society with a majority of blacks and with many blacks in high positions, leads the immigrants to have high ambitions and expectations for their own success” (Waters 1999: 141).

Serious conflict often occurs in unranked systems. Illustrations come readily to mind: the Kurds in Turkey, the former Yugoslavia, the Sudan, Ethiopia (the Eritrea region), and now Eritrea itself. “Hot” ethnic conflict also often occurs in unranked systems with an economically advanced minority and a majority that holds the preponderance of political power. Jewish-minority history in many countries provides numerous examples. Economically more advanced Tamils in Sri Lanka demand an independent state and continue their rebellion against the Sinhalese majority, with large loss of life on both sides. With incomes about twice the national average, Spain’s Basque minority has long pushed for separation from the rest of the country. In Rwanda, a United Nations trust territory administered by Belgium until independence in 1962, the Hutu majority killed about 400,000 Tutsis in 1994. The Tutsi had been both dominant economically and the ruling minority in Rwanda until they were declassed after fighting in 1960, when many fled the country. Among the possible combinations of ethnicity and status, one with low potential for state-threatening hot conflict is the ranked system of majority overclass and low-status minority.
Minority-over-Minority Systems

The research project concentrates (as does this chapter) on four historically ranked ethnic systems of majority overgroup and minorities with low status and incomes relative to the overgroup. Hot ethnic conflict is avoided or is at least tractable, in part because the overgroups are secure and, more fundamentally, because the undergroup does not have the power to threaten the state. Hence, national policies and strategies can be and have been developed that are effective in reducing poverty. In contrast, the highly partisan political process in states with a high degree of ethnic conflict usually leads to outcomes in which conflict persists or may increase. It is hardly geared to developing a strategy of poverty reduction for minority groups.

The research results have the most bearing on other countries with similar ethnic structures. According to the Minority Rights Group, from 10 to 20 percent of the world’s population belongs to “several thousand different minority groups and subgroups.” They are found in most countries and are characterized as “any self-identified community . . . unable to take decisions over its destiny, and often experiencing high levels of illiteracy, under-education and overt or covert discrimination” (Minority Rights Group International 1997: viii). Most members of these minorities have lower incomes and status than the dominant majorities. The research described here is particularly applicable to this highly disadvantaged, low-status subset of minority groups.

High Social Costs of Minority-over-Minority Systems

Low-status ranked minority subsets incur high social costs, above all, those associated with the high rate of poverty. During the course of economic development, they move more slowly out of poverty than the majority or than most other minorities such as voluntary immigrants. Their slow road to equality derives from their heritage of exploitation, including
slavery and outcaste status. More than other minorities, they have relatively low incomes (because of restricted access to education and because of their occupations), high incidences of disability, and short life spans. Psychological costs, including those that result from a reduced sense of worth, are also high. Because of these handicaps, they absorb a disproportionate share of public resources that finance welfare programs, hospitalization, prisons, foster parenthood, homeless shelters, and compensatory and rehabilitation programs. Members of these minorities are not uniformly poor, but they differ statistically from the majorities in having relatively more poor and fewer rich. They differ fundamentally from their majorities in that a high proportion of their members is socially immobile, caught in “poverty traps” at the bottom of the relative income distribution.1

Diminished social cohesion between minorities and others in the economy is an additional cost. Mutual distrust across groups, crime, riots, and other kinds of group violence may have a significant negative impact on national economic development. In line with Putnam’s theories about social capital (see, for example, Putnam 1993), diminished social cohesion also means that interaction, be it business, social, or political, between majority and disadvantaged minority individuals involves higher transaction costs, on average, than similar transactions among people with greater mutual trust and respect. In consequence, progress in building the institutions and investing the capital—human and material—needed for political and economic development may be significantly slowed. These underlying social dynamics explain part of the negative relation between economic growth and economic inequality.

In addition, savings and formation of both human and conventional capital are reduced because hard-core low-status groups are discouraged from acquiring skills and experience and from entering occupations that offer the highest earnings. Moreover, resources that could finance development expenditures are diverted to repressive or compensatory uses.

To sum up, low-status minorities suffer more than their fair share of life’s misfortunes. They are involved in a nexus of
unnecessarily high social and personal costs. Concern with these issues and the faith that they are not intractable are, at bottom, what drives this research.

**Method**

Key to minorities’ achievement of parity of economic status is acquisition of human capital equal to that of the majority. This implies acquisition of skills, knowledge, and habits that the market values. Parity also requires elimination of discrimination in factor markets—above all, for labor. Under such conditions, minority earnings will become equal to those of the majority. For many hard-core, low-status minorities, state action to eliminate labor market discrimination (through laws and their enforcement) may be less problematic than trying to remedy disparate educational attainment because many minorities are socially disadvantaged in acquiring education. Human capital models clarify this difficulty. In this approach, income depends on the earner’s human capital, most of which is accumulated through individual learning in response to education supplied. The quality and magnitude of human capital embedded in the individual is, therefore, a function of the quality and quantity of education supplied and the quality of the individual’s learning processes.

**The Mobility Model**

In Becker’s human capital model, capacity to learn or to capitalize on investment in schooling is determined by the individual’s combined genetic and cultural endowment (Becker and Tomes 1997). Genetic endowment and most of a person’s cultural endowment are “inherited” from parents. Cultural endowment includes values and beliefs, including perceptions about the “rules of the game” for social life and individual behavior and the habit of adhering to those rules. Self-identification, aspirations, attitudes, and customs are acquired primarily through family culture but also from the general social environment in which children grow up, including school
and peer group experiences. The endowment also affects the capacity to deal in abstractions and to use language at a high level—skills directly relevant to school performance. In Becker’s model this endowment is immutable.

The mobility model differs from the Becker model in that what Becker calls the earnings endowment—those aspects of the general genetic and cultural endowment that affect the individual’s ability to acquire human capital, in other words, the propensity to learn—is subject to deliberate modification that declines as age increases and reaches zero after adolescence. In the mobility model genetic endowments affect earnings endowments variably but not systematically. In both models the earnings endowment can be limiting, so that the propensity to learn is also low and, at the extreme, results in individuals who are uneducable. In brief, how well a child does in school depends in large part on the earnings endowment of that child.³

Empirical Findings and Equal Opportunity

The mobility model is consistent with empirical findings showing that poorer children acquire lower human capital than children from better-off families. They do less well in school and stop schooling earlier. Presumably this is because of the poorer-quality earnings endowments they inherit, their lower investments in human capital (partly as a result of submedian parental incomes), their reduced access to the supply of public education, and the relatively poor quality of their schools and teachers. The same factors can explain the negative correlation in aptitude and achievement tests between children’s scores and their socioeconomic status.

Much of the within-class variance in income levels can also be explained by differences in endowments and in homegrown capital. For example, children of recent East Asian migrants in the United States apparently acquire more human capital and income than most other children whose parents have similar incomes. The culture of immigrant East Asians explains this disparity. East Asian children inherit strong earnings endowments and substantial homegrown capital in the form of high
value assigned to economic achievement; a belief that high achievement is feasible through educational attainment; and a strong belief that discipline, work, reliability, and respect for education will pay off in educational and occupational achievement.

Use of the model to interpret the empirical record suggests that equality in supply of education does not imply equal opportunity. Equality in supply of education is necessary for equality of levels of embedded human capital across groups but is not sufficient to achieve it. Given equality in educational supply, individual demand for education must also be roughly equal or efficacious across groups. Demand for education—in other words, the propensity to learn—depends on earnings endowments, which depend on the beliefs, aspirations, and expectations children acquire from the culture that they are born into. One needs to add basic attitudes concerning the legitimacy of authority and the fairness of the social institutions that determine the “rules of the game,” the likelihood of being able to defer gratification, and other traits that are the product of family life. These factors complement and interact with the conventional supply of education to permit learning and thus produce individual human capital. But they also depend on the homegrown provision of human capital by parents who deliberately teach children habits and skills that facilitate the acquisition of further human capital. In brief, unequal endowments and unequal homegrown capital have made provision of equal opportunity unachievable. Glenn Loury put the issue vividly, asking, “What then, must we do with and for the one third or so of black America that seems to be permanently alienated from the structures of opportunity in this society?” (Loury 2000: 154).

In addressing the plight of hard-core, poor minorities, the degree of immutability and “heritability” of learning endowments and the role of homegrown human capital are of the essence. This research hypothesizes that the durability of the presumed high incidence of poverty among certain minorities (including the four covered in the research) is caused by the durability of earnings endowments that produce a low propensity to learn. Low endowments may also be associated with
low production of homegrown human capital. The hard-core poor of highly disadvantaged, low-status minorities have capitalized on opportunities—in particular, education—only to a limited degree.\(^4\) This explains why so many members of such groups fail to accumulate sufficient general human capital to reach parity with the majority.\(^5\)

To eliminate discrimination in production markets requires, at a minimum, elimination of certain kinds of discrimination in factor markets (labor markets), in financial markets (which underpin factor markets), and in markets for land and other forms of capital. In varying degrees, such discrimination may occur in all of the countries included in this research. Institutions (property rights, contract law, labor law, bankruptcy law and procedures, licensing regulations, and so on) that support and otherwise impinge on the operation of factor markets must also become nondiscriminatory. For example, the discriminatory quality of land institutions, both customary and legal, is very important in India, where the Dalits, an overwhelmingly rural farming population, have been excluded from landownership and have not benefited from the very limited land reforms undertaken by some of India’s states. In all four countries the operation of labor markets is of overwhelming importance because upward mobility for the four low-status minorities usually implies moving into increasingly remunerative employment. In these groups most people move into the economic mainstream as employees. Self-employment can apply only to a minority within the minority.\(^6\)

*Five Explanatory Variables*

In line with the mobility model, one would expect upward mobility to correlate positively with (a) reduction in labor market discrimination, (b) expansion of the supply of education to low-status minorities, (c) improvements in the production of the homegrown human capital of low-status minorities, thus increasing the efficacy of minority demand for education, (d) the pace of economic development, as measured by growth of gross domestic product (GDP), and (e) improve-
ments in the earning endowments of the minorities. The key research hypothesis is that changes in these variables explain most of the progress of the four minorities in the past half-century. The failure, thus far, fully to integrate Japan’s Burakumin and Black Americans into the economic mainstream may be due in large part to the weak earnings endowments of the hard-core poor within these two minorities.

The Four Minorities

The research focuses on India’s Dalits (scheduled castes), Japan’s Burakumin, the Afro-Cubans, and U.S. Black Americans. There were several reasons for choosing these groups:

- Their national governments have made sustained efforts since World War II to integrate them into the mainstream.
- They are “hard-core” in that many of their members have been extremely slow to achieve economic and social parity with the majorities.
- The countries differ substantially in their degree of economic development, ideologies, and political institutions.
- The four minorities have similar basic characteristics that facilitate comparison among them.

On the last point, the common characteristics of the groups are as follows:

- In contrast to ethnic groups in which active membership is to a degree voluntary (see Chiswick 1998), membership in these minorities was publicly imposed and is difficult to escape.
- Unlike ethnic minorities that advocate separation from the larger state, most members of these minorities desire acceptance as citizens with economic and social status equal to that of the majority.7
- The four minorities share the majority culture (language, religions, customs, and mores) and are geographically dispersed within their countries. Nevertheless, each has developed a subculture reflecting its special historical experience.
• Each minority has a history of labor exploitation by the majority, traditionally rationalized by a myth of genetic and possibly other inherent shortcomings such as bad karma.

• The minorities are still ranked at the bottom of their nation’s social hierarchy and have insufficient power to threaten the majority gravely.

• Since the minorities cannot strongly threaten the larger state (although they can and do cause riots and other violent actions), their governments have been able to concentrate on measures to promote their integration into the larger society. Urgent resolution of state-threatening violent conflict has rarely been the first order of business.

Table 1 presents basic data on the four minorities.

The four groups are in countries at different stages of economic development. This permits the research to investigate whether development per se brings improved economic status for persisting low-status minorities.

Possibly the best remedy for the poverty of such groups is rapid, labor-intensive economic growth. Development requires urbanization, which weakens traditional social structures such as caste and other rigid class systems (Myrdal 1962: xxviii).

### Table 1 Basic data on the four minorities

<table>
<thead>
<tr>
<th>Group and country</th>
<th>Total population of minority (millions)</th>
<th>Percentage of total population of country</th>
<th>Gross national product per capita (1993 U.S. dollars)</th>
<th>Historical status</th>
<th>Year of emancipation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalits (India)</td>
<td>145</td>
<td>16</td>
<td>1,240</td>
<td>Outcaste</td>
<td>1948</td>
</tr>
<tr>
<td>Afro-Cubans (Cuba)</td>
<td>4–7</td>
<td>34–62</td>
<td>3,000</td>
<td>Slave</td>
<td>1886</td>
</tr>
<tr>
<td>Burakumin (Japan)</td>
<td>1–3</td>
<td>1–2</td>
<td>20,680</td>
<td>Outcaste</td>
<td>1871</td>
</tr>
<tr>
<td>Black Americans (United States)</td>
<td>31</td>
<td>11</td>
<td>24,680</td>
<td>Slave</td>
<td>1865</td>
</tr>
</tbody>
</table>

Sources: For population data, Minority Rights Group International (1997); for gross national product data (using a purchasing power parity concept), UNDP (1996).
Large improvements in and expansion of education are also necessary conditions for development. Because of urbanization and the spread of education, discrimination against low-status ethnic minorities often gradually loses its legitimacy among the majority, particularly where the national ideology is egalitarian, so that there arises support for public measures to reduce and offset labor market, educational, and other discrimination. Insofar as the educational achievement of low-status ethnic minorities increases as development proceeds, one would also expect minority leadership and political organization to become increasingly effective. Hence, development, and the universal education and urbanization that accompany it, imply improved economic opportunities (reduced discrimination) for these minorities and an increased ability to respond to opportunities.

This reasoning suggests a rank-ordering of countries. Taking gross national product (GNP) per capita as an instrumental (proxy) variable for the bundle of factors that correlate with degree of development and that lead to equalization of minority economic status, the progress of low-status ethnic minorities in moving to economic parity with the majority should be least for India’s Dalits, and the Afro-Cubans should be far behind the Japanese Burakumin and U.S. Black Americans. The “Hypotheses” section at the end of this paper discusses the extent to which these predictions are borne out.

India’s Dalits

The Dalits (in Marathi, the “broken” or “oppressed” people), or scheduled castes, are at the bottom of the Indian caste system. As outcastes and untouchables, they have been excluded from the religious and social life of their communities and, other than farming, have been restricted to polluting occupations (animal slaughter and disposal of nightsoil). Historically quarantined in areas outside villages and denied access to education and medical care, they were barred from any activity that involved interaction with other castes. Endogamy was the rule. Today, many of these restrictions persist in rural areas, notwith-
standing constitutional guarantees prohibiting them. Many Hindus consider the Dalits' situation and their treatment by the Hindu majority as just: "We Brahmans and other castes are instruments. God uses us as His instruments in order to impose on the untouchables the punishment that their karma [retribution for bad behavior in earlier lives] has earned for them" (quoted in Zelliot 1992: 161).

About 90 percent of the Dalits still live in rural areas. Most are poor farmers or landless laborers. There is also substantial migration to labor-scarce areas and to the cities, where many live on the streets. Since 1948, thousands of Dalits have been killed in communal violence, frequently as a result of their attempting to exercise legal rights. "Nevertheless, those resident in the cities have some access to secondary and higher education and a growing middle class has evolved within the Dalit community" (Minority Rights Group International 1997: 557).

THE ROLE OF THE GOVERNMENT. Constitutional provisions on behalf of the Dalits are of three kinds: guarantees of legal equality, electoral empowerment, and work and educational preferences.

- **Guarantees of legal equality.** The Indian Constitution adopted in 1949 abolished untouchability "in any form or shape" and made it a punishable offense (Article 17). Article 14 enshrined equality before the law. It implied abolition of discrimination on the basis of caste, sect, or sex. All citizens of India were to have access to public places, including roads, public wells, shops, hotels, and restaurants. Moreover, "[t]he State shall not discriminate against any citizen on grounds only of religion, race, caste, sex, place of birth or any of them" (Article 15).

- **Electoral empowerment.** In the lower house of Parliament (Lok Sabha), 15 percent of the seats are reserved for members of the scheduled castes (Articles 330–34).

- **Work and educational preferences (the reservation policy).** Although Article 16 ensures equal treatment in qualifying for public employment, it also states that "[n]othing in this Article shall prevent the state from making any pro-
visions for the reservation of appointments or posts in favour of any backward class of citizens which in the opinion of the State is not adequately represented in the services under the state.” Indeed, Article 15 expressly warrants discrimination in favor of groups “not adequately represented in the services under the state.” Thus the goal of communal proportionality in public employment—the “reservation policy”—has constitutional legitimization.9 The reservation policy foresees, ideally, scheduled caste employment throughout the public sector—the civil service, banks, public enterprises, the armed forces, medical services, and so on—in proportion to the share of the scheduled castes in the general population, about 15 percent. The second prong of the policy is the reservation of a similar proportion of places for students in certain institutions of higher education such as technological institutes and professional schools. Several laws have been passed to implement this policy.

Resistance to implementing the reservation policy has been strong. Some state governments have refused to provide some of the constitutionally required preferences (Vakil 1981: 45), nor did the armed forces implement the proportionality policy (Vakil 1981: 91–92). In protest against reservations, “higher caste young men and women riot, besiege government offices and set fire to themselves” (Austin 1995: 32). Since corruption is common and the Dalits are poor, “naturally rich people, most of whom are high caste Hindus, can bribe the administration” (Austin 1995: 121). Bribes have kept Dalits from being admitted to higher schools with limited places. Reservation of places for scheduled castes in the public services and in professional education has been challenged in state law courts, and some states have decided against the national Constitution (Vakil 1981: 21). At least one national political party, the Bharatiya Janata Party (BJP), the main party in the coalition government elected in 1999, has joined the protest movement in calling for the removal of minority privileges and for respect for traditional forms of society (Austin 1995: 18).
The reservation policy can help few Dalits (probably less than one in a thousand per year) and probably disproportionately benefits the most prosperous members of the group. It can have little effect on employment in the public sector, since its benefits consist primarily of some tens of thousands of jobs distributed among 160 million people. A large proportion of the current beneficiaries of job reservation consists of urban Dalits whose parents had already largely achieved economic and social parity with the majority. In Tamil Nadu the best-off 11 percent of the Dalits received almost half of all reserved jobs and university places, while the poorest Dalits, 12 percent of the total, received no more than 2 percent of the jobs and places (Galanter 1984: 469).

Fulfilling preference quotas may be incompatible with the need to provide effective public services to further development and other goals of society. Beteille asserts:

An economy cannot be made competitive by persons who owe their positions in an organization to birth rather than achievement. . . . Caste quotas threaten the health of a whole array of administrative, educational, scientific, legal, financial and other institutions in India. These institutions have a vital role to play in the modernization of Indian society without which no programme of economic liberalization can prosper. We have learnt a few hard lessons through our failure on the economic front. We cannot benefit from those lessons if we expect the market alone to deliver all the goods, while allowing our public institutions to decay. (Beteille 1992: 110–11)

A related point concerns the degree to which caste quotas in employment become the norm. The dangers to public sector operations as a consequence of employment by ascriptive preference (and the disassociation of reward from the quality of job performance that it entails) become increasingly problematic to
the degree that ascription trumps merit in recruitment for the public service and in promotion within it. “As caste quotas come to be extended indefinitely they turn every organization from a work site into a bargaining centre” (Beteille 1992: 110).

How serious is the preference problem? In the 1950s, in some places, passing grades for Dalits taking examinations both at the university level and for promotion in public sector jobs were below the norm (Vakil 1981: 47). Sowell reports on a large number of abuses and failures with respect to admission to professional schools, including admission requirements for Dalits that are far below general norms, widespread failure because of low grades, and rioting over school preferences. In Gujarat in 1981, 42 people died in extensive riots over seven medical school places reserved for Dalits (Sowell 1990: 98–100). Caste quotas have existed in public employment in South India for more than 70 years and have become highly institutionalized. In Karnataka more than two-thirds of public-sector positions are now awarded on the basis of caste identity. This occurred after majority castes seized power and were able to get themselves reclassified as a backward class, although they account for over 70 percent of the total population (Beteille 1992: 99). Kerala apparently now also reserves more than half of its government posts for lower castes. Sowell emphasizes that university places and reserved positions in the civil service have been acquired to a far higher degree by the upper echelons of the Dalit castes than by the lower-income strata (Sowell 1990: 102–3).

POLITICAL EMPOWERMENT. From the establishment of the republic, Dalit politics has concentrated on the implementation of the reservation policy. Today in India it is widely believed that the Dalits are politically well organized and have acquired substantial political power. If true, presumably this has been encouraged and legitimized by the constitutional guarantees of equality before the law, plus the reservation policy, particularly the political reservation of 15 percent of all seats in the Lok Sabha. (There has also been some reservation of seats in the state parliaments.)
CRIMES AGAINST DALITS. Since independence, thousands of Dalits have been killed in “atrocities incidents,” which include widespread rape, arson, and other crimes. (Many of these assaults involved landowner-tenant fights, electoral coercion by armed gangs, and protests against the reservation policy.) In 1978 Dalits suffered over 15,000 violent offenses; 219 Dalits were killed in the first half of the year. Local government authorities investigated very few of these crimes. Nearly all were unadjudicated, and even when they were, the courts usually did not find in favor of the Dalits (Vakil 1981).

In response to Dalit protests in national and state legislatures, the press, and other forums, the national government responded with commissions of inquiry that led to several laws designed to protect Dalits: the Untouchability (Offenses) Act of 1955, the Protection of Civil Rights Act of 1976, and the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act of 1989. All are underpinned by rights guaranteed in the Constitution (Minority Rights Group International 1997: 557). Nevertheless, caste violence continues. In Bihar more than 1,500 Dalits and other people have been killed since 1995 in battles over access to land (Washington Post, May 1, 1999: A-9). By the end of the 1980s, the Dalits (except in Bihar) had started to desert the Congress Party after establishing their own organizations and alliances with lower-caste parties (Austin 1995: 43).

EDUCATION. In the late 1970s about two-thirds of Dalit children ages 6 to 11 were enrolled in school. At the national level there were some scholarships for Dalits to cover the cost of books, uniforms, and other materials. For higher education, a few hostels in urban areas provided lodging for Dalit students, although in Karnataka the “Legislature Committee on the welfare of the scheduled castes . . . found the conditions to be most horrible and pathetic to say the least” (Vakil 1981: 149). There is evidence that most Dalits leave school before the fourth grade (C. Sreedhar, personal communication, 1999). Their average educational attainment is below the national mean.
DALITS AND THE NEW AGRARIANISM. Since the 1980s, India’s farmers have increasingly organized to agitate for higher production prices—the core demand of the “New Agrarianism.” (In the past India’s state governments regulated food prices at levels below those that would have reigned on competitive markets.) The Dalits have not participated, as Dalits, in this effort, notwithstanding their overwhelming dependence on agriculture. In addition to the institutional impediments they face in taking organized action, their interests in the matter are ambiguous. Because they are mostly either landless or marginal farmers, most Dalits are net food buyers, so increased prices for the foods they buy would reduce their immediate welfare. It is not clear to what degree Dalit diets consist of rice, wheat, sugar, possibly pulses, and other heavily traded foods, as opposed to tubers and coarse grains, the prices of which have rarely been regulated and thus in a sense have always been “high.” Insofar as agitation for increased prices involves crops of little consumption interest to Dalits, their interests as producers, and mainly as farm laborers, suggest that they would tend to support the New Agrarianism.\textsuperscript{11}

Japan’s Burakumin

The Burakumin have their origin in Japan’s past as a caste society. To promote social stability and increase its capacity to rule, the Tokugawa shogunate (1603–1867) formalized the existing hierarchy of four castes: samurai, farmers, artisans, and, finally, merchants, who were deliberately ranked below farmers. The outcaste remainder, which was genetically and culturally, in language, religion, and customs, identical with other Japanese, consisted of those in “polluting” occupations (for example, animal slaughter, tanning, disposal of the dead, and removal of nightsoil) and of social deviants—beggars, prostitutes, and criminals, but also peasants caught in unsuccessful uprisings against their lords and even warriors defeated in battle (Hirasawa 1989: 31). These outcastes, today’s Burakumin—a euphemism meaning village (\textit{buraku}) people (\textit{min})—were
forced to live apart from regular citizens in special areas (on cliffs, river bottomlands and other wastelands) that were deliberately left off maps. In some periods they were required to wear distinctive clothing (indigo-colored collars) or to cut their hair short. By the eighteenth century, they were prohibited from entering non-Burakumin homes or public places such as shrines and temples. At times they were used as executioners or as militia to suppress peasant riots. Emphatically prohibited from marrying outside their caste, they were and still are regarded by many Japanese as carriers who transmit their blemished nature to their children (Neary 1989: 1–4). Burakumin were concentrated in selected areas, particularly the south. Up to the 1960s, many Japanese were unaware of their existence.

In 1871 the Meiji government issued the Emancipation Edict, which ended outcaste status and converted the Burakumin to “new common citizens.” Occasionally described as a paper emancipation, the political decree had little impact, although farmers (humiliated because the Burakumin now had equal social status with them) rioted against the edict and carried out pogroms against the new commoners. The emancipation also ended the Burakumin monopoly of certain occupations (Donoghue 1977: 33), and their legal emancipation may therefore have been associated with deteriorating economic well-being. In the ensuing decades there was slow progress toward parity. By 1912, many Buraku children attended (usually segregated) primary schools, but they were excluded from secondary schools. Even in integrated schools, Burakumin were seated away from the others, at the back or side of the classroom. Play groups, eating utensils, and toilets were usually kept separate (Neary 1989: 3).

To the present, the Burakumin continue to be excluded in many ways. Their employment is disproportionately high in low-wage, low-prestige occupations, and they have above-average rates of public assistance and unemployment. Although poverty among them may still be widespread, some have become wealthy, and many have moved to middle-class status. Their relative economic situation is better on all these dimensions than a century ago, but they remain far from having
economic parity with the majority. One measure of improvement would be how many have "passed" into the larger society, but this may be unknown.

Majority prejudice persists most obviously with respect to marriage and employment. In part to avoid violating the taboo on marriage with a Burakumin, formal examination of family origins is common in Japanese marriage decisions. The system of family registration with the local authorities (koseki) is based on the census of 1872-73. The registration includes the address of the "family base" (honseki)—usually the town of birth for each family member—and may have included information as to whether the family is registered as a "new commoner." The honseki is also printed on the driver's license. Increasingly, individuals do not give as their family base the family address at the 1873 census but a location at a later date. Nevertheless, with effort it is usually possible to trace origins back to the early 1870s. Modern corporations and other firms take pains to avoid employing Burakumin. It is rare that entry into the employ or rolls of institutions, from companies to schools, can be achieved without review of the koseki. Lists compiled in the 1970s on the basis of the kosekis that supposedly identify all Buraku individuals throughout Japan are also used, even though they have been declared illegal (Minority Rights Group International 1997: 620). Firms or individuals may hire "Buraku hunters" to quietly investigate the family origins of individuals suspected of being Burakumin.

**CONSTITUTIONAL PROVISIONS.** The Constitution, drawn up during the U.S. occupation following World War II, guarantees all Japanese the right to life, liberty and the pursuit of happiness (Article 13); equality before the law and prohibition of discrimination based on race, creed, sex, social status, or family origin (Article 14); free choice of occupation (Article 22) and of marriage (Article 24); the right to work (Article 27); the right to a minimum standard of "wholesome and cultural" living (Article 25); and the right to an equal education corresponding to each person's ability (Article 26). Consistent with Article 14, the Labor Standards Act of 1947 prohibits wage and other
forms of labor discrimination. Notwithstanding these constitutional provisions, discrimination in labor markets is de facto legal in that there is no legislation that specifically prohibits and punishes it (Upham 1993: 105, 327).

**Government financial support for Burakumin.** Since 1969, national and local governments have expended 9 trillion yen, equivalent to tens of billions of dollars, on works that have eliminated the inadequate and unhealthy housing, physical isolation, and power, water, and sewerage shortages that characterized Buraku settlements up to the 1960s. Government funds have also financed scholarships and interest-free educational loans for Burakumin, as well as thousands of community centers, largely to benefit children and adolescents, in Buraku settlements. The latter have become the focus of much of the integration effort (extra schooling, social development, and political awareness). At different times and in different provincial jurisdictions, all Burakumin families received recurring cash grants and subsidies for such things as apartment rents and day care. Finally, funds have been used to promote agriculture, forestry, and small enterprises. Most of the national funding for these benefits was provided through the national Law on Special Measures, passed in 1969 (Masayuki 1991: 287), but well over half of the total funding came from prefecture and possibly lower-level governments.

**Dowa education.** *Dowa* education—from *do* (same) and *wa* (harmony)—includes both educational support to the Burakumin and "human rights" education designed to counter prejudices against minorities, above all the Burakumin. The Ministry of Education recommends inclusion of human rights programs in the formal curriculum in elementary and secondary schools but has not established a national policy on *dowa* education, although both national and local government funding supports it. In the past the two major Buraku advocacy organizations had conflicting views on the content of and approaches to *dowa* education. The main Burakumin advocacy
group, the Buraku Liberation League (BLL), stresses the need to confront students and "learn from the reality of discrimination." Japan's Communist Party had advocated the general democratization of Japanese society through downa education. The Buraku organization that it strongly supports, the Zenkairen, denounced BLL tactics that avoid a general working-class perspective and the need to work with other oppressed groups in a united front approach. It specifically criticized BLL tactics that included identification of Burakumin children in the classroom and invitations to parents to come to class to describe their lives as Burakumin. By the 1990s the BLL had largely excluded Zenkairen from an important role in Burakumin issues.

Each prefecture (provincial government) decides on how to approach downa education and whether to offer it at all. Nevertheless there is agreement that downa education should aim to inculcate nondiscrimination, respect for human dignity, and empathy with minorities.

Traditional Buraku settlements did not exist in Tokyo and other parts of northern Japan, and many prefectures in the north do not provide downa education. In Osaka Prefecture and other parts of the south, its inclusion is often a direct result of pressure from the BLL applied to districts with large Buraku communities. The BLL has an office that develops downa curricula and publishes texts using symbolic stories, historical incidents, and policy documents to structure downa education (Hirasawa 1989: ch. 4; Clear 1991: 154 ff.).

BURAKU LIBERATION LEAGUE. In 1922 the National Levelers' Association was formed as a Buraku advocacy organization dedicated to eradicating discrimination against the Burakumin. Disbanded before World War II, it reemerged after the war as the BLL. In the 1990s the BLL had over 2,000 branches and more than 200,000 members. In addition to supporting a large number of Buraku juvenile community centers, it has a publishing and research arm, the Buraku Liberation Research Institute. It is a strong lobbyist with the legislature and other government offices for Buraku interests, and its lobbying was instrumental

The BLL's techniques for combating activities that it considers contrary to Buraku interests are varied and militant and in the past were often intimidating. Publications and conferences are part of the repertoire, but so are protests, demonstrations, and picketing. For example "BLL members picket publishing companies and disrupt their business when 'discriminatory phrases' appear in books or magazines."13 Indeed "any analysis of the Burakumin issue which does not conform to the BLL's politically correct orthodoxy is liable to lead to the perpetrator being harassed in the street or even in his office by angry BLL supporters."14

To protest "incorrect speech" and other forms of discrimination, the BLL humiliates and intimidates the parties responsible. In the event of a presumptive discrimination incident (such as discriminatory language, discrimination in the workplace or school, breach of a marriage engagement, or publication of a controversial analysis of a Buraku issue) the BLL may initiate a denunciation procedure (kyudan toso) that starts with a fact-confirming session and aims to reach a consensus between the BLL and the accused on the nature and content of the incident. If the BLL finds that wrong has been done, the "denunciation session" as such follows. At both sessions, the perpetrators and their supervising authorities are present. An incident involving a schoolteacher requires the presence of the teacher and his or her supervisors but may also involve the leaders of the board of education and even a representative from the next level of government, such as the mayor's office. In the denunciation campaign the target is not only the offender but also, above all, the institution to which the offender belongs.

Sessions take place in an assembly or conference room in which authorities and BLL representatives face each other. The number of BLL participants may be close to that of the authorities. In the denunciation sessions the responsible parties seldom defend themselves but are usually deeply apologetic and
deferential to the BLL. BLL speakers often, perhaps usually, interrogate and even heckle the authorities in disrespectful fashion. Typically, the authorities agree to rectify their behavior, stress their determination not to repeat it, and may outline measures to avoid poor behavior in the future. The session may well end with an expression of thanks by the authorities to the BLL officials for having shown them the error of their ways (Otake 1997: 181ff.).

Denunciation sessions have been used as the principal weapon in elaborate campaigns that cover entire regions and deal with such issues as enhanced access to educational opportunities, provision of infrastructure to Buraku settlements, denunciation of those responsible for Buraku blacklists, and elimination of the Communist Party from Burakumin affairs. Fear of denunciation sessions and other actions has made public discussion of Buraku matters close to taboo in Japan. Discrimination in word and deed has gone underground. Japan's mass media "avoid the issue as much as possible" (Masayuki 1991: 284).

COMMUNITY CENTERS. Burakumin have ready access to their community centers (kodomo kai), most of which have been financed by local governments in the past three decades. The centers' menu of services once included adult literacy training but is now overwhelmingly youth oriented. Services include childcare for working mothers, various programs to build political awareness and self-esteem (for example, focusing on heroes of the Buraku liberation movement), and supplementary schooling. To the present, many Buraku children through third grade participate in supplementary academic classes provided at the centers. In the past these were often run by volunteer teachers trained by each center and drawn from the Buraku community itself. The classes frequently emphasized Japanese language arts (essay writing and use of Chinese characters), where competency is of crucial importance in gaining admission to higher education. At present, sports and other recreational activities have become the most basic part of the agenda. Nongovernmental organizations (NGOs), above all, the
BL.L. manage the centers and develop programs, apparently routinely with financial assistance from the government, which also pays the salaries of those employed at the centers (Clear 1991: 98 ff.).

ECONOMIC AND SOCIAL STATUS. Table 2 indicates the status of the Burakumin relative to the majority before the mid-1980s. The data suggest that, whatever progress has been made, the Burakumin are still a long way from parity with the larger community.

Lesley Clear has summarized some Burakumin disadvantages: discriminatory practices in hiring; the inability of many

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Economic and social status of the Burakumin and the Japanese population, recent years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Burakumin</td>
</tr>
<tr>
<td>Economic indicators (before 1986)</td>
<td></td>
</tr>
<tr>
<td>Mean annual income (millions of yen)</td>
<td>2.4 (59 percent of population mean)</td>
</tr>
<tr>
<td>Percentage of group with income less than 1 million yen</td>
<td>29</td>
</tr>
<tr>
<td>Percentage of group receiving welfare benefits</td>
<td>10</td>
</tr>
<tr>
<td>Percentage of group working in the home</td>
<td>19</td>
</tr>
<tr>
<td>Percentage of group employed as day laborers or as temporary workers</td>
<td>23</td>
</tr>
<tr>
<td>Educational achievement (1976)</td>
<td></td>
</tr>
<tr>
<td>Percentage of group advancing to high school</td>
<td>87</td>
</tr>
<tr>
<td>Percentage of group with some college</td>
<td>25</td>
</tr>
<tr>
<td>Percentage of group that completed college</td>
<td>3.4</td>
</tr>
<tr>
<td>Percentage of group in college that is in prestigious national public institutions</td>
<td>3</td>
</tr>
</tbody>
</table>

Sources: Hirasawa (1989): 12, 13, except that data on percentages of groups working in the home, employed as day laborers, and completing college are from Clear (1991): 79, 80, 87. Original sources are listed in both dissertations.
Burakumin to compete, academically and financially, in Japan’s meritocracy; backlash from the majority to preferences (housing, community centers, and scholarships); persistence of endogamy, albeit with a rapidly increasing number of exceptions; demeaning stereotypic perceptions of Burakumin perpetuated within the society; and the psychosocial fallout of poverty: low self-esteem, illiteracy, alcoholism, child abuse, vulnerability to organized crime, and academic failure (Clear 1991: 79). The big question is the degree to which Burakumin of low status are caught in a persistent poverty trap because of their social disadvantages.

More recent data (Table 3), based on a series of government-sponsored surveys in 1993, suggest persistence of poverty for many but substantial further progress for the Burakumin majority. (Tables 2 and 3 may be inconsistent with respect to welfare payments. More information is needed.)

Table 3 indicates what may be a significant datum: the share of “inside” (endogamous) marriages among those under

### Table 3  Selected survey results for Burakumin and the total Japanese population, 1993

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Burakumin</th>
<th>Total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receive welfare payments (“livelihood security support”)*</td>
<td>52</td>
<td>7</td>
</tr>
<tr>
<td>Own their homes</td>
<td>63</td>
<td>60</td>
</tr>
<tr>
<td>Long-term absentees from junior high school</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Entered senior high school in age cohort</td>
<td>92</td>
<td>96</td>
</tr>
<tr>
<td>Receiving further education after completing high school</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Burakumin under age 30 who married outsiders</td>
<td>77</td>
<td></td>
</tr>
</tbody>
</table>

Table 4  Highest level of education attained by Burakumin and total Japanese population, 1990s
(percentage)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Burakumin, 1993</th>
<th>Total population (national census), 1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary school certification</td>
<td>55</td>
<td>32</td>
</tr>
<tr>
<td>Secondary school certification</td>
<td>32</td>
<td>45</td>
</tr>
<tr>
<td>Higher education certification</td>
<td>8</td>
<td>21</td>
</tr>
<tr>
<td>University graduation</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Nonattendance and dropouts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>at primary level</td>
<td>4</td>
<td>0.2</td>
</tr>
<tr>
<td>Unknown</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Same as Table 3, specifically *Actual Situation of Life Survey* (green volume): 72.

age 30 is about one-quarter of total marriages for the age group. The comparable figure for the sizable number of Burakumin over age 80 in 1993 is 80 percent. Even if these are mixed marriages between Burakumin and main-line Japanese, it is not clear to what degree this implies full integration of the mixed couples. The children of mixed marriages have always been classified as Burakumin. Nevertheless, exogamy is usually a very good indicator of minority integration into the larger society.

Table 4 shows that the Burakumin still seriously lag the general population in educational attainment, which suggests that they are far from socioeconomic parity (in incomes and in social status) with the majority. The BLL emphasizes the necessity of bringing achievement in higher education up to par with that of the majority in order to attain occupational parity. How to arrive at educational parity is one of its key concerns.

*Afro-Cubans*

Over half the population of Cuba may have some Negro ancestry. Application of the U.S. “drop-of-blood” definition, which does not distinguish between black and mulatto, might imply that Cuba has a black majority today. Many observers reach exactly this conclusion (Moore 1988a: 358 ff.). In the censuses of
1945, 1953, and 1981 those counted were authorized to identify themselves as white, black, or mulatto. Carlos Moore, however, asserts that in both 1953 and 1981 race was decided by the enumerators, who unilaterally classified many Afro-Cubans as white (Moore 1988a: 358; 1988b: 177). The data in this paper are based on the official census results, according to which in 1981 whites made up 66 percent of the total population, mulattos, 22 percent, and blacks, 12 percent. The 1953 census estimated the white population at 73 percent, mulattos at 15 percent, and blacks at 12 percent (Moore 1988b: 177). The decline in the white share since 1953 can be explained by the lower fertility of the white population and the exodus to the United States of about 700,000 Cubans (mostly whites) after the revolution in 1959.

Cuba abolished slavery in 1886, the last Caribbean country to do so. Although the Constitution of 1901 guaranteed legal equality for blacks, before the Castro revolution in 1959 blacks and mulattos clearly ranked lowest in social and economic status. Following the revolution, improvement has been dramatic. Afro-Cuban women have also greatly benefited from the revolution's progressive social legislation, including much-improved employment opportunities.

THE ROLE OF THE GOVERNMENT SINCE THE REVOLUTION OF 1959. Cuba’s approach to minority issues is based on Marx’s theory of social class as the primary source of self-identity and social destiny. Class is inherited, permanent, and inescapable. Exploitation is a consequence of the class structure in capitalist and earlier societies. In theory, following the elimination of capitalism, class exploitation (including exploitation of ethnic minorities) and the mores and ideologies that sustained it would automatically disappear. These ideas prevailed in the paradigm shift after 1959 that aimed to produce a “classless and raceless Cuba.” After 1959, discussions involving race became taboo. The authorities, for the most part, insisted that Afro-Cubans would have their needs met as part of the working class—in principle, Cuba’s only remaining class.

Much of the public effort to meet the needs of the working class took the form of an enormous expansion of health
services and education. School places were increased to permit complete cohort enrollments in elementary schools and enable a startling increase in enrollment in higher education. The new graduates provided the cadre of administrators and managers for the greatly expanded public sector following the reorganization of the economy on a socialist model.

Tables 5–7 suggest that Afro-Cubans benefited more than proportionally from the general economic restructuring, not because they were black but because they were poor. (The tables are drawn from publications by Alejandro de la Fuente, who finds a very large improvement in black economic social status and increased overall equality in Cuba through the 1980s.) The movement of large numbers of Afro-Cubans, defined as the census categories of blacks and mulattos, into the upper echelons of the occupational structure may have proceeded at an unprecedented rate in Cuba’s history (Table 7, below). These data also suggest that the Afro-Cuban minority may have progressed farther toward parity with the majority than Black Americans in the United States.

Table 5 shows that life expectancy for Cuban blacks and whites was equal by 1981, while the disparity in Brazil and the United States was still very large. Presumably, prerevolution data for Cuba would also show similar disparities between the two races. After the revolution, there was a dramatic expansion in preventive health care in rural areas (where a larger propor-

### Table 5  Estimated life expectancy, by race: Brazil, Cuba, and the United States, 1980s

<table>
<thead>
<tr>
<th>Country</th>
<th>Whites</th>
<th>Blacks</th>
<th>Difference between whites and blacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil, 1980</td>
<td>66</td>
<td>59</td>
<td>7</td>
</tr>
<tr>
<td>Cuba, 1981</td>
<td>71</td>
<td>70</td>
<td>1</td>
</tr>
<tr>
<td>United States, 1980</td>
<td>74</td>
<td>68</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: "Blacks" includes mulattos.
Table 6  Percentage of population age 25 or over completing high school or college, by race: Brazil, Cuba, and the United States, 1980s

<table>
<thead>
<tr>
<th>Country</th>
<th>Whites</th>
<th>Blacks</th>
<th>Mulattos</th>
<th>Difference between whites and blacks</th>
<th>Difference between whites and mulattos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil, 1987</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school</td>
<td>13.9</td>
<td>5.3</td>
<td>8.0</td>
<td>8.6</td>
<td>5.9</td>
</tr>
<tr>
<td>College</td>
<td>9.2</td>
<td>1.0</td>
<td>2.0</td>
<td>8.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Cuba, 1981</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High school</td>
<td>9.9</td>
<td>11.2</td>
<td>9.6</td>
<td>-1.3</td>
<td>0.3</td>
</tr>
<tr>
<td>College</td>
<td>4.4</td>
<td>3.5</td>
<td>3.2</td>
<td>0.9</td>
<td>1.2</td>
</tr>
<tr>
<td>United States, 1987</td>
<td>56.4</td>
<td>52.8</td>
<td>3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>College</td>
<td>20.5</td>
<td>10.7</td>
<td>9.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


tion of the black than the white population resided in the 1960s), greatly reducing the incidence of infectious disease.

Table 6 shows parity in educational achievement between Cuban blacks and whites; the same comparison for Brazil and the United States shows relatively lower achievement for blacks. The impact of postrevolution reforms is not clear in the table, which confounds education before and after the revolution. The table would be more pertinent if it excluded the part of the 1981 population that had completed its schooling before the revolution in 1959—that is, just about everyone who was over age 42 in 1981.

Other data reveal Cuba's radical expansion of education in the 1960s. Enrollment in higher education (much of it concentrated in the sciences, technology, and medicine) increased 37 percent between 1958–59 and 1968–69. (During the same period, about 700,000 Cuban professionals and managers and their family members emigrated to the United States.) Over the
same decade, enrollments tripled in secondary education and increased substantially at the primary level. Simultaneously, the student-teacher ratio at the primary and university levels decreased. For all three levels, the ratio fell from 35.3 to 21.4 students per teacher (Junta Central de Planificación 1968: 30–35). Bowles (1971) concludes that the expansion took place with no deterioration in quality.

Data on occupational structure (Table 7) also suggest a great leap toward economic and social parity. The new public economy and the exodus of managers and professionals to the United States in the 1960s created a demand for professionals that exceeded supply through the 1970s. Consistent with Table 7, by 1987 the proportion of black “managers of government establishments” at the national, provincial, and local levels (27 percent) was close to their 34 percent share in the general population (de la Fuente 1998b: 3).

Although Afro-Cubans may now have an occupational structure that parallels that of the larger society, they apparently are still the majority in the poorest stratum of society (de la Fuente 1998b: 5) and account for more than a proportional share of socially deviant behavior—habitual drunkenness, vagrancy, drug addiction, and prostitution, which are punishable under Cuba’s Penal Code. In 1986 in Havana, 78 percent of those appearing before the courts who were accused of being

<table>
<thead>
<tr>
<th>Type of occupation</th>
<th>Brazil</th>
<th>Cuba</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Whites</td>
<td>Blacks</td>
<td>Mulattos</td>
</tr>
<tr>
<td>White collar</td>
<td>35</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>Blue collar</td>
<td>59</td>
<td>82</td>
<td>77</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: White collar: professional, administration, and sales; blue collar: nonagricultural manual, service, and agriculture.

"socially dangerous" were classified as Afro-Cuban (de la Fuente 1998b: 5). Afro-Cubans account for more than two-thirds of those in prison.

Cuba's economy is performing poorly. The exceptions are pharmaceuticals, a burgeoning tourist industry, and some direct foreign investment in export enterprises. De la Fuente points out that thus far Afro-Cubans have lagged in participating in these new dollar-based enterprises. White Cuban managers in the tourist industry, it is asserted, have refused to employ them (de la Fuente 1998a). The new market-oriented public policies are also leading to a growing income gap between Afro-Cubans and whites. As the economy becomes more market oriented, it is possible that the progress of Afro-Cubans toward parity with the larger society will be reversed.

Black Americans

The Civil War, followed by the 13th Amendment to the U.S. Constitution in 1865, ended slavery. Nevertheless, the South, where most African Americans continued to live until World War II, remained a de facto caste society. Blacks in the South were segregated from whites, forbidden access to many public facilities, and largely (although not entirely) blocked from high-status occupations. Black professionals were generally barred from supplying their services outside the black community. Schools were segregated, and those for blacks were underfunded and of poor quality. Legislation and custom militated against landownership by blacks, and black farmers were usually sharecroppers. State racial miscegenation laws prohibited intermarriage. Poll taxes (per-person taxation) and other devices disenfranchised most black voters.

World War II marked the beginning of three decades of rapid improvement in black economic and social status. Two basic forces were at work: the civil rights movement, with the political action that underpinned it, and the impact of the rapidly expanding economy. Political action began in 1954 with a series of Supreme Court rulings that outlawed all forms of segregation in public accommodations, from buses and lunch
counters to schools and public housing. (Segregation had earlier been ruled constitutional as long as the segregated facilities, such as separate schools for blacks and whites, were “equal.” In 1954 the Supreme Court decided that “separate but equal” was inherently unequal because it necessarily implied black inferiority.) Notwithstanding strong resistance from states’ rights groups, Congress passed the Civil Rights Acts of 1957, 1960, and 1964, which, combined with litigation, protests, and media support, forced the states to dismantle segregation and other forms of discrimination. Southern laws that enforced discriminatory measures were repealed. Lynching and other acts of violence against Black Americans were largely eliminated. Voting rights were guaranteed, and job discrimination was prohibited. Federal legislation led to a broad spectrum of preferential “affirmative action” measures designed to bring blacks into higher-status jobs, in proportion to their share of the total population. Busing (transport of students from segregated schools to other schools) was undertaken to ensure that blacks attended integrated schools.

There was also a civil society and interracial dimension. White labor organizations, student groups, and religious institutions supplemented the activities of black civil rights organizations and played significant roles in desegregation activities such as protests, litigation, and voter registration.

Economic growth made a strong contribution. Beginning in World War II, the U.S. economy expanded rapidly. Labor shortages led to a massive migration of African Americans to Northern cities to work in manufacturing and other industries. As suggested by Table 8, the cumulative impact of these changes was a substantial improvement in the economic status of the black population.

Data on school attendance and earned incomes show patterns similar to that in Table 8. By 1995, blacks were graduating from high school at the same rate as whites. In 1960, 3 percent of blacks over age 25 had four or more years of college, compared with 8 percent for whites. By 1995, the figure was 13 percent for blacks and 24 percent for whites. The share of black men holding white-collar jobs increased from 5 percent of total
Table 8  U.S. families with incomes below the poverty line, by race, 1940–98

(percent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Blacks</th>
<th>Whites</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>87</td>
<td>48</td>
</tr>
<tr>
<td>1960</td>
<td>47</td>
<td>13</td>
</tr>
<tr>
<td>1970</td>
<td>30</td>
<td>8</td>
</tr>
<tr>
<td>1980</td>
<td>29</td>
<td>8</td>
</tr>
<tr>
<td>1995</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td>1998</td>
<td>24</td>
<td>8</td>
</tr>
</tbody>
</table>


black employment in 1940 to 32 percent in 1990. Over the same period, the share of white-collar jobs among employed black women increased from 6 to 59 percent. Similar increases took place in relative incomes for men and women. In 1940 the average wage of black males relative to the white male average was 41 percent; by 1995 it had risen to 67 percent. Relative earnings for black females went from 36 percent of the white female average in 1940 to 89 percent in 1995. Occupational structure gives a similar picture (Thernstrom and Thernstrom 1997: 185 ff.).

What explains this rapid movement of blacks into the broad American middle classes? (After all, blacks had remained in the Southern caste structure for nearly a century following legal emancipation.) Favorable market forces and the large increase in urban job opportunities in a rapidly expanding economy were necessary conditions for the great status shift. The civil rights movement also established a set of preconditions for increasing the demand for black labor, facilitating the supply response via urban migration, and opening to blacks the schooling needed to obtain the skills and the general acculturation required for the move into the middle classes.

But black integration into the economic mainstream is incomplete. In 1995, 42 percent of African American children lived in families below the poverty line (Thernstrom and Thernstrom 1997: 236). The poorest third of U.S. blacks is char-
characterized by low academic achievement, family instability, high unemployment, and poverty. The most telling statistic is the imprisonment rate. A third of black males between ages 16 and 24 is incarcerated.\textsuperscript{16} In Glenn Loury's words, much of the "black underclass"—"not alien, just profoundly alienated"—lives "in black districts in the middle of our great cities" that "vie for the dubious distinction of being the most despairing places in the industrial world" (Loury 1997: 154).

Closing the Black-White Gap in Earning Skills. Underlying this history of durable poverty for a sizable part of the black community is another history: that of low educational achievement. By the 1990s, the educational gap between whites and blacks had ceased to narrow and may even have increased. Table 9 shows substantial disparity in school attainment at the tertiary level. Moreover, whites acquire more cognitive skill per year of schooling than blacks. By age 17, on average, black students are three to four years behind whites in the basics; in 1994 the ages at which white students performed as well as 17-year-old black students were 13 for reading, 14 for mathematics, 12 for science, and 14 for writing (Thernstrom and Thernstrom 1997).\textsuperscript{17} These differences, as reflected in test scores, show up very early in life. For example, even before schooling starts, black children do less well, on average, on picture vocabulary tests.

<table>
<thead>
<tr>
<th>Highest educational level completed</th>
<th>Blacks</th>
<th>Whites</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school</td>
<td>76.0</td>
<td>83.7</td>
</tr>
<tr>
<td>Four-year college</td>
<td>14.7</td>
<td>25.0</td>
</tr>
<tr>
<td>Advanced degree</td>
<td>4.4</td>
<td>8.1</td>
</tr>
</tbody>
</table>

Source: Derived from U.S. Bureau of the Census (1999): Table 265.
To summarize, following World War II the majority of U.S. blacks experienced substantial improvements in education and income and can be considered as having moved into the mainstream of American life. The remaining third has mostly remained in poverty. Many experiments and programs to reach disadvantaged minorities have built on one or another theory of the causes of the black lag in cognitive skills, particularly in the most disadvantaged group. Initially, low-quality segregated schools were seen as the primary cause of poor performance, but desegregation and physically improved school facilities have had little impact on this group. "Multicultural" approaches to teaching, which imply school curricula especially designed to respond to the presumed cognitive style and subculture of black students, may have had some success. The low income of the bottom third of blacks has been dismissed as a basic cause, on the basis of statistical inference (Mayer 1997) and in view of the nation’s long experience of the rise of impoverished immigrants to full socioeconomic parity within three generations. A new study suggests that teacher quality is very important in schooling outcomes and that socially disadvantaged children are more likely to have substandard teachers (Darling-Hammond 2000).18

A theory that is consistent with the mobility model sketched above and that has gained increasing support across a wide sweep of social scientists sees the solution in programs that "teach" very young children (ideally, beginning in infancy) or concentrate on them and their parents while the child’s culture is still plastic and inchoate. In this view dysfunctional home and peer environments result in poor earnings endowments, the root cause of academic failure and underachievement. In an article in the New York Times Magazine entitled "What No School Can Do," James Traub wrote:

A study carried out in the early 80's at the University of Kansas reached the almost unfathomable conclusion that 3-year-olds in families with professional parents used more-extensive
vocabularies in daily interactions than did mothers on welfare—not to mention the children of those mothers. Here is a gap far greater than even the gulf in income that separates the middle class from the poor; it is scarcely surprising that Coleman found that the effects of home and community blotted out almost all those of school. (Traub 2000: 8)\textsuperscript{19}

Even very good schools with outstanding teachers may not "work" well for highly disadvantaged children. There is evidence that much of a child’s earnings endowment is in place by age 5. Thus, if children are to develop a good endowment for learning, it may be necessary to move "upstream" to complement the home environment before the cognitive gaps begin to develop.

Operation Head Start (OHS) takes this tack. Initiated by the U.S. federal government in the 1960s, it provides preschool education to poor children between ages 3 and 5. In addition, every Head Start program center is to provide health screening, hot lunches and nutrition education, and social services. OHS is available most abundantly in inner cities. Parents must apply for the program and actively participate in it. "Family support," in the form of counseling and instruction, is part of the program (Zigler, Kagan, and Klugman 1983: ch. 8). In 1997, 794,000 children, or 3.4 percent of the total population under age 6, were enrolled, and federal expenditures for the program totaled US$4 billion.

The impact of OHS on educational capacity is controversial. A 1985 study by the Department of Health and Human Services concluded that "in the long run cognitive and socioemotional test scores of former Head Start students do not remain superior to those of disadvantaged students who did not attend Head Start" (Traub 2000: 8). A later study concluded that there were no differences between siblings who did and did not attend (Currie and Duncan 1995). Earlier studies had found that Head Start "significantly improved performance on intelligence tests." However, "[by] the time the children
reached the primary grades, the gains on the intellectual performance measures faded." The phaseout finding, however, is also disputed (Zigler, Kagan, and Klugman 1983: 274). Some argue that the preschool programs, on average, operate far below the feasible level of effectiveness and point to ongoing, relatively small, private programs that appear to be successful (Traub 2000).

Less controversial is the theory underlying the Head Start approach: where children are culturally disadvantaged, it is necessary to intervene intensively for many years, with both child and parent, beginning as early in the child's life as possible. Work by psychologists and others on early childhood development supports this view. The apparently increasing acceptance of the theory is suggested by the data on rapidly growing aggregate enrollments in all kinds of prekindergarten educational programs. Table 10 shows that between 1970 and 1997 prekindergarten enrollment increased from a fifth to over half of children ages 3–4. It also shows the more rapid growth in black enrollment since 1980. By 1997, 58 percent of black children ages 3–4 were enrolled; the rate for whites was 53 percent. Of total prekindergarten enrollment in 1997, the Head Start program accounted for 17 percent.20

**U.S. experience with remedies for labor market discrimination.** To end labor-market discrimination against U.S. blacks (and other minorities), the federal government estab-

<table>
<thead>
<tr>
<th>Year</th>
<th>Blacks</th>
<th>Whites</th>
<th>Hispanics</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>n.a.</td>
<td>—</td>
<td>—</td>
<td>20.7</td>
</tr>
<tr>
<td>1980</td>
<td>38.2</td>
<td>36.3</td>
<td>28.5</td>
<td>36.7</td>
</tr>
<tr>
<td>1990</td>
<td>41.6</td>
<td>44.9</td>
<td>29.8</td>
<td>44.4</td>
</tr>
<tr>
<td>1997</td>
<td>60.0</td>
<td>50.9</td>
<td>36.6</td>
<td>52.6</td>
</tr>
</tbody>
</table>

— Not available.

lished legislation designed to achieve equal employment opportunity for all U.S. citizens by prohibiting discrimination in labor markets. Most pertinent were Title VII of the 1964 Civil Rights Act and the 1972 Equal Employment Opportunity Act, which, among other things, added educational employers to its coverage. Executive orders for implementing the new legislation were also issued. The ensuing litigation by plaintiffs claiming damages because of job discrimination led to a new body of labor law, including several decisions by the Supreme Court, that in effect prohibited certain employment practices. The federal Equal Employment Opportunity Commission (EEOC), established under the 1964 legislation, took the lead in developing federal implementation regulations and in enforcing the new law by filing lawsuits and conducting intensive investigations of firms' employment practices. The EEOC also set up a national employment reporting system requiring companies with more than 99 employees (which in 1994 accounted for 94 million employees, or 80 percent of total employment) to periodically report on the racial and gender composition of their work forces at each occupational level.

Identifying labor discrimination, however, has frequently proved difficult. By the early 1970s, the most obvious forms, such as exclusion from unions (with some exceptions) and refusal by firms to employ minorities, had largely disappeared. But many discrimination cases have not been clear-cut because a universally acceptable and readily applicable definition of what constitutes unlawful discrimination has not been established. Failure to employ a person could be discrimination, but it could also be that the person lacked the requisite skills. The meaning of wage discrepancies is also ambiguous. The Ternstroms report on a study of men between ages 26 and 33 who held full-time jobs in 1991. In this group, blacks earned 19 percent less than whites with the same level of education. "But when the yardstick was how well they performed on basic tests of word knowledge, paragraph comprehension, arithmetic reasoning and mathematical knowledge, the results were reversed. Black men earned 9 percent more than white men with the same education—as defined by skill" (Ternstrom and Ternstrom 1997: 446).
The U.S. "solution" to the problem of defining unlawful discrimination was to develop a proportional employment doctrine. Most firms employed a lower proportion of blacks than the proportion of blacks in the labor force, which was about 11 percent. Moreover, the disproportion within firms generally increased with job status. Some civil rights workers confidently asserted that if there were no prejudice, minorities in the United States would be employed proportionately in every job category. This is doctrine rather than science: occupational specialization by ethnic groups has been universal over time and place (Sowell 1983). Nevertheless "underutilization" (violation of what Sowell aptly calls the "randomness assumption") has been most frequently considered prima facie evidence of employment discrimination. If a firm (or another entity such as a school, local government, or church) employs mostly majority workers when qualified black workers are available, the entity may have to show why its employment practices are not discriminatory. Furthermore, firms have been required by the EEOC to "validate" practices, such as employment testing and internal promotion, that resulted in minority underrepresentation by demonstrating that "business necessity" required the practice. Clearly, use of the randomness assumption as a point of departure for analyzing the possibly discriminatory character of employment practices is not at all the same as affirmative action in the form of fixed employment quotas for the various employment categories.

Less-adequate employment skills among blacks have been the result of earlier discrimination, usually in the form of denial of access to education. On the basis of this reasoning, the EEOC developed a doctrine of "compensatory preferences." As applied in a number of lawsuits, the doctrine justified preferential hiring going beyond elimination of discrimination. Although employers were clearly not responsible for such earlier "institutional" discrimination as poor schooling, they could be penalized by being required to provide employment, in some situations, where the beneficiary was less well qualified than majority candidates. This drift toward compensatory preferences continued into the 1970s, notwithstanding the strong
repudiation of preferential discrimination in the U.S. Constitution and in the Civil Rights Act of 1964.

To avoid challenges to their employment practices, many employers have adopted policies that benefit minorities, from recruitment and promotion practices to in-house training programs for less well prepared new workers. Firms today also seek to avoid requiring minimum test scores or minimum levels of education that indicate the presence of skills and knowledge which may not really be required for the job. A factor complicating the development of such employment policies is the requirement that they not discriminate in favor of blacks and other minorities.

Notwithstanding the nondiscrimination laws, the federal government has a history of strong affirmative action for both minority individuals and minority-owned businesses in its procurement contracting. This takes several forms: contract bidding preferences (whereby, for example, minority bids up to 10 percent above the lowest bid may win the contract); bonuses for prime contractors that subcontract minority firms; and exemption of minority contractors from competitive bidding under certain circumstances. Federal procurement regulations have required that employers who underutilize minority workers provide a written affirmative action plan that includes time-bound minority hiring goals.

The 1990s saw an increasing “backlash” against preferences, including the doctrine of compensatory preferences. Lawsuits were successfully conducted against firms, but also against colleges and universities, in which plaintiffs argued that they were victims of discrimination because less-qualified minority candidates were chosen for employment or school admission. As levels of black education have come closer to parity with majority levels, and as evidence of overt discrimination has largely disappeared, disproportionate racial employment has increasingly lost support as prima facie evidence of discrimination, as has the requirement that firms need to validate as business necessity employment practices that have a “disparate impact” on minority hiring. Widespread publica-
tion of information on the shortcomings of government procurement contract "set-asides" (reservation of certain procurements for minorities) and other preference schemes, and growing awareness of antwhite discrimination (a necessary consequence of problack preferences), have also reduced support for affirmative action. Finally, various preferences for blacks have come under increasing attack by low-income Hispanics who have not received similar treatment.

Still, a large proportion of U.S. firms and schools continues to implement "diversity plans" and "equal opportunity" goals. In 1995 a poll of firms supplying the federal government found that 73 percent of them said that they would continue their affirmative action programs even if contracts with the federal government no longer required them (Thernstrom and Thernstrom 1997: 452). Support for such plans and goals may serve the firms’ interest by increasing the supply of labor to the firm at any given wage. This would be the case if majority-worker resistance to minority hiring and promotion, motivated by self-interest and prejudice, can be controlled and if training and orientation of new black employees, if needed, quickly bring them to skills parity with other employees. Many employers welcome Washington affirmative action directives for minority hiring and promotions as means of managing majority-employee resistance to an increasing role for minorities in their firms (Dale Hiestand, personal communication, February 24, 2000). The threat of federal affirmative action interventions may also have encouraged a large number of previously discriminating firms to recruit blacks for positions across the board. In many organizations there is evidence that nondiscriminatory employment of blacks has swung over to discrimination in favor of blacks. This is true of public utilities and universities, which were among the "leading practitioners of employment discrimination against blacks during the 1930s" (Sowell 1990: 36). It may also be true of government employment. The public sector accounted for more than half of the increase in black professional, managerial, and technical employment between 1960 and 1979 (Sowell 1990: 115).
Hypotheses

How do the predictions stated at the beginning of this chapter fare when compared with the experiences of the four minority groups? This section examines the efficacy, in the particular cases described here, of various measures and conditions for overcoming minority disadvantages and discusses promising routes for further benefiting low-status minorities and integrating them into society.

Differences in Earnings Endowment and the Effect of Equal Opportunity Measures

The mobility model hypothesizes that if a minority group's culture is impoverished in those attributes that labor markets value highly, the group will be handicapped in attempting to achieve economic parity with the majority; its earnings endowment will be inferior to that of groups with a more market favorable bundle of attributes. There are substantial empirical data supporting this hypothesis. It is consistent with the research on early childhood development in the United States, discussed above. Sowell's empirical work led him to conclude that, because of embedded cultural differences, equality of opportunity is not achievable (Sowell 1990; see also Betelie 1992: 54–57; Loury 2000).

The experiences of Japan and the United States are also consistent with this reasoning. In both countries, notwithstanding a long history of state-led remedial measures, a substantial minority of Burakumin and Black Americans may be trapped in poverty because of difficulty in acquiring the basic human capital required for moving into the economic mainstream, as a result of inadequate earnings endowments. The very slow progress of the Dalits of India toward parity is also consistent with the model. The Cuban experience may be the exception that proves, or tests, the rule. One would have expected Cuba to have a hard-core poverty minority within the Afro-Cuban group, but the statistical evidence suggests the contrary. Cuban data indicate that Afro-Cubans moved from a very backward
position before the 1959 revolution to nearly economic parity with the rest of Cuba's people by the late 1980s. The Afro-Cubans probably surpassed the relative status position of Black Americans and Japan's Burakumin, notwithstanding Cuba's far lower degree of national economic development, as measured by output per person. Cuba's excellent program of education for all its citizens at all levels has been a necessary condition for the rapid improvement in Afro-Cuban socioeconomic status.

Explaining Cuba's apparent paradox requires consideration of earnings endowments. Generally, path dependency ensures that minorities with a very recent history of extreme deprivation (slavery or outcaste status) have far weaker earnings endowments than the majority. Cuba may be exceptional on this dimension. The island already had a large population of middle-class black citizens by the 1890s. To a greater degree than other disadvantaged minorities, Afro-Cubans may have been able to respond favorably to the very large increase in educational opportunities provided in the past three decades, and as a consequence they were also able to respond to the great increase in demand for skilled labor and professionals resulting from the exodus of middle-class Cubans in the 1960s and from the nationalization of the Cuban economy.

Labor Market and Education Preferences

The mobility model posits that the usual road of minorities to parity with the majority is through acquisition of human capital. Affirmative action or preference policies attempt to short-circuit this process. In a situation of strong labor market and educational discrimination, preferences may "jump-start" the process of minority integration. One important benefit of preferences provided in such a context is the symbolic value of minority individuals moving, for the first time, into high-status occupations (legislators, generals, professional athletes, writers, professors, judges, entrepreneurs, and so on). These models raise the low self-image of the minority by demonstrating that achievement of parity with the majority is feasible and that therefore they are as worthy as members of the majority.22 In
the United States the conviction of one's racial or ethnic inferiority may lead to self-destructive behavior, including violence, alcohol and drug abuse, and family breakdown. Members of a minority who rise to high positions largely on their own merits should also have a positive impact on the majority in that they help reverse majority prejudgments such as a stereotypic belief in innate intellectual inferiority or moral deficiency. They may also directly help reduce long-standing intergroup hatred, antagonism, and suspicion. These considerations suggest that preferences that lead to large leaps in the status of a few minority members may do the most good early in the emancipation process because of their value in changing basic perceptions on both the majority and minority sides in ways that encourage long-term minority integration into the larger society and that may promote social cohesion.

Where, however, preferences are very extensive, become institutionally embedded, and are de facto permanent, they may bring in their train social costs that exceed their social benefits. These costs include deterioration in the quality of the public sector (because staff are increasingly unqualified and unmotivated in providing the requisite services); reinforcement of destructive minority stereotypes held by both the majority and the minority (since durable preferences tend to bolster the perception of minority inferiority); and a substantial decrease in mutual trust between groups and damage to social cohesion as the majority perception of the illegitimacy of minority preferences grows. Hence, preferences that seek to bring entire groups to socioeconomic parity without the requisite accumulation of human capital by minority members will probably fail, for many reasons.

*Synergy among Economic Growth, Education, and Antidiscrimination Measures*

Black Americans and Afro-Cubans experienced rapid income growth over much of the period following World War II. Indeed, by March 2000, unemployment among U.S. blacks, at 7.3 percent, was at the lowest rate recorded since the inception of
statistical reporting by race in the 1970s (white unemployment was 3.6 percent). In Japan, too, unemployment of the Burakumin dropped during the rapid postwar expansion of the Japanese economy.

How much of this progress was attributable to "market forces" alone—that is, to rapid economic growth and, in Cuba, to the revolution in the labor market following the exodus of businessmen and professionals? What would have happened had Cuba not launched its policies of universal access to education and unrestricted access to white-collar employment for Afro-Cubans? How much would have been achieved in the United States after 1940 without the sea-change in U.S. institutions, affecting labor demand and school admissions, that was brought about by the civil rights movement? One hypothesis suggested by these questions is that the combined positive impact on minority social mobility of a rapidly growing economy, rapid expansion of educational attainment, and effective government and nongovernment measures to eliminate market discrimination have synergistic effects. Economies with social profiles similar to those studied here may find that achievement of minority socioeconomic parity requires that all three conditions be met. Insofar, however, as earnings endowments prove inadequate, additional efforts will be required to achieve minority parity with the majority.

**Empowerment: Bottom Up or Top Down**

Some assert that political empowerment (enfranchisement plus legalization of advocacy organizations and tactics) is a necessary precondition for improving the status of the minorities. Three of the four hard-core minorities studied in this chapter are in polities with competitive party systems. All three minorities are enfranchised and are well organized politically. Each minority also has the support of effective advocacy groups. For all three, civil rights and other ways of promoting minority welfare have been promoted through legislation but also by a large number of actions brought by advocacy organizations. By contrast, Cuba’s Afro-Americans experienced a rapid rise in
relative income and status not because of partisan organization and agitation but as a consequence of Cuba's socialist revolution and its dedication to uplifting the traditionally lowest classes.

Notes

This chapter condenses the statement of the mobility model and the reasoning and evidence for the research hypotheses. The full paper is available from the author.

1. In the United States social mobility, as measured by movement of adults from one income quintile to another, has recently been about 25 to 30 percent per year, increasing to 60 percent for a period of 10 years. See Sawhill (2000): 23.


3. Beyond economics, there is substantial support for this theory. For example, Edmund W. Gordon, a black psychologist and the first research director of the U.S. program Operation Head Start, noted that "school works for people who have [human and cultural capital] to invest in it. And if they don't, then schooling is going to be greatly handicapped" (quoted in Traub 2000: 5).

4. The question of inadequate endowments is reminiscent of work by Oscar Lewis, who developed the concept of a "culture of poverty" to explain why certain low-status groups remain in poverty as a way of life "passed down from generation to generation along family lines." This occurs with greatest frequency in economies that persist in a "high rate of unemployment and underemployment for unskilled labor" and that "explain low economic status as the result of personal inadequacy or inferiority." Some of the poverty-group characteristics that Lewis emphasized include reluctance or inability to defer gratification, low levels of aspiration, low self-esteem, and a present-time orientation. He concluded, "By the time slum children are age six or seven they have usually absorbed the basic values and attitudes of their subculture and are not psychologically geared to take full advantage of changing conditions or increased opportunities which may occur in their lifetime" (Lewis 1965: xiii-xlv).

5. In the United States explanations of social mobility in terms of a group's culture compete with structural explanations that emphasize the dysfunctional behavioral incentives induced by the prevailing social environment. Thus, the lack of good jobs available to certain groups is seen
as explaining much of the social deviance of underclasses. Some writers emphasize that the two approaches are complementary (Waters 1999: 99). The issue is highly politicized. Liberals (as used in U.S. political parlance) emphasize structure; conservatives stress the culture of low-status disadvantaged groups.

6. The total black population of the United States is about 31 million, and about 650,000 firms, including one-person establishments, are black owned. This implies that about 6 percent of the black labor force is self-employed (Harrington and Yago 1999: 7). Increasing the number of black entrepreneurs is desirable but cannot be the main engine for reducing black poverty.

7. Aline Helg (1995: 7) reports that in the early twentieth century Afro-Cubans wanted integration and full recognition; hardly any advocated black separatism, pan-Africanism, or return to Africa. The U.S. and Japanese experiences are similar.

8. As long as the majority of the population of a country lives in rural areas, traditional social groups (such as tribes, clans, extended families, and religious sects) and their culture determine how the majority conducts itself vis-à-vis other groups. Where these cultures carry with them strong prejudices against certain groups and the majority group is cohesive and well organized, discrimination, including violence, can be frequent and deep. When urban migration takes place in response to new employment and other opportunities in cities, traditional social relations are undermined and gradually break down, so that prejudice against minorities takes new and usually less virulent forms. Furthermore, the generation first educated in urban schools is likely to be less prone to discriminate against minorities because the culture inculcated in school and in other aspects of the urban environment is likely to be less prejudicial than that of traditional social groupings. To some degree, minority integration is a function of beliefs held by the majority concerning the fairness or injustice of inequality that in turn, to some degree, are a function of educational achievement and the locus of the population on the rural-urban continuum. Nevertheless, in situations in which (a) the urban environment concentrates ethnic groups in highly segregated neighborhoods, (b) economic development is slow so that urban employment grows less rapidly than population, and (c) education is limited, urbanization can be associated with a great deal of ethnic violence.


11. Varshney provides a detailed treatment of the New Agrarianism and its implications for farm laborers and marginal farmers. He states
that of India’s 103 million rural households in the 1980s, 10 million were landless (Varshney 1995: 123). Presumably, most of these were Dalits.

12. Government publications now avoid use of the word Burakumin and substitute “dowa-area” people. The word Burakumin replaced traditional terms.


15. Slavery was prohibited by the 13th Amendment to the Constitution (1865). The 14th Amendment (1868) prohibited the states from making laws to “abridge the privileges or immunities of citizens of the United States.” The 15th Amendment (1870) prohibited voter discrimination. The Civil Rights Acts of 1870, 1871, and 1875 sought to grant blacks political and legal status equal to that of whites. For example, the acts affirmed the rights to sue and be sued, to hold real and personal property, and to give evidence in court. The Civil Rights Act of 1964 prohibited, among other things, “discrimination for reason of color, race, religion, or national origin” in places of public accommodation in interstate commerce. The Civil Rights Act of 1968 prohibited housing and real estate discrimination. By the 1970s more than 40 states had passed equal-pay laws.

16. Data are from the Washington Post (November 30, 1998); the primary sources are the American Civil Liberties Union and the National Prison Project.

17. The data are compiled from numerous sources and are carefully documented.

18. Using data from all 50 states, Darling-Hammond’s study finds that teacher quality has a stronger impact than does class size, school spending, student race, or family income (reported in the Washington Post, February 15, 2000: A-9).

19. In the 1960s James S. Coleman organized and led a path-breaking and thorough scientific national study of educational and other differences between blacks and whites (Coleman 1965).

20. Female employment increased from 29.7 million in 1970 to 60.8 million in 1998 (U.S. Bureau of the Census 1999: Table 651). This trend may be associated with increased demand for childcare in the form of schooling for three- and four-year-olds and may explain some of the increase in preschool enrollment.


22. An important advantage of growing up in a black-majority society (such as Jamaica, Barbados, or Trinidad) is that “a child will see blacks occupying a wide variety of occupations and positions of power
within the society and therefore grow up believing all of those positions could be his or hers” (Waters 1999: 27).

23. As stated by Kenneth Clark, a black psychologist, in Clark (1965).


**Bibliography**


Social Cohesion and Development: A Cultural Perspective

Jaime C. Lay

The recurring problem of peace and order in the southern Philippines island of Mindanao and, to a lesser degree, in the Cordilleras ranges in Luzon has deep historical and cultural roots. Large minority groups in Mindanao and the Cordilleras remained free of Spanish domination, and it was only in the early 1900s that these cultural communities effectively became part of the Philippine nation. Over the 350 years of the Spanish colonial period, the many ethnolinguistically distinct lowland peoples had become Catholic. They developed strong trade and personal linkages, lived under a uniform legal system, and shared the same (westernized) music, dance, drama, and other arts. The Muslim and Cordillera peoples were unknown to most of the lowland population. Indeed, there was enmity between the lowland and Muslim groups.

The twentieth century was a time of transition from traditional to modern ways and of bringing together groups that were essentially strangers. The experience has been partly successful, particularly as regards the Cordillerans and most other minority groups. Unfortunately, this has been less true for the Muslim peoples of Mindanao.

The lessons from the Philippine experience are that:
- Major underlying causes of existing disputes could have been avoided had traditional practices concerning land
and resource use been recognized in the formulation of national law and policy.

- Community leadership and dispute settlement can be more effective if cultural differences are considered in the design of laws on local governments and justice administration.
- Mutual understanding, respect, and trust among cultural communities can be enhanced through education that covers the history, culture, and arts of cultural communities.
- Socioeconomic development plans and projects can be better designed and implemented if there is heightened sensitivity to cultural factors.
- Cultural tourism and other measures to raise the economic value of cultural communities' uniqueness would help reduce income disparities and achieve social cohesion.
- Existing tensions can be reduced through greater awareness of and sensitivity to the beliefs and traditions of cultural communities.

Background

When the Spanish arrived in 1521, the population of what is now the Philippines lived in scattered and largely independent villages. They did not necessarily share the same language and culture. Some groups in Mindanao and in other places such as Manila were Islamic, but the rest of the population retained traditional animist beliefs. There was no central authority, and relationships among the various settlements were influenced by kinship and economic ties.

The Spaniards began a program of resettlement and religious conversion, and by the end of the seventeenth century the lowland peoples of Luzon, the Visayas, and some parts of Mindanao had been converted to Christianity and resettled in towns that were governed from Manila by both civil and religious authorities. They followed the same set of laws and received the same education. Their music, dance, drama, literature, architecture, clothes, and other cultural preferences were essentially the same—westernized, with some regional
variations. Only a very small elite spoke Spanish, and there was no common language. Domestic trade was vigorous, and intermarriages among the various ethnolinguistic groups were common, particularly among the upper and middle classes. There was continuing trade, and the commonalities were sufficient for the major lowland groups throughout the country to think of themselves as one.

The Spanish presence in the mountains of northern Luzon was limited, and the Cordillerans were neither converted nor subjected to Spanish domination. In Mindanao, Spanish efforts to subdue the Muslim peoples met with active resistance, and the Tausug, Maranao, Maguindanao, and Samal remained Muslim. Christian Filipinos were inevitably drawn into the conflict, and until the nineteenth century Muslim warboats periodically raided settlements on the coastlines of Luzon and the Visayas for booty and slaves.

The Philippine Revolution against the Spanish was on the verge of succeeding when, in 1898, Spain lost the Spanish-American War and transferred the Philippines to the United States. The Americans soon overcame resistance from the lowland revolutionaries and in due course completed what Spain had failed to accomplish—the conquest of both Muslim Mindanao and the Cordilleras (Corpuz 1989).

The experience of the Philippines in the twentieth century provides a case study in building social cohesion. The communities involved were (a) various ethnolinguistic lowland groups who shared a common Christian and Hispanic past, (b) various Muslim ethnolinguistic groups in Mindanao who had little in common with the lowland Christian majority or with each other, (c) various ethnolinguistic groups in the Cordillera highlands, and (d) smaller groups of non-Christian, non-Muslim peoples living in the isolated highlands of Luzon and Mindanao. The American regime effectively imposed a new system of governance, legislation, and justice for all. A centralized education system was introduced, with English as the medium of instruction and with the same curriculum, textbooks, and teaching materials for all schools. The education program was universally considered a success, and children in all parts
of the country enjoyed quality education. Equally strong emphasis was given to health, peace and order, infrastructure and other facilities, and services. Waterworks, sewerage, ports, power, and other infrastructure were constructed. The road and water transport system, in particular, brought the regions closer together. Economic progress was stimulated through private investment, mainly in industrial enterprises in the lowlands, mines in the Cordilleras, and plantations in various regions.

Living standards improved dramatically, and by 1940 it appeared that the Philippines was well on its way to being a prosperous and united nation. National policies were apparently designed with the thought that cultural communities' customs and institutions would adapt in due course. Distinctions between cultural communities remained, of course, but for the first time the country had, in English, far more of a common language than Spanish had ever been. European and American history was emphasized in schools; Philippine history was downplayed. Evidently with a view to avoiding the rekindling of resistance to the U.S. regime, the policy also finessed the uneasy relationships between the hispanized and nonhispanized groups.

The Philippines became independent in 1946 and immediately faced the challenge of postwar reconstruction and development and a communist insurgency that began in the 1950s. Economic and political problems gradually accumulated, and, with the continuing leftist insurgency, peace and order broke down in many places. The Mindanao insurgency accelerated in the 1970s and has continued to the present day.

**Cultural Communities**

There are about 76 to 78 ethnic groups in the Philippines, speaking different languages or mutually unintelligible dialects. About 87 percent of the population belongs to mainstream groups that are mostly lowlanders and Christian (largely Roman Catholic). About 6 percent belongs to Islamic groups and about 6.5 percent to other indigenous groups;
about 0.01 percent is Negritos and Mamanwa or proto-Malay. The mainstream groups are the Tagalog, Ilocano, Pampango, and Pangasinan Bicol of Luzon and the Cebuano, Waray and Ilongo of the Visayas and Mindanao. The Muslim groups, in order of population size, are the Maguindanao, Maranaw, Tausug, Samal, Bajau, and other smaller groups. It is important to note that the Muslim Filipino groups have different cultures and are described as differing from each other as markedly as Muslim Filipino culture in general differs from the culture of Christian and pagan Filipinos. The Muslim groups in Mindanao and the Sulu Archipelago were frequently at war among themselves and united only because of Spanish incursions (Gowing 1964).

The 7 percent of the population that is outside the mainstream and Islamic groups includes some of the poorest Filipinos, particularly (a) the Negritos, nomadic peoples affected by logging and ranching and by disasters such as the 1991 eruption of Mt. Pinatubo in Zambales Province, which destroyed one of their main habitats, and (b) people engaged in subsistence farming, which is easily affected by weather and deforestation. The estimated population in 2000 of these groups is about 5 million, extrapolating the percentage figures to the current Philippine population of about 75 million.

The latest census data are for 1994, when the population of the country was 63.7 million. At that time, mainstream groups numbered 55.7 million; Islamic groups, 3.9 million; and other indigenous groups, 4.1 million. All the ethnic groups look physically similar except for the Negritos and the Mamanwa, who are smaller and darker and have curly hair. The Negritos numbered 7,466 in 1994 and the Mamanwa, 1,922. The Negritos are scattered mainly in the mountains of Zambales, Bicol, and Panay; the Mamanwa live in Northern Mindanao.

Economic development has not benefited all sectors equitably. Income data broken down by cultural community are not available, but gross domestic regional product data for 1999 show that only Metro Manila, the Cordillera Autonomous Region, and Northern Mindanao are above the national average;
the other 13 regions are below average (Table 1). Metro Manila is the national center of trade and industry. The Cordillera Autonomous Region has highly developed mining, vegetable production, and handicrafts industries, and Northern Mindanao is heavily industrialized. The Autonomous Region of Muslim Mindanao (ARMM), where the major Muslim groups live, had the lowest income per capita of all, 13,559 pesos (P). The figure for Metro Manila was P104,285 and for the Cordillera Autonomous Region, P48,446. Gross domestic regional product per capita for the lowland and westernized groups ranged from P17,972 in the Bicol Region to P40,672 in Northern Mindanao. Most of the Tagalog live in the Metro Manila and Southern Tagalog Regions, where the per capita product was P104,285 and P38,743, respectively.

Table 1  Gross regional domestic product per capita,
Philippines, 1999

<table>
<thead>
<tr>
<th>Region</th>
<th>Pesos (current prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Philippines</td>
<td>39,024</td>
</tr>
<tr>
<td>Metro Manila</td>
<td>104,285</td>
</tr>
<tr>
<td>Cordillera Autonomous Region</td>
<td>48,446</td>
</tr>
<tr>
<td>I Ilocos</td>
<td>23,783</td>
</tr>
<tr>
<td>II Cagayan Valley</td>
<td>22,766</td>
</tr>
<tr>
<td>III Central Luzon</td>
<td>30,536</td>
</tr>
<tr>
<td>IV Southern Tagalog</td>
<td>38,743</td>
</tr>
<tr>
<td>V Bicol</td>
<td>17,972</td>
</tr>
<tr>
<td>VI Western Visayas</td>
<td>29,665</td>
</tr>
<tr>
<td>VII Central Visayas</td>
<td>34,940</td>
</tr>
<tr>
<td>VIII Eastern Visayas</td>
<td>21,226</td>
</tr>
<tr>
<td>IX Western Mindanao</td>
<td>23,203</td>
</tr>
<tr>
<td>X Northern Mindanao</td>
<td>40,672</td>
</tr>
<tr>
<td>XI Southern Mindanao</td>
<td>31,238</td>
</tr>
<tr>
<td>XII Central Mindanao</td>
<td>30,156</td>
</tr>
<tr>
<td>Autonomous Region of Muslim Mindanao</td>
<td>13,559</td>
</tr>
<tr>
<td>XIII Caraga</td>
<td>17,981</td>
</tr>
</tbody>
</table>

*Source:* Economic and Social Statistics Office, National Statistical Coordination Board, Philippines.
The Legal and Planning Framework

All too often, law and policy have implicitly assumed that all Filipinos think and respond to stimuli in the same way as the policymakers and central government officials do—as educated, lowland Christian Filipinos. The assumption is obviously not always correct and has resulted in a continuing challenge to social cohesion and the integration of majority-group Filipinos and the Muslim Filipinos, the Cordillerans, and other traditional societies (Brinton 1898; Scott 1966; Ileo 1971; Majul 1971, Gowing and McAmis 1973; Corpuz 1989).

The Appendix to this chapter lists laws and regulations relevant to cultural communities. The present Philippine Constitution, adopted in 1987, explicitly refers to indigenous peoples in articles regarding autonomous regions, the national economy and patrimony, social justice and human rights, education, science and technology, arts, culture, and sports.

R.A. (Republic Act) No. 7356, which created the National Commission for Culture and the Arts (NCCA), recognized the importance of cultural communities and also created a Subcommission for Cultural Communities and Traditional Arts, along with other subcommittees for the arts, cultural heritage and cultural dissemination.

R.A. No. 8371, an act to recognize, protect, and promote the rights of indigenous cultural communities and indigenous peoples, was passed by Congress in October 1997. It comprehensively addressed issues related to the differing cultures of the various Filipino ethnolinguistic groups. The law declares it the policy of the state to recognize and promote the rights of indigenous cultural communities and indigenous peoples (ICCs/IPs) and to institute and establish the necessary mechanisms to enforce and guarantee the realization of these rights, taking into consideration the groups’ customs, traditions, values, beliefs, interests, and institutions, and to adopt and implement measures to protect their rights to their ancestral domains.

Among other things, the law provides that the state is to (a) protect the rights of ICCs/IPs to their ancestral domains to ensure their economic, social, and cultural well-being and
recognize the applicability of customary laws governing property rights or relations in determining the ownership and extent of ancestral domain and (b) recognize, respect, and protect the rights of ICCs/IPs to preserve and develop their cultures, traditions, and institutions. The state is to consider these rights in the formulation of national laws and policies and ensure maximum ICC/IP participation in the direction of education, health, and other services in order to render such services more responsive to the needs and desires of these communities. Only in 1998 were the implementing rules and regulations for R.A. No. 8371 issued, and the National Commission on Indigenous Peoples provided for in the law has yet to be fully organized.

The Philippine National Peace and Development Plan, approved by President Joseph Ejercito Estrada on January 21, 2000, includes a social-cultural-economic component. The stated thrusts are to address problems of poverty, uplift the condition of rural communities, and ensure the delivery of basic and social services, the construction of basic infrastructure, the promotion of social justice and human rights, the pursuit of health and education programs, and the enhancement of cultural cohesiveness. The plan, however, is macroeconomic in character and is limited to sectoral objectives, programs, and policies. The specifics of implementation are not spelled out, and it is clear that much work remains to be done in formulating a strategy and designing programs and projects that will improve the well-being and income of cultural communities and facilitate national social cohesion. This work would entail improvements in the governance of cultural communities, literacy training and other special adult education programs, and general access to educational opportunities and government services. Basic infrastructure would be needed to increase productivity, and special efforts would be appropriate to make cultural communities aware of their rights under existing laws and institutions.

**A Cultural Perspective**

In the popular mind, culture is equated with the performing, visual, and literary arts. Its true meaning, however, encom-
passes the values and beliefs of a people—what motivates them, their goals in life, what they consider important, the stimuli to which they respond, how they interact with others, their habits, their saving and consumption behavior, their way of life. It can also be looked on as an aggregate and internally inconsistent body of knowledge and meaning, unevenly distributed among the individuals of a community, and acquired by these individuals through their experiences and transactions in everyday life (Aanonsen 1998). Inequalities in sharing in all aspects of development ensure because of the peculiar operations of culture.

Politicians and business people are naturally sensitive to cultural differences among the various peoples of the country. A retired national politician says she would adjust her campaign style depending on the area. In a certain region, she says, families are important and she would focus on clan and local political leaders. Large cities tend to follow media commentators and to respond to graft and corruption as an election issue. People in some regions are easy, she continues; “just sing to them and they’re yours.” She went on to name one region where one wins with “only money.” Similarly, private business knows what products and prices appeal to various groups. It is common knowledge among bankers that certain groups save but rarely borrow, while others are the opposite. National policymakers, planners, and administrators, however, tend to equate culture with the arts and to ignore the implications of its broader meaning for legislation, plans, programs, and policies.

Government support for culture and the arts has never been generous, and arts groups have been in perennial financial difficulty. The NCCA was created in 1992, and an Endowment Fund was established as a continuing source of grant funds for culture and arts activities. Grants have been given essentially to identify and encourage talent in the various arts and to encourage appreciation among students and the general public of the Philippine artistic heritage and contemporary artistic creation.

A conscious effort is being made to help revive the arts of cultural communities and to give them exposure to both a
national and an international audience. A “living national treasures” award is made to members of cultural communities who excel in weaving, jewelry, matmaking, indigenous calligraphy, and other traditional arts. The hope is that these efforts will help build self-confidence among cultural communities and greater awareness among the majority groups of the history and culture of the indigenous communities, thereby laying the groundwork for mutual understanding and greater social cohesion.

The design of national plans, policies, and programs tends to assume that all Filipinos are rational economic beings motivated by self-interest and living within the same institutional environment. The result has been the passage of laws that assume homogeneity among all Filipinos and the adoption of national programs in education, health, environment, agriculture, justice, and other areas of government concern that ignore differences in values, thinking processes, institutions, and other cultural factors. Much of the resentment among cultural communities is rooted in the inconsistency between traditional practices and the national law as regards landownership, utilization of natural resources, and crime and dispute settlement.

The Arts

The law creating the NCCA, R.A. No. 7356, identifies the arts as consisting of the visual arts (including painting and sculpture), literature, music, dance, drama, architecture, and film. The arts of the majority groups show a heavy Western (specifically, Spanish and American) influence, although traces of their pre-Hispanic origin are identifiable. These groups have excelled in international art forms, and many Filipinos have attained world fame in music, dance, painting, and other arts. Indigenous themes and motifs provide inspiration for contemporary artists in all fields (Tiongson 1998).

In most cultural communities, there are no artists as such; musicians, dancers, storytellers, and other artists are ordinary farmers, fishermen, or whatever. They perform as participants in rituals associated with the life cycle (birth, coming of age,
marriage, sickness, and death), the agricultural cycle, or other important events. The rituals and the associated music and dance have remained unchanged. Modernization and the reach of modern mass media and education to all parts of the country do affect preferences, however, and many cultural communities have veered away to some degree from their traditional clothing, music, dance, foods, and other practices. The entry of Christianity, which is pronounced in many non-Muslim areas, has meant the abandonment of traditional belief systems and loss of meaning in the old rituals. This has in turn led to the gradual loss of traditional music and dance.

Social cohesion can, of course, be attained through assimilation and homogenization, as promoted by the Spaniards and the Americans during the four centuries of the colonial period. Such an approach, however, is no longer acceptable. Philippine government policy is consistent with the principle of cultural diversity and the preservation of the cultural integrity of cultural communities enunciated by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). The government, through the NCCA, has adopted programs for the preservation and revival of traditional art forms, promotion of mutual appreciation of the culture and the arts of all cultural communities, encouragement of contemporary artistic creation inspired by the indigenous peoples, and the exposure of traditional peoples to contemporary forms of artistic expression.

It has been observed that the performing arts, in particular, are highly effective in bringing people together. The National Music Competition for Young Artists (NAMCYA), which has been held since the 1970s, has been a great cohesive force. Young people from all over the country—regional winners in various forms of vocal and instrumental music, including traditional music—come to Manila to perform and in so doing learn more about Filipino cultures and other Filipinos.

Squatter resettlement areas bring together people of different backgrounds, attitudes, and ethnolinguistic origins, in an often hostile and volatile setting with minimum utilities, infrastructure, schools, and health and other facilities. The resettlers suffer income disruption and the stress of a sometimes violent
transfer. In the wake of such experiences, cultural activities such as simple music competitions can help build community and facilitate the development of support networks. The formation of cultural and other organizations can be ends in themselves, providing networking and mutual support facilities that play an important part in fostering social cohesion. The same approach can be taken in building social cohesiveness among peoples of different cultural backgrounds.

**Land Titling and Natural Resource Exploitation**

Traditional societies tend to look on natural resources as gifts of the gods, like air and sunlight, available for the use of all and “owned” by the community, not by their chiefs or other individuals. Forests and the fruits of wild trees may be used by all who need them, but only to the extent of their need. This as is true for mobile peoples such as the Aeta as it is for those who live in more or less permanent settlements (Fox 1952). It is foreign to many indigenous cultures for an individual to reserve land and natural resources for his or her sole benefit.

Under the land-titling system in the Philippines, land not titled to a particular owner is considered public and therefore may be awarded or sold to an interested applicant, even if the land is actually permanently or seasonally occupied and used by indigenous peoples. The indigenous occupants may have been eligible to apply for the same privilege, but in many cases, for lack of understanding or information or for other reasons, they lost by default, and outsiders gained ownership or exclusive utilization rights over what the indigenous people had considered their own. The award of logging and mining concessions and the total denudation of large areas that have taken place affect not only gatherers of minor forest products such as rattan and resin but also entire communities, when the water supply for rice terraces dries up.

Central authorities and lowland Filipinos have tended to view territories occupied by indigenous peoples as unpopulated areas that are potential sources of resources and wealth. They have also tended to see indigenous peoples as a
new market for manufactured goods and services and as an un-tapped source of manual labor (Wernstedt and Spencer 1967).

The government’s policy of opening untitled public lands for resettlement or otherwise alienating them has led to unrest and violence. Land titling was not intended to dispossess anyone, but Muslims, for example, did not understand why they had to ask the government for land that they already saw as theirs under the ancient system of clan ownership and by right of actual use from time immemorial. Understandably, Muslims tried to drive off the migrants from Luzon and the Visayas who arrived to claim the untitled land awarded them by the central government. For their part, the migrants refused to believe that the government had awarded them invalid titles, particularly as they may have already sold their possessions before moving south.

It was not until 1974 that the government recognized the need to protect the cultural communities from dispossession of their lands. Presidential Decree No. 410, regarding ancestral lands occupied and cultivated by cultural communities, was issued by President Ferdinand E. Marcos to help ease the then-raging Mindanao conflict. Its provision that “landless Muslims and members of other cultural minority groups shall be given the same opportunity to own the lands occupied and cultivated by them, which lands were likewise occupied and cultivated by their ancestors” reveals the wide gulf between national law and indigenous peoples and provides an idea of how cultural communities’ lands had been awarded to more knowledgeable lowland applicants.

The law on ancestral lands has been improved, but implementa-tion is still inadequate, and there are still complaints that cultural communities’ lands continue to be distributed to outsiders and private corporations. Migratory peoples such as the Aeta, who move from place to place with the seasons, find traditional sites already fenced and occupied on their return after a year. Grasslands were common grazing land and a source of roofing material for the Ivatan of Batanes and other peoples. For the Mangyan of Mindoro, forest products such as the nito vine and uvay (rattan) are essential materials for baskets and clothing.
Problems arose when lands were parceled out to homesteaders, subjected to agrarian reform, or declared national parks. The consequences are obvious. From being users and "owners," the indigenous peoples were reduced to being illegal poachers or squatters, at worst, or at best, manual laborers employed by the registered owners. With the loss of access to sacred sites and the venues of traditional practices and rituals, and the loss of their source of livelihood, many cultures gradually ceased to exist.

At the same time, a number of mining, irrigation, and power projects have been derailed as a result of unsettled disputes over the sharing of future mining profits and overcompensation for the cost of resettlement and the disturbance of sacred sites. Unscrupulous third parties have been known to take advantage of the situation, demanding a large share of the expected royalties. Delays and uncertainties ensue, costs escalate, and the projects become unviable. Nobody gains, and the losers are the investors, the supposed beneficiaries in the cultural community, the government, and the economy. Foreign exchange earnings, tax revenue, and employment opportunities are lost. An efficient mechanism is obviously needed to promptly reconcile cultural sensitivities, minority rights, and national welfare.

*Governance and Dispute Resolution*

In many traditional societies, governance is exercised through a council of elders in whom reside the collective wisdom of the community in spiritual, economic, domestic, community, and other matters. Tradition, selection through consensus, position in the social hierarchy, and apprenticeship and training ensure that community elders command the respect of all. Conflicts of all types, including warfare among family groups and villages, are settled by the elders, who are able to enforce their decision through the subtle workings of spiritual belief, the leaders' personal qualities, and the respect bestowed on them by their fellows (Scott 1966; Peralta n.d.).
This traditional order contrasts with the state government system. The Philippine electoral code calls for the election of provincial, town, and village chief executives, as well as provincial and municipal councils, for specified terms. The local government code prescribes the authority and responsibility attached to each position. A person seeks the office under the modern electoral process, whereas under the traditional system, at least on its face, the position sought the person. The democratic process often pits members of the same family against each other. Frequently, an elected leader belongs to what is considered a socially inferior class. For various reasons, therefore, elected leaders do not necessarily have the full confidence of their constituents. In places where traditional leaders have total control of their followers, the electoral process can be exploited and abused. In a certain province notorious for electoral fraud, the dead voted, as did birds and bees.

Once elected, a political leader controls the channeling of government funds. He exercises economic clout but in many cases is unable to fully appreciate or implement civil service law, government accounting and auditing regulations, or laws prohibiting diversion of funds and requiring public bidding for the supply of goods and services. Traditional leaders were expected to so manage farming and the community’s other means of livelihood as to provide an adequate living to its members. Similarly, the new leaders—congressmen, governors, mayors, or councilors—are expected to provide assistance to constituents in need. They are sponsors at weddings, baptisms, and confirmations. They are called on to help constituents find employment, overcome sickness, and ultimately, receive a decent burial. Politicians do not always have independent means and therefore often run foul of antigraft laws. Whatever the reason, funds allocated by the national government for local projects are all too often diverted, and grievances are voiced that national authorities have neglected the area.

In many cases, elected lawmakers conceive of their task as bringing home the bacon from Manila as a source of largesse. (The chief executive is, of course, the ultimate source of
Political debts are incurred through, and paid with, favors, including government funding intended for the politician's district or channeled through the politician himself. This helps explain why no stigma is attached to politicians who switch political allegiances; why politicians' relatives and friends are also in the construction, pharmaceutical, publishing, or other businesses; and why turnover is high, particularly at local levels, when a newly elected official brings in his own team.

Punishments differ under traditional and national law. In broad terms, traditional law ordinarily demands restitution and at the same time seeks to find a face-saving solution that enables all—complainant, respondent, and their families—to resume normal life within the same small community. The traditional justice system resolves even the most complex cases within a matter of weeks. National law calls for arrest, trial before strange judges, possible imprisonment, and a prolonged appeals process that brings litigants to the faraway capital. The existence of two justice systems inevitably complicates the enforcement of peace and order.

In 1977 P.D. No. 1083, the Code of Muslim Personal Laws of the Philippines, finally recognized that Islamic practices differ from national law. It covered marriage and divorce, matrimonial and family relations, succession and inheritance, and similar domestic matters and established shari'a circuit courts. The Muslim system of laws, the Cordillera peace pact system (bodong) and its administration, and other traditional dispute resolution practices are provided for in R.A. No. 8371. These measures have been welcome, although some of them, including the bodong system, no longer have the cultural components that support social controls (Bacdayan 1967; Majul 1971). Gaps remain in the authorities' knowledge of the customary law of the smaller indigenous peoples. The acceleration of existing efforts of academic and other institutions to codify the customary laws of the various peoples would help increase mutual understanding of legal practices and facilitate the realization of a system of laws that is sensitive to cultural differences.
Education, Culture, and Social Cohesion

Schools, particularly elementary schools, are among the most important institutions for promoting a sense of nationhood and national cohesion (Getis, Getis, and Fellmann 1985: 208–11). It is in school that the young learn about their land and its peoples, the history and achievements of their ancestors, and their society's goals, beliefs, values, and traditions. It is where they learn love of country and pride in their fellow citizens. The strength of national cohesion depends greatly on the effectiveness of the school system.

Education is generally considered one of the important successes of the American colonial regime. It quickly helped to restore peace and brought Filipinos into the modern world. All Filipinos had access to good education. Success was complete in most parts of the country. Elementary education was free and compulsory. There were general high schools in provincial capitals and agricultural and trade schools at strategic places. The University of the Philippines was established, and a system of private schools was recognized by the government.

The Cordillera peoples are highly educated, with both public and missionary schools in most places and with Baguio City as a center of higher education. Muslim Filipinos had access to the same types of school, but many of the traditional leaders and the elite initially refused to be taught by Christians, sending their servants and the servants' children instead. Members of groups considered socially inferior sought education as an avenue of escape. Predictably, members of the heretofore lower classes began to be appointed to government posts, and the former ruling class came to be considered by the authorities as illiterate. In due course, the newly educated people ascended to power through appointive and elective posts, and many of the traditional village chiefs and elders, the datus and sultans, gradually lost status and position, with even the most illustrious being reduced to mere figureheads.

Education was and continues to be highly centralized, with the Manila central office deciding on courses of study. Textbooks were adopted for nationwide use and were entirely in
English until the 1970s, when Filipino (one of the official languages, based on Tagalog) became the medium of instruction in most subjects. Non-Tagalogs were initially at a disadvantage, but with school use and the pervasive use of Filipino over radio and television, the language is now spoken all over the country, helping facilitate communication, promoting a national identity, and fostering national cohesiveness.

The nationwide use of the same curriculum and textbooks for public schools has endowed most Filipinos with the same educational denominator, including values, history, and culture. Course content, however, has predictably emphasized lowland situations. Much of the material would be new to the experience of the children of cultural communities. They learn about lowlanders but not necessarily much about their own environment and culture, although that depends on the initiatives their teachers take. It also appears that teachers sometimes delete from their lessons what they consider irrelevant material, with the result that children from cultural communities almost always lose in national competitions regardless of subject.

The problem has been recognized, and education and culture authorities have worked together to develop material suitable for the various regions of the country. In general, all students are to be culturally literate regarding the major cultural communities of the Philippines and world culture. Students of a particular region, however, should know more about their own regional culture and the culture of other cultural communities in their immediate neighborhood. Education can assist in cultural revitalization by teaching young indigenous students aspects of their own culture that even their parents may no longer know.

R.A. No. 8046, the Book Publishing Industry Development Act of 1995, provides for the development of indigenous authorship and translations into and from the various languages of the country. The Department of Education, Culture and Sports adopted a system of multiple textbooks, giving school superintendents the flexibility to choose from a list of approved textbooks. The policy could result in greater importance being
accorded local culture and history, but the content of books published after adoption of the list and the profile of book purchases still have to be studied.

Inattention to cultural communities affects not only learning by indigenous peoples' children but also their regard for their own background and community. Some indigenous groups have already forgotten their own culture in their desire to be like lowland Filipinos. The latter, unfortunately, tend to look down on indigenous peoples as primitive. It has been observed that the self-esteem and self-confidence of certain indigenous peoples are so low that rebuilding self respect is a necessary first step for social cohesion and adjustment. It is clear that mutual respect and understanding can be developed if the school system is able to teach all Filipinos about the various peoples of the Philippines— their history, way of life, arts, and traditions.

With the same objective, the NCCA has supported the publication of works on cultural communities; the revival of traditional rituals, music, and dances; and the formation of "schools of living traditions" where traditional arts and crafts, music, dances and rituals, epics, and other aspects of local culture can be passed on to the young. There are five such schools, in Maganoy, Maguindanao; Brookes Point, Palawan; Mansalay, Oriental Mindoro; Lake Sebu, South Cotabato; and Bansalan, Davao del Sur.

Reducing Income Disparities

As noted above, income per capita is lowest in Muslim Mindanao. The smaller cultural communities, due to their dependence on marginal upland agriculture and small-scale fishing, are also among the country's poorest. People with widely different economic status tend to have few opportunities, and less desire, to network and interact. The very act of trade could simultaneously raise incomes and provide the occasion for face-to-face contact. The likelihood of attaining social cohesion rises as income disparities narrow.
TOURISM. Tourism is a double-edged sword that generates income but also creates a sense of inferiority, particularly given the lavishness and cost of tourist facilities and the apparent wealth and idleness of visitors, which far exceed the dreams of local people (Bugnicourt 1977). Experience in other countries has shown, however, that properly conceptualized and implemented cultural tourism could be highly beneficial. Cultural communities often live in spectacular mountain, forest, or seaside areas. Their environment and their distinctive life-style, culture, and arts can be a powerful magnet for domestic and international tourism and would educate visitors on the ways of the cultural community while generating income for its members. Tourism programs have to be carefully designed to avoid undesirable situations—for example, when the only benefit to the cultural community is the wages from menial employment; when tourism operators employ better-trained or more-adaptable migrants to the exclusion of local people; when costumed outsiders mimic or corrupt the most hallowed ceremonies and rituals of the native peoples as after-dinner entertainment; or when visitors exploit the hospitality of the indigenous peoples. The ideal project would be structured so as to include high-value inputs from the cultural communities and designed to allow visitors to learn about and appreciate the arts, handicrafts, music, social organization, folklore, and other interesting aspects of the life of the cultural community.

The NCCA is supporting the construction of a tourist village in a suitable area within the Banaue rice terraces. With the participation of local leaders and civic-spirited residents who have donated a long-term land lease, the project will rescue and rebuild traditional houses in an authentic setting. The village will be organized and staffed by local people. There, the best of local crafts will be sold, and local people will perform authentic music and dances of a nonsacred character. The Zambales Aeta have suggested that a similar tourist Aeta village be created within the former Clark Air Base, near their volcano-devastated home. A lowland village project featuring traditional lowland rural life is being designed at a resort area near Manila.
Like the Banaue project, it will include examples of lowland houses and is intended to enable today's urban lowlanders to learn about the life of their provincial cousins.

Implementation is never easy, and one has to learn along the way. An initial effort in Banaue is illustrative of cultural tourism as an exercise in reconciling the demands of authenticity, the modern environment in which traditional peoples live, and tourist expectations.

The plan was to revive the patipat ritual, which was held in August and was intended to drive rats away from the ripening grain. It used to be one of the terraces' most colorful rituals and is potentially an attractive and distinctive tourist event. Following an incantation by the native priest (the mumbaki) and other preliminary ceremonies, the entire mountainside would be alive with people. In their splendid costumes, men, women, and children would stomp in formation up and down the rice terraces, beating gongs, shouting, making noise, and generally having fun. Rats would be chased and frightened off or caught and killed. In addition to satisfying religious imperatives, the noise and disturbance would indeed drive the rats away and help ensure a good harvest.

The NCCA supported the activity, and distinguished guests were invited from the worlds of tourism and agriculture, the millennium commission, and the media. The event did not quite meet visitors' expectations, and helpful suggestions were offered: make sure that the event starts on time, increase the number of participants (which was pitifully small), raise the quality of food served to tourist standards, wear better-looking costumes, put up more decorations, and adjust the blocking for better viewing from the visitors' platform.

The organizers explained that the ritual was two hours behind schedule because it could begin only when the head mumbaki was there. He arrived late because he was called on an emergency the night before and had to hike to a village on the other side of the mountain and back. Protestant ministers and Catholic priests alike discouraged participation as being superstitious. Men now prefer blue jeans, and few were willing to
don the G-strings of yore. Costumes (the G-strings and the women's skirts) were bedraggled because no one wore them any more. Buntings (for decoration) are unknown in the rice terraces. The food was cooked as ritual demanded; that is, slabs of meat were grilled over charcoal immediately after butchering, without seasoning. Finally, the ritual was supposed to involve whole villages. The unpaid, untrained participants would not respond well to choreography.

There was conflict, too, between government audit regulations and traditional custom. The regulations do not allow funds to be spent on alcoholic beverages and require receipts for each item of expenditure. Since patipat demands unlimited quantities of rice wine—a ceremonial beverage consumed by the tired, hot, and thirsty stompers—and owners of sacrificial animals do not keep receipt books in stock, festival bookkeepers had some explaining to do.

Marketing knowledge and crafts. The designs and products of cultural communities can often be sold as is or adapted for practical modern use. Textiles, metalwork, basketry, bamboo crafts, mats, and the like can become attractive souvenirs and useful articles. This would be a logical private sector activity, as trendy designers and shops are frequently the most alert in recognizing the commercial possibilities of ethnic objects and designs.

With assistance from the government, it may be possible for cultural communities to realize earnings from their knowledge of medicinal plants, fibers, music, and other traditional knowledge, arts, or skills. It may be feasible to establish some mechanism whereby intellectual property rights are attributed to such intangible assets and reasonable compensation is given through royalties or other arrangements. Sizable revenues, for example, are generated internationally from plants with medicinal uses or other economic value as dyestuffs, fabrics, or other raw materials. Just as important are popular artists who record the rhythms and rituals of indigenous peoples and profit from their transformation into marketable music, dances, or other commercial production.
Cultural Factors in Project Design

Planners and funders tend to view return on investment as the primary criterion of public and private investment and to assume that people universally react in the same way. This assumption is all too frequently invalid.

The government built new towns and houses for Aetas displaced by the 1991 eruption of Mt. Pinatubo. The houses were modern and, from all indications, had all the conveniences and elements that any Filipino would want. The experts concerned, however, were unaware that the Aeta do not live in places where pitcher plants grow; that the pisan, or band, structure of social organization dictates the location of an individual’s house; that the Aeta are uncomfortable with congestion; and that they cannot live in a place where their subsistence technologies are no longer functional. The resettlement project did not meet any of these cultural basics, and no one moved in.

Planners have proposed draining the marshes of Southern Mindanao to make way for farms and new settlements. The consequences of such a project could be devastating, not only ecologically but also socially and culturally. The Liguasan Marsh, for instance, is already inhabited by Maguindanaos, who have adapted to the place. Their architecture, material culture, subsistence technology, behavior, values, and social and economic relationships have been attuned to marsh conditions. Anthropologists also warn that the marshes are common hunting ground and that certain areas are considered sacred. Maguindanaos respect biodiversity and believe that certain areas in the marsh are the abode of a spirit called Tuan na Inged who cares for and nurtures Apo na Lemanap-manap, parents of the biodiversity of spirits (Pendaliday 1998). It is also the home of the crocodile, which is sacred to many Maranaos and Maguindanaos, including certain very influential clans. A land reclamation project will undoubtedly add to the existing tensions.

The rice terraces of the Cordilleras are about 3,000 years old and are considered one of the supreme achievements of Filipino culture, comparable in their way to Angkor Wat in
Cambodia, Boro-Budur in Indonesia, and Pagan in Myanmar. The terraces are the basis of the area’s economy and are in fact a fragile socioecological system (Maher 1973). The forests of the mountains above feed the springs that irrigate the terraces. The terraces themselves are built and maintained with family labor. The rice cycle—soil preparation, pest elimination, sowing, planting, weeding, harvesting, and processing—is regulated by a complex system of ritual and agricultural practice. Rituals govern the timetable, and time-tested agricultural practices have ensured the sustainability of the terraces. No ritual is complete without gongs sounding. In practical terms, the noise and activity help drive away rats and attract helpers from afar. Any change, such as the introduction of fast-growing, high-yielding rice varieties, insecticides, pesticides, marketing systems, roads, tourism, and new religions, could have unforeseen consequences.

The efforts of extension workers to introduce new techniques and rice varieties and of missionaries to encourage the converted local people to abandon their traditional rituals and ceremonies, as well as the enticements of gong collectors, inadvertently upset a delicate balance maintained by the complex of rituals and practices. A project is therefore being designed to help restore the balance through agricultural practices suitable to the terraces and through the revival of some traditional rituals, such as the patipat described earlier. Observers also point out that there are many parallels between traditional beliefs and Christianity, for example, that could allow the transformation and adoption of old rituals into the new belief system. The hope is to preserve the rice terraces for the generations to come by restoring the socioecological balance of old. The process would involve reengineering the old practices in the context of a new belief system and of the likes and dislikes of the modern Ifugao, with tourism income as a new, added incentive.

**Human Relations**

The preservation of peace and order necessarily means bringing in armed forces. Lack of knowledge of local culture unnecessarily contributes to already high tensions. A few examples
from the Muslim Mindanao setting will suffice. Poorly paid soldiers and lower civil servants sometimes raise pigs within military camps or government premises, a practice revolting to a Muslim community. Casually dressed women and tolerance of prostitution are serious offenses in Islam. Military, police, and government people lose respect among devout Muslims by openly engaging in drinking, smoking, and gambling. Outsiders jeopardize not only the success of their missions but also their persons by heedlessly violating taboos that prohibit outsiders from approaching or entering sacred sites and bar males from areas reserved for women. Choice of words and body language could unwittingly cause offense. Hostility heightens when a dominant group is perceived, rightly or wrongly, as being culturally arrogant or as denigrating the culture and beliefs of the minority group.

The arts, notably music and dance, could be an effective way of bridging cultural gaps and fostering personal relations. They could help enhance community spirit, understanding, and morale. Public concerts of military bands, together with small projects carried out by military engineers and medical missions by military doctors, could do wonders in conflict resolution.

With the objective of building bridges through culture, the NCCA is sponsoring Dayaw, a national festival of indigenous arts, scheduled to be held in December 2000 in Manila’s most prominent park. The festival will bring to Manila about 250 of the best traditional artists, performers, and ritualists from indigenous and folk communities all over the country. They are being invited to this high-profile event as guest artists performing before a national audience, including Manila’s international community. The festival provides for a reciprocal gesture. Some of the Philippines’ best contemporary artists are also being invited to perform before the participating cultural community groups, to give the latter an idea of current creative work in the performing arts, particularly those inspired by Philippine ethnic themes and instruments. In the same way that the Manila artists have been inspired by the indigenous peoples, the NCCA hopes that the indigenous peoples will be
encouraged to preserve their traditional arts while new vistas are opened to them in contemporary forms of artistic expression.

Conclusion

Cohesiveness and nationalism go hand in hand. They exist when the peoples of a country have a "feeling of collective distinction from all other peoples and lands, that is, an identification with the state and an acceptance of national goals. A sense of unity binding the people of a state together is necessary to overcome the divisive forces present in most societies" (Getis, Getis, and Fellmann 1985: 208–11). The linkages of a common past, mutual respect among all cultural communities in their traditions and beliefs, and pride in the culture and arts of a country in all its diversity help make national cohesion possible.

Appendix. Philippine Laws Relating to Cultural Communities and Indigenous People

Note: P.D., Presidential Decree; R.A., Republic Act.

P.D. No. 410. Declaring ancestral lands occupied and cultivated by national cultural communities as alienable and disposable, and for other purposes. March 11, 1974

P.D. No. 1083. A decree to ordain and promulgate a code recognizing the system of Filipino Muslim laws, codifying Muslim personal laws, and providing for its administration and for other purposes. February 4, 1977

R.A. No. 7356. An act creating the National Commission for Culture and the Arts, establishing the National Endowment Fund for Culture and the Arts, and for other purposes. April 3, 1992


R.A. No. 8371. An act to recognize, protect and promote the rights of indigenous cultural communities/indigenous peoples, creating a National Commission on Indigenous Peoples, establishing implementing mechanisms, appropriating funds therefore, and for other purposes. October 29, 1997

R.A. No. 8423. An act creating the Philippine Institute of Traditional and Alternative Health Care (PITAHC) to accelerate the development of traditional and alternative health care in the Philippines, providing for a Traditional and Alternative Health Care Development Fund and for other purposes. December 9, 1997


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Social Cohesion and Conflict Management: Rethinking the Issues Using a Gender-Sensitive Lens

Sharon Bessell

Social cohesion can be described as the glue that bonds society together, thus promoting harmony, a sense of community, and a degree of commitment to promoting the common good. Social cohesion and conflict are often seen as polar opposites. A cohesive society, however, is characterized by far more than the absence of conflict, whether latent or overt.

A functioning state, respect for human rights, a socio-economic system based on distributional equity, and high levels of bringing social capital are four fundamental characteristics of a cohesive society. Even in societies with these ideal characteristics, conflict will occur periodically, but it is likely to be more frequent, deeper, more violent, and more damaging in societies that lack or lose these characteristics, and it is more effectively managed when social cohesion is high. That being the case, it is also true that postconflict reconstruction and the establishment of lasting peace require the building or rebuilding of social cohesion.

Analyses of social cohesion and conflict regularly explore various cleavages within society—ethnic-religious, economic, caste based, and so on—but little attention has been paid to the gender dimensions of these issues. This lacuna exists despite
the greater understanding, and the greater capacity to identify not only problems but also solutions, that can be gained from a gendered analysis. The aims of this paper are to contribute, in some small way, to filling this gap and to further much-needed debate.

At the World Bank–Asian Development Bank forum on social cohesion and conflict management in early 2000, the interplay of these issues with gender, while not a central focus of the discussions, was recognized by several participants as being part of the equation. At one point, a male participant, perhaps in an effort to play devil’s advocate, questioned the value of calls for greater attention to the gendered dimensions of the issues at hand. What, he asked, could women bring to the development of social cohesion and the management of conflict that men could not, particularly as women had not been able to prevent the eruption of conflict around the world? The question illustrates that the struggle to advance the understanding of gender issues and to include women’s voices is far from being won. A response must be made (yet again) if the quest is to progress in a positive direction.

Turning the question on its head may raise more fundamental issues. The questions then become: What justification is there for excluding women? Why are women so rarely included in managing conflict and in developing policies that promote social cohesion (or, at least, why are they included in far smaller numbers and in different ways than men)? Why might women bring a different perspective from that of men? Finally, to what extent have women had the political space to act to prevent conflict, and where they have had such space, what has the impact been? Perhaps most important is the underlying question: what do those who demand justification for the inclusion of women suggest as an alternative, and what would be the consequences for social cohesion and conflict management? The alternative seems to be the silencing of women and the triumph of the assumption that women have nothing to contribute—as individuals, as members of society, or as women. The consequences run directly counter to the aim of promoting social cohesion, reinforcing, instead, gender-
based discrimination and exclusion and undermining efforts to manage conflict by continuing to seek responses within a partial and flawed framework.

Gender analysis involves more than addressing the question "why include women?" Gender is not simply about "women's issues." Rather, a gendered analysis requires the examination of both female and male roles. Understanding the highly political ways in which issues are allocated to either men or women is vital, as is understanding the nature and construction of masculinity. Thus, there is a second, and equally pressing, category of questions: How is conflict gendered? How do gender roles undermine social cohesion? How can gender roles be harnessed to promote social cohesion?

In this chapter I begin with the questions of why women must be included in efforts to promote social cohesion and manage conflict and what they can bring to those efforts. I focus, initially, on situations of overt conflict, including war. I then shift to the second category of questions—how gender roles undermine social cohesion—and examine the gender dimensions of the four characteristics identified at the beginning of the chapter as being fundamental to a cohesive society: a functioning state, respect for human rights, equitable distribution, and social capital. Finally, I suggest possible ways forward.

**Why Include Women? What Can Women Bring?**

The questions "why include women?" and "what can they bring?" often have a dismissive air. They carry undertones of a highly patriarchal worldview with one or more of the following assumptions:

- Women's experiences are the same as men's, and therefore men's views and voices are fully able to reflect female experience and the breadth of women's views and knowledge.
- Women's experiences, views, and knowledge are or may be different from those of men, but they are so peripheral or unimportant that they do not warrant consideration.
- Women are unable to convey their views and experiences in a useful or usable manner.

Feminist scholarship, women's organizations, and, more recently, the positive outcomes of gender-sensitive public policy (or the negative outcomes of public policy that ignores gender issues) have contributed to rendering these assumptions obsolete. Yet in many quarters skepticism persists as to the value of efforts to include women and about the benefits that women might bring to decisionmaking or conflict management.

Claims for the inclusion of women's voices are based on the potential for positive outcomes, not only for increased gender equity but also in the form of better policies. Generally speaking, these arguments rely on one or more of three broad rationales: experience, justice, and utility. Similar arguments can be made for the inclusion of women in decisionmaking processes, beyond issues relating to conflict.\(^1\) When considering issues bearing on conflict management, the need to consider gender dimensions is especially acute, given the overwhelming tendency to marginalize women's roles, views, and experience. Armed conflict tends to be seen as the ultimate men's business.

*The Experiential Argument*

The human consequences of armed conflict are often neglected, as tensions between opposing sides mount. Similarly as societies set about rebuilding in the aftermath of conflict, the human cost for survivors is difficult to measure, and responses are often inadequate. When such human costs and consequences of armed conflict are confronted, the impacts are often considered to be gender neutral.

Yet women's experience of conflict is markedly different from that of men. The reason is not only the generally different roles undertaken by men and women in conflict but also the fact that women are often specifically targeted with highly gendered forms of violence. The use of sexual violence, directed at women not only because they belong to a particular (enemy) group but also because they are women, is a dramatic example.
As Catherine Niarchos has powerfully demonstrated (Niarchos 1995), rape in war and as a weapon of war is as old as warfare itself. Accounts of the military campaigns of the ancient Greeks, Romans, and Hebrews are replete with references to women as spoils of war. The literature, both historical and fictional, abounds with representations of women’s bodies as an extension of the battlefield. Rape becomes a demonstration of power and domination over the enemy force rather than a crime against the victim. The pattern continues throughout history. Niarchos notes that efforts to provide women with some degree of legal protection first emerged in the Middle Ages; the Ordinances of War promulgated during the Hundred Years War prohibited rape during war on penalty of death (Niarchos 1995: 661). But in practice, both the threat and the actuality of rape remained a common feature of warfare and continue to the present day.

Niarchos has documented the graphic evidence of extreme sexual violence and rape presented at the International Military Tribunal in Nuremberg following World War II (Niarchos 1995: 663–64). Yet the judgment of the tribunal, some 179 pages in length, fails to refer to rape even once (Niarchos 1995: 664).

In contrast to the Nuremberg Tribunal, the International Military Tribunal in the Far East (IMTFE) found that rape had been widespread and concluded that “approximately 20,000 cases of rape occurred within the city [of Nanking] during the first month of the [Japanese] occupation” (quoted in Niarchos 1995: 666). The IMTFE did not take up the issue of the many thousands of women forced into Japanese military brothels throughout Southeast Asia during World War II. Indeed, it has taken many years for the stories of the so-called “comfort women” to filter out, and the vast majority of these women continue to be denied compensation, justice, or even recognition.

The crimes committed against women during World War II are powerful illustrations of the highly gendered nature of the violence that is part of warfare. The way in which these crimes were dealt with at the tribunals established at the end of the war exposes the extent to which women’s experiences are marginalized or disregarded. In the intervening decades this
pattern of sexual violence against women during armed conflict and of inadequate recognition of women's experiences in the aftermath has continued to characterize international and civil wars, as well as situations of violent social division and oppression.

The use of mass rape as a strategy of war in the former Yugoslavia focused intense international attention on the highly gendered nature of violence in that conflict. There has been less concern about the use of widespread and systematic rape and sexual violence elsewhere, particularly in the Asia and Pacific region. Human rights organizations have documented the employment of extreme sexual violence as a strategy of conflict and oppression over many years in the Indonesian province of Aceh, in the Philippine region of Mindanao, in Myanmar, and in East Timor during the period of Indonesian rule, to name but a few areas. Attention, however, has largely been focused on other dimensions of these conflicts. The rapes of Indonesian-Chinese women during the May 1998 riots in Jakarta graphically illustrate that rape is a weapon of choice not only in armed conflict but also when deep division erupts into social violence. In this case sexual violence became the expression of deeply rooted racism and resentment. Individual women were the victims, but Indonesian Chinese, as a group, were the targets.

The reality of women's experiences with armed conflict is highly localized, but the disregard of that experience can been seen in local, national, and international contexts. It is nowhere more glaring than in the international realm, where mechanisms aimed at providing universal protections are developed. The creation of a body of international humanitarian law to establish the rules of war and to ensure the protection of civilians has done little to deal with gender-based violence. Indeed, international humanitarian law has not responded adequately to women's experience of armed conflict and thus has failed women. This failure is largely attributable to the absence of women's voices and the neglect of women's experiences in the development of international humanitarian law. Judith Gardam and Hilary Charlesworth have argued that international humanitarian law couches sexual violence against
women in terms of women’s honor, viewed as “constituted solely on the basis of certain sexual attributes, the characterizing features of which are what is seen as important to men, namely the chastity and modesty of women” (Gardam and Charlesworth 2000: 159). The authors further argue that international humanitarian law takes men’s experience as the starting point, rather than regarding women as subjects in their own right. This highly accurate criticism of international humanitarian law could also be applied to the way in which conflict, particularly armed conflict, is conceptualized, managed, and responded to, not only in international law but also within national and local discourse.

If women’s experiences of armed conflict are different from those of men, so too do women’s experiences of the aftermath of conflict tend to differ from men’s. Although in recent times greater numbers of civilians than soldiers have been killed in wars, combatants killed in armed conflict are overwhelmingly male. Similarly, in situations of deep oppression characterized by killings and disappearances, it is most often men who are the victims. When the adult male members of a family are killed, disappear, or go off to fight, women are left to secure their own and their children’s survival by themselves. Although it has been pointed out that the resulting situations have sometimes opened opportunities for women to engage in activities traditionally reserved for men, more often the consequence is emotional, physical, and economic hardship.

In Aceh, for example, the Indonesian armed forces have been engaged since 1989 in an intensive counterinsurgency operation against the armed independence forces of Gerakan Aceh Merdeka (the Free Aceh Movement). In 1997 Kerry Brogan documented the experiences of women whose husbands had been killed or had disappeared, revealing the hardships they face in surviving and in supporting their children alone. The Indonesian government had provided no support to the widows of Aceh, many of whom were considered part of the enemy forces, and their fate was of little interest to the international community, the Indonesian public at large, or the Indonesian authorities—it was, as Brogan has observed, a nonissue
(Brogan 1997). Since Indonesia’s political transformation in 1998–99, the entrenched and worsening conflict in Aceh has received increased attention within Indonesia and internationally. In the greater political space now available to them, Acehnese women have begun to demand not only recognition of their situation but also compensation.

The hardships faced by women whose husbands are killed or disappear in conflict cannot be considered in isolation from the difficulties confronting female-headed households in many countries. In Indonesia, for example, female-headed households tend to lack access to societal and economic resources and to be disproportionately poor (Indonesia and UNICEF 1995: 201). Studies have revealed an increased tendency for children from female-headed households in Indonesia to drop out of school early and to enter the work force early (see, for example, Irwanto and others 1995). Taken together with the large number of widows in conflict-torn Aceh, this indicates not only the difficulties facing women who have lost their husbands but also the potential for social exclusion and a cycle of poverty for those women and their children. Although nongovernmental organizations (NGOs) have sought to relieve the situation, responses by the government, international agencies, and the leaders of the armed independence movement have been largely ineffectual. Women’s experiences—which will shape the future of the province—have not registered on the political agenda. This does not bode well for the resolution of the conflict, for lasting peace, or for the promotion of social cohesion in the aftermath of the conflict.

*Justice*

The justice argument draws on ideas of fairness, justice, and rights. Those who advance this perspective often point out that women make up 50 percent of the population—a little more in some countries and considerably more in postconflict situations—and that denying representation in proportion to numbers is clearly unjust.
The basic premises of the justice argument are enshrined in international human rights instruments, notably the International Covenant on Civil and Political Rights and the Convention for the Elimination of All Forms of Discrimination Against Women (CEDAW). The Platform for Action of the Fourth World Conference on Women, held in Beijing in 1995, identified as a priority area the representation and participation of women in decisionmaking. The Copenhagen Declaration and Programme of Action of the 1995 World Summit for Social Development looked at the broader context. Paragraph 5 of that declaration articulates a commitment to "promoting full respect of human dignity and to achieving equity between women and men, and to recognizing and enhancing the participation and leadership roles of women in political, civic, economic, social, and cultural life and in development."

An expert group meeting on "Political Decision-Making and Conflict Resolution: The Impact of Gender Difference" was held in 1996 under the auspices of the United Nations Division for the Advancement of Women and the International Peace Research Institute, Oslo, as part of efforts to further the Beijing Platform of Action. The meeting canvassed the arguments for increasing the political participation of women in decision-making and conflict resolution and the potential benefits that women's participation would bring. Ultimately, the group drew heavily on justice arguments, couched in terms of human rights. Its members agreed unanimously that "while gender difference was an important reason for increasing the participation of women, the core reason remains the fulfillment of their human rights. Women are entitled to equal participation with men in decision-making and conflict resolution simply because it is a human right" (UNDAW and IPRI 1996: 10, para. 54).

The justice argument has sought to overcome assumptions that women's greatest contribution to conflict management is their "nature"; that is, that women "are intrinsically more peaceful and cooperative than men" (Gardam and Charlesworth 2000: 165). Gardam and Charlesworth argue that "this assumption is problematic because it reinforces stereotypes of women
that limit their options and fail to take account of their diverse potentials. A less contentious justification for the inclusion of women in these activities is one of simple justice. Their lives are what is being dealt with; thus they should have a say in any decisions that are made” (Gardam and Charlesworth 2000: 165). Yet in many societies this argument is far from uncontroversial. In particular, traditional belief systems and customary laws that allow for, or are used to justify, discriminatory practices against women remain a major challenge to the justice argument and an obstacle to justice for women.

The justice argument is powerful and is supported by a range of international human rights instruments, declarations, and plans for action. Indeed it would be difficult to find an international declaration issued during the past decade that does not make some reference to promoting the involvement of women in political decisionmaking. Yet this argument is most convincing to those already converted to the cause. It is given lip service by those who continue to consider women’s participation (in practice) an issue of marginal concern, and it is ignored by those who see no value in or oppose greater involvement of women in political decisionmaking. Thus, although the justice argument has considerable moral weight, taken in isolation its capacity to transform existing power structures may be limited.

Utility

Marion Sawer has observed that the justice argument for increasing the representation of women needs to be “supplemented by utility arguments to convert power holders to the cause” (Sawer 2000: 2). The utility argument draws on the notion of increasing the pool of talent available and responds to the question of what women can bring to efforts to promote social cohesion and the management of conflict. The case of Bougainville, a province of Papua New Guinea where secessionist demands led to civil war, is a useful illustration of what women can contribute to efforts to resolve conflict.
Before discussing that case, it is important to recognize and avoid the false assumption, identified by Gardam and Charlesworth, that women’s intrinsically peaceful nature is the key determinant in their efforts to bring about peace. In Bougainville the reality of war weariness played a substantial role. Equally important, however, were the roles accorded to men and women. In Bougainville and in many other conflicts, men are more likely to be locked into violence and are given little social space within which to advocate peaceful solutions. Masculine virtues of bravery and heroism are associated with facing the enemy, fighting, and defending women and children, place, and culture. Polarized constructions of bravery versus cowardice provide only limited space within which men can begin to seek alternate courses of action. In many conflict situations, socially constructed gender roles allow greater space for women to become the primary advocates for peace and reconciliation.

There is, however, a deep and disturbing paradox: issues of peace and reconciliation are often identified as “soft” issues, relegated to the domain of women. Formal decisionmaking processes are dominated by “masculine” values that tend to favor aggressive responses, and this often remains the case even when limited numbers of women are included in existing power structures. Consequently, the struggle to find peaceful settlements can be long and painful, and its impetus comes from sources other than formal decisionmaking processes.

The decade-long Bougainville conflict, which erupted in 1988, led to the loss of many thousands of lives. Throughout the conflict, women’s groups played a vital role in initiatives to begin a process of reconciliation and to build trust. Their efforts included going into the bush, often at great personal risk, to locate, mediate, and negotiate with young men engaged in the fighting. From disparate efforts of this kind, women’s groups moved to a more unified call for peace. Their activities were instrumental in instigating the peace talks that began in 1997. Indicative of the role of women’s organizations was the Arawa Bougainville Women’s Inter-Church
Forum, held in August 1996 and attended by some 700 women. Among the declarations put forward by the Arawa participants was a call for all sides engaged in the conflict to recognize and support the role of women's organizations in their efforts to secure peace.\(^2\) The following month, representatives of the Arawa participants traveled to Canberra and presented a five-year action plan for peace to an Australian parliamentary committee. The plan included the involvement of a UN peacekeeping force, reconstruction of essential services, reestablishment of the judicial system and the rule of law, investigation of violations of human rights, elections for Bougainvillean leaders, and, as a final stage, an act of self-determination (Parliament of the Commonwealth of Australia 1999). The women involved demonstrated their capacity to operate effectively not only within local and provincial contexts but also internationally.

To be sure, the objectives and political views of the women's organizations, and indeed the views of the many individual women active in advocating peace, varied enormously and were often at odds. The common desire for an end to the conflict, however, largely overrode other objectives and allowed women with diverse views to come together to promote peace. These women were not "allowed" political space; they claimed it for themselves when they had no other means of returning normalcy to their lives. The positive outcome of their involvement is widely acknowledged. Anthony Regan observes, "The active roles played by a number of prominent female leaders during the conflict and in the development of the peace process has changed perceptions about the place of women in public life in Bougainville . . . there are new opportunities opening for women" (Regan 1999: 18). Regan notes, however, that many male leaders are uneasy about the prospect of women taking on more public roles.

Women, individually or collectively, have had little formal involvement in the series of peace talks that have taken place since July 1997. Some male leaders, themselves engaged in the talks, have justified this exclusion by referring to women's
traditional role. According to this argument, although women have no active role in the formal decisionmaking process, they do occupy a central position within the family, they are able to voice strong opinions within that context, and their male relatives are obliged to consider their opinions. Indeed, it is sometimes argued that men are disinclined to put forward a position contrary to that of their wives or close female family members. Thus, while women are excluded from formal discussions and decisionmaking, informal mechanisms ensure that their views are heard.

The important, and often powerful, role of informal mechanisms should not be underestimated, nor should these mechanisms be undermined. Yet it does not follow that the existence and preservation of informal mechanisms depends on the ongoing exclusion of women from formal decisionmaking processes. Indeed in Bougainville this "traditionalist" interpretation has been contested, as several women's groups have called for greater representation of women in formal decisionmaking. Yet in the 1999 reconciliation government elections, only 2 female candidates contested any of the 69 constituent seats, and neither succeeded. Although women have gained seats in other representative bodies, their numbers have remained very low and far below the aspirations of women's groups.

Many lessons can be drawn from the role of women in prompting the peace process in Bougainville, but two are illustrative. First, it is apparent that women, both collectively and individually, can contribute considerably to the management of conflict—often through imaginative and courageous approaches that may not be considered appropriate by men or deemed acceptable for men in a society racked by open and armed conflict. Second, despite the value of women's efforts during conflict, ongoing and deeply entrenched views about "women's roles" militate against them engaging in the political arena or formally entering decisionmaking processes. The paradox is evident: demonstrating the utility of including women in conflict management is not necessarily enough to validate their claim to a more public voice.
Gender and Social Cohesion

The foregoing section set out three key arguments for the inclusion of women’s voices and experiences in decisionmaking processes related to managing and resolving conflict. That inclusion in both formal and informal decisionmaking and in conflict management processes is vital, for the reasons presented. Yet there is a danger that simply including women fails to go beyond an “add women and mix” approach that does little to transform existing structures or to address the underlying problems (see Gallagher 1997; Gardam and Charlesworth 2000). This section moves beyond situations of conflict to broader issues of social cohesion and how they intersect with gender-related issues, as it examines some of the factors that undermine social cohesion and contribute to conflict. In doing this, it is useful to return to the second category of questions identified at the beginning of the chapter: How is social conflict gendered? How do gender roles undermine social cohesion? How can notions of gender be harnessed to promote social cohesion?

As demonstrated earlier, armed conflict is highly gendered, with men and women subjected to different experiences and different forms of violence. As a consequence, men’s and women’s needs and problems in the wake of armed conflict differ, and reconstruction and healing processes need to take account of these differences. One example is the ways that trauma suffered by male combatants may, in the aftermath of armed conflict, be transformed into domestic violence.

In situations that have not disintegrated into armed conflict but in which there are underlying social tensions, the experiences of men and women also tend to be very different. Again, violence is often a key factor, and one that plays out differently according to gender. Violence tends to be perpetrated by men, although not exclusively so. When violence occurs in the “private” realm of the household or family, it is generally women or children who are the victims. Taking place as it does in the privacy of the family and the home, domestic violence is often considered beyond the scope of public policy. Although domestic violence may be exacerbated in postconflict situations, it
also characterizes many societies that have not experienced armed conflict. In some societies, the occurrence of domestic violence and its neglect within the formal political and policymaking arena are reinforced by traditional beliefs that men have the “right” to discipline their wives. In all situations, domestic violence damages the fabric of society, creating fear in women’s lives and socializing children into a culture of violence. In all situations, domestic violence sets up and perpetuates structures based on hierarchy, violence, and humiliation that directly undermine social cohesion.

Whereas violence in the private realm is overwhelmingly targeted at women, public forms of violence present a more multifaceted picture. When violence is perpetrated by agents of the state, often in the name of achieving law and order, both men and women are the targets, but men, and particularly young men, are often especially vulnerable. In Indonesia under the authoritarian New Order regime, violence was an important instrument of state responses to political dissidents. Violence was also a common feature of the dealings of security forces (police, military, and private security agents) with marginalized young men who earned their living, and sometimes lived, in public spaces.

If gender is an important determinant of vulnerability to particular types of violence, which in turn undermine social cohesion, so is age. In societies throughout Asia and the Pacific several factors combine to marginalize young people from a society that appears to offer them little. Although a significant pool of children and young people in developing countries still receives no education, educational levels across the region have increased markedly in recent decades. With increased levels of education come new and increased expectations, yet the high levels of unemployment in the formal, wage-paying sector mean that these expectations remain unfulfilled. Many young people drift to urban areas in search of a better or more exciting future only to end up disillusioned and on the fringes of a society that seems to offer no place for them. Substance abuse is a common outcome, as is a culture of violence and aggression, particularly among young men.
Some commentators have noted that disillusioned, marginalized young men made up a substantial part of the support base for the armed group that overran the Fijian Parliament and took several members hostage in May 2000. This episode is a stark reminder that those who see themselves as having no stake in society are prepared to engage in violent activity intended to undermine the existing system and disrupt society. Although disillusionment and marginalization pay little heed to gender, they are more likely to be manifested in overtly aggressive and violent behavior among young men. The culture of machismo that results often seems impenetrable to outsiders and is viewed with suspicion and fear. Rather than pondering how to draw these young men into a cohesive society, attention focuses on issues of control and punishment—responses that tend to establish a cycle of exclusion, violent behavior, punishment, greater exclusion, and further violence.

Although substantive research is lacking, there are strong and increasing indications that the gender roles which perpetuate male aggression exact a toll not only on women but also on the men themselves and on society as a whole. In South Asia an initiative by the Save the Children Fund and the United Nations Children’s Fund (UNICEF) is using film as a means of challenging entrenched gender stereotypes and constructions of masculinity that emphasize power, violence, and dominance. The project seeks to counter the common portrayals that present men as aggressors and violence toward women as the norm. During a project-planning workshop held in Kathmandu, male participants revealed their experiences of powerlessness, which “contrasted directly with society’s own ideas about masculinity such as the drive for power and control.” The workshop highlighted that whereas gender studies tend to focus on “the toll that patriarchy takes on women,” little attention has been paid “to the cost extracted from men for being a son, a husband, or a father” (Poudyal 2000). While societal norms and values operate to make women vulnerable to power and oppression, they also operate to lock men into particular forms of behavior.
In most societies, issues of community building, healing, and dealing with the emotional scars of social division, exclusion, and violence are subordinate to the machinations of political and economic power. South Africa’s Truth and Reconciliation Commission may have contributed to a rethinking of priorities, but clear hierarchies remain entrenched, and conflict and power continue to dominate discourse. As a consequence, efforts to heal social divisions, particularly efforts initiated and pursued by women’s groups, receive little attention or support.

During the recent coup and hostage crisis in Fiji, international leaders, policymakers, and the media focused on the perpetrators, with virtually no attention to the efforts of women’s groups, such as the Blue Ribbon Campaign, that sought to play a conciliatory role. What was the actual and potential role of these groups? Would the situation have been different had the media given air time to them rather than to the aggressive leaders of the coup? Would it have been different if international leaders had given support to the efforts of these women’s groups? The answers can only be speculative. Attention focused, almost exclusively, on aggression and power and in some ways served to legitimize it.

**Characteristics of a Cohesive Society**

At the outset of the chapter, I identified four characteristics of a cohesive society: a functioning state, respect for human rights, a socioeconomic system based on distributional equity, and high levels of social capital. In this section I examine why and how these characteristics are vital to social cohesion, using a “gender-sensitive lens.”

**A Functioning State**

Policymakers and donor agencies have in recent years placed increasing emphasis on the institutions and processes that contribute to good governance, which, in turn, is seen as fun-
damental to development. Accountable and transparent government institutions, anticorruption strategies, free and fair electoral processes, and an independent judiciary are some of the characteristics that have been identified as being necessary for good governance and thus for development. I do not disagree that these processes and institutions are important and necessary; I would, however, question whether they should be accorded highest or singular priority. Indeed, I would argue that good governance characterized by the structures and processes identified above will do little to heal a society that is wounded and scarred. Good governance cannot, in and of itself, resolve the pressing problems of exclusion, marginalization, and violence. This is particularly true of deeply divided transitional or postconflict societies, where the scars are deep and the extent of social tension is potentially paralyzing, or worse. There are persuasive arguments in favor of reconsidering the governance agenda, as it has emerged. This would entail a shift away from an exclusive emphasis on the processes and institutions of governance and toward recognition of the importance of social relationships and their connections to political and economic structures.

Nevertheless, a functioning state forms the framework within which social cohesion can be developed. As Narayan has suggested, as the state ceases to fulfil its functions, opportunities are created for social groups—often those that have sufficient power or ability to use coercion but do not necessarily have legitimacy—to become informal substitutes for the state. In such situations, the power and authority normally vested in the state can be “taken over by ‘warlords,’ the mafia, guerrilla movements and other groups which use guns, violence and coercion” (Narayan 1999: 16).

As a primary receptacle of political power within the contemporary international political system, the state has both the authority and the obligation to promote social cohesion. There are impressive examples of state agencies working in tandem with civil society in an effort to counter social division and exclusion. Yet the actions and policies of the state can also erode and undermine social capital. In New Order Indonesia,
political repression accompanied by state violence resulted in a deeply traumatized society and one in which tensions, particularly those based on ethnicity or religion, were suppressed but not effectively dealt with. Violence against ethnic Chinese and the bloody conflict in Maluku are examples of simmering hostilities that have exploded in a changed political environment. The violent and oppressive nature of the Indonesian state for more than three decades may have created the conditions that allow a significant degree of social violence—including mob retribution, such as beating to death those labeled as thieves—as the nation moves toward democracy.

What, then, characterizes a functioning state that is capable of fostering social cohesion? I would suggest that three characteristics are particularly important: predictability, accountability, and fairness. Although these three characteristics may be defined somewhat differently in particular national contexts, each is an essential component of a functioning state. The absence of any one of them is likely to erode the ability of the state to secure the broad needs and interests of society. For example, the behavior of any number of states may be entirely predictable, but that is not in itself a virtue. One could predict that the Pakistani state would be unlikely to act against violence aimed at women or against the use of bonded labor, and in Myanmar the state is likely to respond to political dissent with severe repression. Predictability alone is by no means a guarantor of positive outcomes. Only when coupled with fairness and accountability to act within an agreed and widely accepted set of values and legal principles does predictability become a positive characteristic of a functioning state.

This, of course, raises the questions, accountable to whom, and fair to whom? If a just and cohesive society is the desired outcome, accountability and fairness must apply not only to those who hold political and economic power but also to those who are on the margins. Accountability for state policy extends to the disillusioned young men drawn into a culture of aggression and violence on the streets of Jakarta, Manila, Bangkok, and Suva. Accountability for the adoption of policies that are gender sensitive and promote gender equity is essential. Fair-
ness extends to the Achenese women whose husbands have been murdered and who now struggle to raise their children without support.

As Enloe has argued, those at the center of power rarely hear the concerns of those at the margins. Enloe describes traveling from the center to the margins as "making a journey along a vertical relationship, from the top of a political pyramid down to its base. Those apparently silent on the margins are actually those at the bottom of the pyramid of power" (Enloe 1996: 186–87). But unless principles of predictability, accountability, and fairness are extended to those who are on the margins—and who are silent until frustration and exclusion explode into violence—social cohesion will remain, at best, a thin facade.

Respect for Human Rights

Social cohesion is fundamentally linked to respect for human rights. The absence of violence and the absence of systematic discrimination are basic elements of human rights instruments and fundamental characteristics of a cohesive society. Historically, there has been a strong tendency for those advocating human rights to emphasize the absence of violence in the public sphere and the absence of discrimination in terms of civil and political rights. In so doing, the human rights of women have often been pushed into the background or off the agenda completely. Indeed, the original language of the Universal Declaration of Human Rights is a testament to the male-oriented approach of its drafters. Catherine MacKinnon has pointed to Article 1 of the declaration, which encourages a "spirit of brotherhood." MacKinnon asks, "Must we be men before its spirit includes us? Lest this be seen as too literal, if we were all enjoined to 'act towards one another in a spirit of sisterhood,' would men know it meant them too?" (MacKinnon 1999).

Developing nations have argued that in situations of widespread poverty, social and economic rights must be given priority over civil and political rights. Some feminist scholars and activists have made similar claims, albeit from a very different
perspective. Georgina Ashworth, for example, has taken issue with the "Western failure to promote any economic and social rights, which are as critical for women as civil and political rights." Ashworth goes on to argue that "the principle of national self-determination meant the prevalence of men's interests, and brought no guaranteed political representation, justice or freedom for women . . ." (Ashworth 1999: 262).

From a gender perspective, the international human rights framework is certainly flawed, but not fatally so. During the past two decades, the determined efforts of feminist activists and scholars have corrected at least some of those flaws. Since the late 1970s, there has been a forced reappraisal of the international human rights agenda. Today, references to gender and to women's equal enjoyment of human rights are rarely missing from the international rhetoric and agendas.

Of course, the reality remains somewhat different. Grave violations of women's human rights, often manifested in fear and hunger, occur on a daily basis. Importantly, however, the reappraisal of the international human rights framework has brought about recognition, although grudging in some cases, that the right to be free from violence extends into the private realm and that systematic discrimination includes structures that subordinate women to men. Such reappraisals increase the potential of the international human rights framework to contribute to building societies that strive for justice and are, as a consequence, more likely to be characterized by high levels of social cohesion.

**Distributional Equity**

Issues of distributional equity are closely related to human rights and are fundamental to social cohesion, given the relationship between poverty, division, and exclusion. Inequitable distribution is often an acute source of social tension and the root of poverty. Income disparities in much of South Asia result in severe violations of human rights and reinforce social exclusion, not least through exploitative forms of child labor and debt bondage. Unequal access to the use, control, and owner-
ship of land is also a key problem. In the Philippines, for example, concentration of landownership remains a source of poverty, maldevelopment, and grievance in many parts of the country, militating against high levels of social cohesion. Use and ownership of land remain flashpoints for conflict throughout much of Asia and the Pacific, most recently flaring up into violence in the Solomon Islands and Fiji. Discussions of landownership and land reform, however, are often characterized by gender myopia. The restriction of women's ownership or inheritance of property in a number of countries, in practice and sometimes in law, ensures that women remain in an inherently unequal and vulnerable position.

While income and landownership are fundamental concerns, distributional equity should be understood more broadly as embracing distribution of public goods, including access to food, education, and health care. On these issues, the statistics speak volumes and reveal the extent to which women are excluded from enjoyment of these goods that are fundamental to human development.

Social Capital

Robert Putnam has defined social capital as the "features of social organization, such as networks, norms, and trust, that facilitate coordination and cooperation for mutual benefit" (Putnam 1993: 1). Deepa Narayan, in exploring the benefits of social capital, has differentiated between its positive and negative forms. In its negative form, social capital can act to bond the members of the social group while excluding all others, as exemplified by India's caste system. Narayan argues that "voluntary cross-cutting networks, associations and related norms based in everyday social interactions lead to the collective good of citizens, whereas networks and associations consisting of primary social groups without cross-cutting ties lead to the betterment of only those groups" (Narayan 1999: 13). In other words, unless there is genuine interaction and acceptance between social groups—what Narayan refers to as "bridging" social capital—society will be marked by inequity, division,
and exclusion. (See Colletta and Cullen 2000 for a discussion and application of the literature on social capital and social cohesion.)

Exclusion may be based on a range of identifiers, including ethnicity, religion, caste, class, age, economic status, geographic location—and gender. But gender operates both within and beyond other categories. For example, both men and women may be included in or excluded from a social group depending on whether they meet or fail to meet the requirements for inclusion. A woman may be excluded from a particular group because she is considered to be the “wrong” caste, religion, or ethnicity. But she may also be excluded from social groups that include members of the same caste, religion, or ethnicity because she is a woman. The result is a form of dual marginalization.

Most, if not all, societies have social groups based on gender that emerge as a response to the particular (largely, but not entirely, socially constructed) experiences and roles of being a man or being a woman. (Often, such groups relate to the experiences of parenting.) Yet the relatively less powerful position of women in virtually all societies means that the exclusion of women from social groups has especially discriminatory and detrimental impacts. The exclusion of women entrenches existing power differentials and reinforces gender-based inequity and injustice, which are anathema to social cohesion. If the exclusion of any group undermines the potential for achieving the common good, the exclusion of women has particularly deleterious dimensions. Thus, the individual and social impacts of exclusion based on gender demand particular consideration.

Although social networks can exacerbate a “gender divide” and marginalize women in relation to the most powerful social groups, bridging social capital has powerful potential to heal and unite societies. Experience suggests that women’s groups can play a leading role in creating bridging social capital. In Fiji, for example, women’s groups have used drama as a means of working with young men within the prison system, providing these men with an outlet for their anger and frustration
and giving them a sense of social connection. In Indonesia, in the wake of the 1998 Jakarta riots and the violence against the Chinese community, groups led by women, such as Tim Relawan untuk Kemanusiaan (Team of Volunteers for Humanity), were at the forefront of efforts to expose the perpetrators of abuse and to heal the divide between the two communities.

Ways Forward

In this final section I suggest two potential means of building social cohesion. I consider the benefits of designing policy within a human rights framework and then turn to ways in which formal education can promote or undermine social cohesion.

A Rights-Based Framework

During the past decade, democracy has enjoyed a resurgence, not so much in terms of the number of countries practicing it—although democratic transitions in several nations, particularly Indonesia and Nigeria, have been highly significant—but in the extent to which democracy has become central to the development discourse. Paralleling and in some cases driving this resurgence is the rise of organizations that seek to strengthen democratic processes and institutions—to consolidate democracy—in countries undergoing a transition to democracy. (In some cases the objectives of democracy-promotion organizations extend to initiating democratic reform in nations not adhering to democratic practices; this aspect of democracy promotion is considerably more controversial.)

A point of particular debate has been whether political democracy should be considered part of the human rights agenda. As Andrew Hurrell has pointed out, the “formal incorporation of political democracy into the human rights system was politically impossible” during the Cold War (Hurrell 1999: 279). The third wave of democratization that has taken place since the early 1970s and the end of the Cold War has opened the way for a renewed emphasis on the right to democracy. This emphasis was given considerable impetus and greater
legitimacy in 1999, when the United Nations Human Rights Commission adopted a resolution on "The Right to the Promotion of Democracy." Democracy and human rights are, of course, highly compatible, although examples abound of electoral democracy having delivered governments that show no respect for human rights and of grave human rights abuses within democracies. But regardless of the extent to which democracy may or may not deliver human rights (political and civil, and social, economic, and cultural), there are important questions as to whether democracy should be seen as part of the human rights agenda. For our purposes here, the focus is on the ways in which these issues affect the potential for building cohesive societies, within which gender equity and justice are central.

Donald Horowitz has called attention to some of the difficulties in shifting from authoritarian rule to democracy in deeply divided societies. He identifies ethnic conflict as a major reason for the failure of democratization and cites examples from Asia, Africa, Eastern Europe, and the former Soviet Union (Horowitz 1993). Horowitz identifies issues of history and exclusion as major obstacles to the construction of a democratic, multiethnic community. He notes that in deeply divided societies, democracy can produce rather undemocratic results, reinforcing patterns of inclusion and exclusion and creating winners and losers. He acknowledges that one may well ask what is the point of holding elections if they merely substitute one narrowly focused chauvinistic regime for another. And indeed, we have seen tragic examples in which the holding of elections apparently sparked outbreaks of violence and, ultimately, produced a result that did little to promote social cohesion. For Horowitz, the answer lies, at least in large part, in adopting electoral systems that provide incentives for interethnic accommodation and in the creation of federal states, autonomy, and power-sharing arrangements.

There is considerable merit to the argument that the solution to some of the negative outcomes of democracy lies in carefully designing the processes of democracy, with particular, if not exclusive, attention to elections. But it may also be the
case that democracy will not in and of itself lead to greater social cohesion, regardless of the processes adopted. This is particularly true if we are conceptualizing democracy primarily in terms of electoral democracy, even if it is characterized by genuinely free and fair elections and universal franchise.

Both supporters and detractors of democracy recognize the substantive difference between electoral and liberal democracy. Larry Diamond has argued that a liberal democracy entails far more than elections: in a liberal democracy "the military is subordinated, the executive is constrained, the constitution is supreme, due process is respected, civil society is autonomous and free, citizens are politically equal, women and minorities have equal access to power, and individuals have real freedom to speak and publish and organize and protest" (Diamond 2000: 17). These are, indeed, positive features of a political system. And although the extent to which they actually exist in contemporary liberal democracies is highly debatable—particularly where equal access to power of women and minorities is concerned—they are likely to contribute to social cohesion. Yet, is it democracy that will deliver the virtues of a cohesive, just and equitable society, or is it a fundamental respect for human rights? Where should the emphasis be placed? Hurrell has argued that "distinctions do have to be drawn between absolute insistence on the protection of fundamental human rights and a more flexible approach to other rights and broader liberal goals . . . The promotion of universally proclaimed values does not preclude sensitivity to the context but it does involve distinguishing between upholding particularly important core norms and attempting to export complete ways of life or conceptions of good" (Hurrell 1999: 281).

In a similar vein, Jack Donnelly (1999) urges caution in identifying democracy, particularly electoral democracy, as the primary means for achieving optimal social, political, and economic outcomes. Democracy is seen as a fundamental requirement for creating a just society and increasing human dignity, but by itself it is not sufficient. A human rights framework provides a more comprehensive blueprint for creating social cohesion.
Democracy—that is, the right to democratic participation—should be seen as a subset of internationally recognized human rights. Donnelly correctly points out that securing human rights (and, I would add, social cohesion) may at times require that the will of the people or their elected representatives be frustrated. That is, rights-abusive or socially divisive choices are not options that can be taken, even through democratic means.

This argument is applicable around the world, but it has particular resonance in the Asia and Pacific region. In those countries that are making the transition to political democracy, democratic institutions and processes may not be sufficient to deal with the deep divisions and exclusion created by rights-abusive regimes of the past. Nor is democracy necessarily well equipped to deal with the issues of distribution that are so fundamental to social cohesion. In particular, democratic transition is unlikely to deliver gender equity in distribution of income, in landownership, and in access to public goods and political power. In those countries that show little inclination toward democracy, the international community may find it more effective, and more beneficial to the lives of people, to focus on promoting respect for basic human rights as a priority.

The human rights of women are likely to be advanced more by concerted efforts to promote a human rights framework as the basis for policymaking than by the promotion of the processes and institutions of democracy. As we have seen, the justice argument for women’s political participation is still far from being universally accepted, but it is likely to have greater resonance when placed within a political, social, and economic context that values human rights for all. Moreover, important progress has been made in securing women’s equal right to be engaged in decision-making processes, in asserting the indivisibility of human rights for women, and in strengthening the enforcement of mechanisms for protecting women’s human rights (O’Hare 1999). The promises that democracy holds for women remain rather more ambiguous than those of a human rights framework.
The Power of Education as a Force for Good or Ill

Education—that is, formal schooling—is central to children’s acquisition of knowledge and skills, increasing both their capacity to contribute to the development of the nation and their potential for personal development. Primary education is articulated as a right of all children in Article 28 of the United Nations Convention on the Rights of the Child. The same article obliges governments to make primary education compulsory and free to all.

Education is also a primary channel through which a particular identity, set of values, and world view are transmitted. As such, the formal education system is a powerful avenue for promoting respect for human rights and building social cohesion. It can also undermine social cohesion, creating or reinforcing social divisions and patterns of exclusion.

In considering the potential of formal education for promoting social cohesion, it should be emphasized that education systems are the products of the sociopolitical contexts in which they operate and are never completely free of some degree of subjectivity. In many countries the formal education system plays a highly political role, either implicitly or explicitly. Three aspects of formal education that are particularly fraught and are thus worthy of consideration are the language of instruction, the way in which history is taught, and who is included or excluded in the process of teaching, both literally and figuratively.

The issues and tensions relating to the language of instruction are apparent and are regularly discussed. The language chosen for use in schools has practical significance and consequences, particularly for access to information and broader communication beyond the immediate group. Language also has important symbolic dimensions and is central to creating and reinforcing identity. The choice of the language of instruction has dramatic effects on inclusion and exclusion. It is one means by which the majority can become a minority. For example, following Indonesia’s occupation of East Timor in 1974, Bahasa Indonesia was enforced as the official language—the
medium for instruction in schools, as well as the language of the bureaucracy and business. Timorese languages were subordinated to the language of the minority of Indonesians who had come to East Timor to implement rule from Jakarta. The introduction of Bahasa Indonesia provided a common language for all of East Timor, but it was seen by the Timorese as symbolic of Indonesian efforts to colonize their culture. In independent East Timor, language continues to be a difficult issue and one with the potential to divide rather than unite. The debate about what the national language should be reveals not only cleavages based on political positions and regional identity but also intergenerational divisions.

Language can also be a means for further marginalizing a minority. The experiences of indigenous peoples in many countries illustrate this process, with the Australian instance serving as a stark demonstration of the ways in which the marginalization of language can reinforce the marginalization of a people. Heavy restrictions on the use of the Chinese language in New Order Indonesia, including the banning of Chinese-language newspapers and of the use of Chinese script in public places, the phasing out of Chinese-language schools, and a policy of encouraging ethnic Chinese to take Indonesiansounding names, provide an example of a carefully crafted strategy of assimilation through language policy. As history reveals, however, assimilationist policies often result in resentment and repressed hostility rather than unity and are a poor basis for social cohesion.

Practicality, social interaction, and unity undoubtedly demand a common language within a nation-state, but the implementation of one language in such a way as to undermine all others is likely to have negative consequences. The adoption of inclusive language policies within the education system is central to enhancing social cohesion. Dual-language policies or the use of vernacular language in the early years of primary school before moving to a common language can be useful in both practical and symbolic terms. The task is markedly more difficult where there are multiple languages, but it can be eased when decisions about language are inclusive and are devel-
oped within a policy framework explicitly designed to promote social cohesion, foster social capital, and promote human rights.

Another highly political dimension of education, and one that is central to building or eroding social cohesion, is the teaching of history. The way in which history is taught creates social memory and contributes to building the attitudes of the future. In Australia injustices committed against indigenous peoples were written out of school history classes for generations. The consequences for black-white relations have been extremely deleterious, reducing the ability of white Australians to understand and empathize with the grievances of indigenous peoples and marginalizing indigenous children within the education system by ignoring injustices committed against their people.

Under Indonesia’s New Order regime, the teaching of history was an important political tool used to shape an officially desirable identity and, importantly, to justify the armed forces’ social and economic roles under the philosophy of *dwi fungsi* (dual function). School curricula under the New Order were used to construct particular gender roles, reinforcing a public role for men and presenting the ideal woman as a wife, household manager, and childbearer. The version of history taught during the New Order period, and the set of values constructed from it, was far removed from the exclusion, poverty, and repression experienced by many children and their families. As a consequence, some children found the school experience to be an alienating one. The revision of the education system and school curricula now taking place in Indonesia in the wake of political transition provides an opportunity to redress these problems.

In postconflict situations, the way in which history, particularly recent history, is taught has the potential to promote tolerance and understanding and serve as the basis for lasting peace. It can, however, be destructive, serving to demonize and exclude some groups. If history is to play a positive role, there is a need for a conscious policy decision to this effect. The decision is often psychologically and politically difficult, not least
because it is likely to be highly unpopular with many parts of society. Instead of teaching a single interpretation of history, there needs to be a shift toward multiple interpretations that promote understanding rather than reinforce prejudices.

In some deeply divided societies, inclusive education systems are rejected by all groups. In Bosnia there is an emerging concern about the existence, in practice, of three distinct education systems, for Croats, Serbs, and Muslims. Children from different ethnic groups are kept apart, reducing the potential for the development of bridging forms of social capital. The problem is compounded when children are taught an interpretation of history that is emotionally and politically charged. The recency and the violent nature of the conflict, and the hatreds that have been created or reinforced as a consequence, make the development of an inclusive, depoliticized education system extremely difficult. Yet the existence of three separate systems represents a severe and long-term threat to the prospects for healing deep and painful scars.

Although policies relating to the language of instruction and the teaching of history may enhance or erode social cohesion, whether there is access to education in the first place is a fundamental factor in either promoting social cohesion or reinforcing marginalization and exclusion. In many developing countries of the Asia and Pacific region, universal education remains an elusive goal. In others, particularly in parts of South Asia, only partial efforts have been made to extend access to education to the poorest children.

Poverty is a primary factor in determining which children have access to formal schooling, but it is not the only factor and may not be the most important. Which groups of children have access to the formal education system and which groups are excluded reveals a great deal about more general patterns of exclusion in any society. For example, in India, where only around 59 percent of children reach grade 5 of primary school (UNICEF 1996), exclusion from education is as much a result of rigid social hierarchies and entrenched discrimination against some groups as of poverty. Myron Wiener has referred to the “unspoken consensus among India’s political parties
that education should not be made compulsory." This consensus is based on a prevailing view that children from low-caste, low-class families are better engaged in work than in schooling (Weiner 1994: 83).

In Indonesia data suggest that children from female-headed households are significantly less likely to attend school, or complete primary school, than children from households with two parents (Indonesia and UNICEF 1995; Irwanto and others 1995). High levels of poverty among female-headed families are a factor, but so is their social marginalization. School enrollment rates are lower among children of the hill tribes of northern Thailand, as is generally true for indigenous children in all countries.

For children of marginalized or excluded social groups, the problems are twofold. First, these children are significantly less likely to complete, or in some cases even begin, primary school, let alone secondary school. Second, when they do enter the formal education system, the values, social norms, and historical interpretations taught often bear little relationship to their own realities, serving to marginalize them within the classroom. Social cohesion will remain an aspiration rather than a reality in societies that are unable to envisage and implement a system of education that is an instrument for unity rather than division, for inclusion rather than marginalization or exclusion. The challenge implicit in this should not be underestimated, but neither should the potential of education as a force for social cohesion.

Although discrimination against particular social groups operates, both formally and informally, to exclude these groups from formal education, gender discrimination remains the most significant factor at work. Several Southeast Asian countries, including Indonesia, Malaysia, the Philippines, and Thailand, have done particularly well in increasing girls' access to education, but significant gender differentials continue to characterize enrollment rates in most countries of the Asia and Pacific region. These differentials tend to increase beyond primary school, suggesting that even when education is considered valuable for girls, there are limits on that value. Not surprisingly, the countries where violence and systematic
discrimination against women are greatest (as manifested, for example, in dowry deaths or sex-selective abortions) are those that have made especially poor progress in increasing girls’ access to education and that have especially high rates of illiteracy among women.

Although the individual consequences of exclusion from education are highly deleterious for both men and women, systematic denial of education for women has deep and pernicious consequences for society as a whole. Numerous studies indicate the negative impacts of low educational levels on family health and children’s education. There are also broader consequences: women’s capacity to engage in and contribute to a range of social groups is limited, as is their capacity to engage in forms of social interaction that contribute to bridging social capital. As always, although the justice argument is unlikely to convince those who see no benefit in recognizing women’s right to education, it is the argument that can be most powerfully invoked.

**Conclusion**

If social cohesion is to be fostered, detailed attention to the development of inclusive social policies is necessary. As suggested here, education policies are of particular importance. The development of inclusive social policies is largely dependent on the widespread promotion and acceptance of social justice and human rights as values that benefit all groups within society, as well as protect individuals. This requires a shift from a zero-sum game to a situation in which compromise and negotiated settlement are politically tenable and have a high degree of social acceptance.

This chapter has canvassed a range of issues. In doing so, it has raised more questions than it provides answers to, in an effort to encourage further investigation and discussion of ways in which social cohesion can be enhanced. In such discussions, it should be remembered that unless a gendered analysis is employed and existing stereotypes are challenged, the possibilities for progress will be severely compromised.
Notes

1. Marion Sawyer (2000) has explored the utility and justice arguments in her analyses of women’s representation in parliaments.


4. See, for example, chapters in Dinnen and Ley (2000) examining the gendered nature of violence and domestic violence in Papua New Guinea, the Solomon Islands, and Vanuatu.


6. Based on interviews and informal discussions with children carried out as part of doctoral research in Jakarta, 1994 and 1995 (Bessell 1998).

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Part 2

Country Cases: From the Bottom Looking Up

The six studies presented in this part represent a spectrum of countries in various stages of conflict arising from the absence or weakening of social cohesion. The first chapter presents a relative success story of management of ethnic tensions and conflict. Harold Crouch, in his case study of Malaysia, focuses on the affirmative action program—the New Economic Policy (NEP)—which was designed to eliminate the link between economic success and ethnicity. In the 1970s non-Malays were apprehensive about the NEP, but it had the virtue of not trying to force Chinese and Indians to assimilate and become Malays. Although the ethnic minorities lost economically, they gained in security. Furthermore the economic loss was mitigated by the growth of the Malaysian economy, coupled with a reduction in foreign ownership of economic assets. Another factor contributing to stability in Malaysia was the growth in the Malay population that made it a 2:1 majority. The lesson of Malaysia is that ethnic quotas can work if the interests of nonbeneficiaries (minority rights and opportunities) are also considered. Although the majority Malays have been the main beneficiaries of state largesse, the smaller ethnic communities in Malaysia have received tradeoffs in the form of protection of their identities and increased security and stability.

David Steinberg notes that Myanmar has at least seven cleavages or tensions that foster social fragmentation and con-
flict. They include tensions between Burman nationalism and a relatively new and diverse ethnic nationalism; between civil and military societal sectors; between the pressures of globalization and nationalism; between centralism and pluralism; between orthodoxy and competing views of the role of the state and society; among religious groups (especially Buddhists and Muslims and, in some areas, Buddhists and Christians); and in the international sphere, in the shape of new geopolitical rivalries that affect the internal attitudes of those in authority. The two most important of these issues are ethnicity and civil-military cleavages.

All the country’s governments since independence in 1948 have attempted to build national unity. They have used a variety of themes to promote legitimacy and mobilization: nationalism, Burman dominance, Buddhism, socialism, and now the military itself. Socialism is no longer a factor, but the other elements are highly significant. Polarization within the society and externally has created a situation in which the population suffers. The military rulers have no intention of giving up essential power, although they are likely to move to a controlled, multiparty, civilian regime along the lines of the Suharto model in Indonesia. This will exacerbate rather than resolve the tensions. There are appropriate roles for foreign donors and nongovernmental organizations (NGOs) in attempting to alleviate the suffering of the diverse peoples and to rebuild civil society, which the military has undermined.

Nee Meas focuses on Cambodia, a country long in conflict that is now in the process of rebuilding. He points out that conflict and war destroy social structures and create divisions in society, undermining social cohesion between individuals and groups. Furthermore, war leaves a legacy of a social organization characterized by militaristic and authoritarian styles of leadership. Such leadership creates a passive attitude among the general population that can become a cultural norm, undermining social capital and excluding people from participation in decisions that affect the life of the community. Drawing on the Cambodian experience, the author argues that this style of leadership hampers the development of an independent legal
system and strengthens a new form of patronage system based on military power. In this situation corruption is common, systematic violence is widespread, democracy is very difficult to achieve, and equitable economic development is impossible. The poor and the vulnerable are largely excluded from the patronage system.

Reconstruction must be based on restoring relationships, not only between people but also between existing social institutions and new institutions, which must be gradually shaped. The development of civil society needs to be at the core of the development strategy. The framework for postconflict reconstruction should begin at the level of people’s social institutions, the government, and the NGOs. All involved in the complex task of building civil society must be drawn into cooperation, and the capacity of each needs to be strengthened. This involves both changing attitudes and teaching new skills. Holistic development embracing these factors of social development is the foundation for civil society and is essential for long-term peace and sustainable development.

Michael Malley analyses the Indonesian crisis by breaking it down into three categories:

- **Regional conflicts**. Armed separatist movements, as in East Timor, Irian Jaya, and Aceh, arose from economic exploitation, voluntary and involuntary transmigration of ethnic populations, and human rights abuses by the military. Where regional conflicts have the goal of peaceful separatism, as in Riau and Sumatra, economic grievances are uppermost, and human rights abuses have not been significant. In these cases autonomy, rather than outright independence, seemed possible.

- **Class-based conflicts** over labor demands and the alienation of land. Although labor unrest declined in the late 1990s, its causes persist. In recent years, rural lower-class people have organized to oppose the loss of their land to large development projects, both public and private.

- **Social, ethnic, and religious conflicts** between ethnic Chinese and indigenous Indonesians and among the indigenous groups themselves. The common feature is a
pattern of behavior by central institutions that favors a particular group, whether large investors or an indigenous ethnic group.

Malley notes that the Indonesian government's coercive policies against demands for autonomy and social justice tended to worsen rather than ease conflict. Repression weakened social cohesion and increased the likelihood and actuality of violence. In the post-Suharto era the main focus of reform efforts should be on replacing the institutions that supported the inequitable distribution of resources among regions, classes, and cultural groups. An effort has to be made to promote dialogue between national and regional leaders and among cultural communities regarding reform and the devolution of responsibilities and funds to lower levels of government. New forums for labor-management negotiations are needed, and more attention must be given to clarifying land rights.

Improving relations among cultures is the most difficult task. In the long run appropriate policies could lessen the economic inequalities between cultural groups, but in the short run efforts at redistribution may give rise to new feelings of discrimination. And even though distributional issues may be at the root of many supposedly cultural conflicts, simply reallocating resources is not sufficient to heal past grievances and the antagonisms stemming from them. Here, as elsewhere, the challenge is to rebuild bridging social capital and forge vertical social capital based on justice and responsiveness.

Of the country cases, Sri Lanka, discussed by Jehan Perera, best illustrates a worst-case scenario. Following independence in 1948, the Sinhalese majority took control of the government, excluding Tamils from decisionmaking even in matters of vital interest to them and refusing to give any autonomy to the Tamil areas. In 1957 and again in 1965 prime ministers granted autonomy, but they quickly reversed course in the face of overwhelming popular condemnation of the agreements. The Tamil response has been insurrection and war, with the aim of creating an autonomous region or even an independent country. The Sinhalese majority attempts to suppress this resistance by
military action but cannot impose a military solution without intolerable losses.

Perera identifies some fundamental mistakes made by the government; had they been avoided, the country might have been able to avert civil war and develop a multicultural state. The most important lost opportunity concerned constitutional arrangements for reducing conflict. As Perera emphasizes, Sri Lanka’s Westminster system permits the winner to take all; thus, within Parliament the Sinhalese majority had the Tamil minority at its mercy. The failure to create a decentralized partnership state rather than a centralized nation-state is at the root of the Sri Lankan tragedy. Perera points out that a different constitutional arrangement safeguarding minority rights, along the lines proposed for Northern Ireland, would have encouraged strong Tamil participation in any ruling coalition. Making Sinhalese the sole official language had a heavy impact, both economic and psychological, on the Tamil minority and seriously contributed to the insurgency.

Another error had to do with the quotas in higher education imposed as part of the government’s policy of ethnic equalization. At independence in 1948, Tamils accounted for about half of all university enrollment. The quotas soon forced Tamil admissions down to 15 percent, while less-qualified Sinhalese were admitted. Less-destructive affirmative action measures could have been developed to help the Sinhalese achieve educational parity with the Tamil majority. One aspect of such measures would most likely have been a very rapid increase in the number of university places available, thus reducing the penalty for the Tamil population.

While continuing to pursue the war, the national government has recently turned to negotiations to deal with the conflict. Today, outside mediators are playing a role in the search for a peace formula. Perera also discusses how the nonprofit, nonpartisan National Peace Council of Sri Lanka is promoting conflict resolution through programs to increase mutual understanding among decisionmakers from various political and ethnic groups.
Finally, Eliseo R. Mercado provides an overview of the historical and cultural roots of the conflict between Christians and Muslims in the southern Philippines and of the peace process there as it has unfolded over the past two decades. He identifies 10 lessons from this experience: (1) peace and the signing of peace agreements are possible; (2) the signing of the peace accord was not the end of the journey; (3) ownership of the accord by the major parties and stakeholders is vital; (4) flows of basic information need to be secured; (5) the big picture has to be kept in mind, and the accord itself should be seen in terms of national integration, demobilization, and other macro themes; (6) a politics of inclusion is required so that everyone feels responsible for charting the peace journey; (7) ways and means have to be found to bridge the divides; (8) the accord should seek to make everyone stakeholders; (9) the peace dividend should include improvements in basic infrastructure so that the poor masses can benefit directly; and (10) visionary leadership is essential.
Managing Ethnic Tensions through Affirmative Action: The Malaysian Experience

Harold Crouch

This chapter assesses the long-term impact of Malaysian government policies of the past 30 years on contemporary ethnic relations in Malaysia and discusses whether Malaysian policies for managing conflict and promoting social cohesion are applicable in other communally divided societies. The relatively successful handling of ethnic relations in contemporary Malaysia is directly related to the controversial and discriminatory policies implemented during the 1970s and 1980s. It is argued that the relative ease with which Malaysia sailed through the storm created by the 1997 monetary crisis can only be understood in the context of the far-reaching program carried out since 1970.

Colonial Malaya provided a classic example of what the British administrator-scholar J. S. Furnivall called "the plural society." Ruled over by British civil servants, Malayan society consisted of indigenous Malays and immigrant Chinese and Indians. Although the Malay upper class was associated with the British in government administration, the overwhelming majority of the Malay population was involved in agriculture. The Chinese were dominant in domestic trade and made up much of the working class, while the Indians had been
recruited primarily as plantation laborers. As Furnivall famously put it in the 1930s, "Each group holds by its own religion, its own culture and language, its own ideas and ways. As individuals they meet, but only in the market place, in buying and selling. There is a plural society, with different sections of the community living side by side, but separately, within the same political unit" (Furnivall 1938: 1).

The main contours of the plural society persisted after Malaya obtained its independence in 1957 and after 1963, when it transformed itself into Malaysia, with the inclusion of Sarawak and Sabah (and, briefly, Singapore). Divided along racial lines that were reinforced by religion, culture, language, and occupation, Malaysia’s society was under constant threat of ethnic violence. Serious clashes between Malays and Chinese had taken place at the end of World War II. They recurred from time to time after independence, culminating in a devastating riot in Kuala Lumpur on May 13, 1969 (von Vorys 1975: ch. 13). The riot followed a general election in which ethnic issues were prominent. According to an official report, between mid-May and the end of July, 196 people were killed, only 25 of them Malays. The main target of the rioting was the Chinese community; according to the report, 143 of those killed were Chinese (National Operations Council 1969: 88). Unofficial estimates suggested that many more Chinese had died.

The racial rioting of 1969 confirmed the worst fears of many Malaysians and outside observers. In the wake of the riot, it was common to hear predictions that Malaysia was about to descend into chaos and civil war. During the first two decades after 1969, ethnic tensions remained high, and conflict often seemed not far below the surface. Politics continued to be dominated by ethnic concerns, and public opinion often seemed preoccupied with the fear that the nation was approaching the brink of “another May 13.” But in fact, during the past 30 years Malaysia has not experienced racial violence of a sort that has threatened the viability of the state. Some observers, including myself, had pointed out that Malaysia’s success in avoiding a recurrence of ethnic violence was in part attributable to its extraordinary quarter-century of almost unin-
interrupted economic growth after 1969 and had expressed concern about the possible revival of ethnic antagonisms if that growth stopped. But when growth did come to a sudden halt, in 1997, there were few signs of rising ethnic conflict. Most remarkably, a vicious political struggle within the government that followed the economic collapse failed to stir up ethnic tensions in the ways that might have been anticipated.

Malaysia seems to have most of the ingredients for continuous ethnic tension and violence. Its plural society remains plural, and there is little progress toward ethnic assimilation. Malays remain Malays, and non-Malays remain non-Malays, with their own distinct senses of identity and their own political parties to defend their interests. Yet the dire predictions of the past have turned out to be wrong. Malaysia today is a strong, self-confident country that, whatever its problems, is not on the brink of national disintegration caused by ethnic conflict. This chapter attempts to explore some of the reasons. In particular, I suggest that the racially discriminatory affirmative action policies adopted by the Malaysian government in response to the 1969 riot help explain why Malaysia has been able to avoid violent ethnic conflict during the past three decades. I also suggest that if Malaysia had not adopted those policies, it may well have been less able to deal with the recent economic crisis and may have suffered from the vulnerability to ethnic conflict that has been so dangerous in other countries.

Cleavages in Malaysian Society before 1970

Furnivall’s description of colonial plural society was still, to a considerable extent, applicable after Malaya gained independence in 1957. The inclusion of Sabah and Sarawak in the new Federation of Malaysia in 1963 further complicated the racial divisions by bringing in the indigenous communities of Borneo. In 1957 Malaya (that is, the Malay Peninsula) was evenly divided between Malays (almost 50 percent) and non-Malays, with the Chinese accounting for 37 percent and Indians for 12 percent (Ratnam 1965: 1). By 1970, with the addition of the indigenous peoples of Borneo, the indigenous popula-
tion of Malaysia—the bumiputera—made up 55.5 percent of the total population (Malays, 46.8 percent; other indigenous communities, 8.7 percent), while the Chinese accounted for 34.1 percent of the population, Indians, for 9.0 percent, and others, for 1.4 percent (Milne and Mauzy 1978: 3).

The Malay, Chinese, and Indian communities are not sociologically homogeneous. Much of the Malay community still identifies itself by its regional origin—in Kelantan, Kedah, Perak, Negeri Sembilan, Johor, and so on—and is differentiated by dialect and culture. Many Malays (for example, Javanese, Minangkabau, Riau Malays, and Bugis) trace their origins to places in what is now Indonesia, and some have Arab, Indian, or Chinese blood. The Chinese are divided into linguistic communities with origins in different parts of China—they are Hokkien, Cantonese, Hakka, and Teochiu, to name the largest subgroups. The Indians are mainly Tamil but also include Malayalee, Telugu, and Sikh minorities.

It is easy to imagine that, had there been no Chinese and Indian immigration, regional, ethnic, and cultural cleavages among the Malays themselves would have bedeviled Malay society. But in the twentieth century, the challenge posed by the immigrant communities brought about a rising consciousness of being Malay, or, to use the language of modern sociology, it led to a peninsula-wide "construction" of Malay identity. Among the Chinese and Indian immigrant communities, as well, new identities were constructed. Instead of their initial identifications with their original cultures and regions in China and India, members of the immigrant communities acquired, in the Malayan context, a strong sense of being Chinese or Indian. By the end of the colonial era, the decisive ethnic cleavages were between Malays, Chinese, and Indians, regardless of previous identities.

Identities were reinforced by culture, language, and religion. Despite differences in regional dialects, Malays were united by the Malay language, Malay culture, and adherence to Islam. The Chinese community was more diverse, culturally and linguistically; Mandarin was increasingly used, along with English, to overcome linguistic divisions. No single religion
united the Chinese, although traditional beliefs remained strong, and some Chinese adopted Christianity. The Indians were divided along linguistic and religious lines. Most Indians were Hindu, but significant minorities were Muslim, Christian, or Sikh.

The cleavage that was seen as most critical was economic. During the colonial era, the Malay upper class had been recruited into the British bureaucracy, but the overwhelming majority of Malays remained in rural occupations. At the time of independence in 1957, only one-fifth of the urban population was Malay, while the modern economy was dominated (apart from the British) by Chinese, who controlled medium- and small-scale trade and industry and provided most of the working class. Many Indians were employed on rubber plantations; the better educated among them worked as clerical and white-collar employees in private firms and in government service. Among the consequences of the much higher rate of urbanization among Chinese and Indians than among Malays were the easier access that Chinese and Indian children had to English-language education and their later predominance in the professions.

This occupational pattern naturally led to marked disparities in wealth.\(^1\) Whereas at the end of the 1960s Malays outnumbered non-Malays in the traditional rural sector by about three to one, non-Malays outnumbered Malays in the modern sector (both rural and urban) by about five to two. Even when Malays worked in the modern sector, they often had low-skilled, low-paid jobs. According to government statistics, in 1970 the mean household income of Malays was only 172 Malaysian ringgits (RM) per month, compared with RM304 for Indians and RM394 for the Chinese. Of the almost 50 percent of the population officially classified as poor in 1970, 74 percent was Malay. Among the Malay population, 65 percent was classified as poor, as against 39 percent of Indians and only 26 percent of Chinese. The "backwardness" of Malays in the economy was most starkly indicated by their low participation in modern business. Government figures on the ownership of share capital in peninsular Malaysia in 1970 showed that
Malay individuals or trust funds owned only 1.6 percent of shares, while 34.3 percent was held by non-Malays (overwhelmingly Chinese) and 63.3 percent by foreigners (mainly British).

The economic disparities between the communities were accompanied by political disparities, but not in the way that might have been expected. Despite their economic backwardness, Malays—or at least members of the Malay elite—were dominant in government. The British had always acknowledged the Malays as the “owners” of Malaya and had established an administrative system that recognized their “special status.” The constitution negotiated at independence entrenched Malay political dominance. The head of state was a Malay sultan, Islam was recognized as “the religion of the Federation,” and Malay became the national language. Malay political dominance was initially guaranteed by holding elections at a time when much of the non-Malay population did not have Malayan citizenship. Later, the electoral system was heavily weighted in favor of the rural areas populated largely by Malays and against the urban areas populated largely by non-Malays. As a result, the government was dominated by a Malay party, the United Malays National Organization (UMNO, although it was joined in a ruling coalition by parties representing the ethnic minorities.

Politics in the 1960s was dominated by ethnic issues. Almost every policy area had an ethnic dimension, whether it involved language, education, government employment, business licenses, immigration, internal security, foreign policy, or virtually anything else. While Chinese and Indians complained about ethnic discrimination, Malays protested against their continuing economic backwardness. It was in this atmosphere that the May 13, 1969 riot broke out, following a general election in which both non-Malay and Malay opposition parties had made advances. The riot dramatized the fundamental fault lines in society and convinced the government that “something had to be done.” In order to understand what followed, it is necessary to emphasize that, for reasons largely unconnected with, or at least not directly connected with, the
economic structure, the government was dominated by representatives of the Malay community.


Confronted in 1969 with the worst riot since independence, the government declared a state of emergency, suspended Parliament, and established a National Operations Council that, in effect, took over government power. Hundreds of political activists, including several important opposition leaders, were detained, and political party activity was greatly curtailed. The emergency lasted only 20 months, but many of the restrictions imposed during that period remained in force afterward.

The government diagnosed racial conflict as arising from the economic inequality between the Malay and non-Malay communities. In its New Economic Policy (NEP), launched in 1971, it declared that its goal was to accelerate “the process of restructuring Malaysian society to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function” (Second Malaysia Plan: 1). As expressed by a dissident Malay politician (and future prime minister) who had recently been expelled from the UMNO for his criticism of the party leadership, “racial equality can only be said to exist when each race not only stands equal before the law, but also when each race is represented in every strata of society, in every field of work, in proportion more or less to their percentage of the population” (Mahathir 1970: 79). The implication of this goal was that the government would take measures to raise the economic level of the Malay community, which was seen as having fallen behind the non-Malays. In particular the government introduced policies intended to promote the emergence of a Malay business class and to boost the size of the Malay middle class. In the long run, it was believed, Malays would be able to compete as equals with members of the other communities, especially the Chinese, but in the short run they needed government assistance. The non-Malay poor were not entirely neglected, however. Alongside the restructuring goal, the NEP pledged “to reduce and eventually eliminate
poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race” (Second Malaysia Plan: 1).

Creating a Malay Business Class

A central aim of the NEP was to promote “the creation of a Malay entrepreneurial community” (Second Malaysia Plan: 47). As noted above, Malays, whether as individuals or through trust funds, owned only 1.6 percent of share capital in 1970, although another 0.8 percent was said to be owned by government agencies “on behalf of Malays.” The government set a target of 30 percent of shares to be owned by bumiputera at the end of the NEP in 1990. It was, of course, realized that creating such a community would be no easy matter. Malays could hardly be expected to be able to simply set up enterprises that could compete successfully with the dominant and established foreign and Chinese businesses. The government therefore greatly expanded its commercial and industrial operations as a way of creating openings for Malay business, and it provided assistance in various other forms.

State enterprises were established with the specific purpose of helping Malays go into business. Even before 1970, the government had established the Bank Bumiputra, which was expected to provide credit to Malays on favorable terms. In 1969 Pernas (National Corporation) was created, and by the end of the 1970s it had become one of Malaysia’s largest conglomerates. Pernas set up numerous subsidiaries that operated in such fields as insurance, construction, general trading, real estate, mining, engineering, and finance. It was also used as a vehicle by the government to buy into established British and other foreign companies in the mining and plantations sector via the stock market rather than through nationalization. Backed by the government, it was able to attract foreign partners, who were made fully aware of the benefits of entering into joint ventures with an enterprise favored by the government. In some cases Malay-owned firms were brought into these joint ventures as partners, and Malay firms were often selected by
Pernas and its joint ventures as suppliers, distributors, or subcontractors. At the regional level, each state government set up a state economic development corporation (SEDC) that provided favorable conditions for the establishment of joint ventures, with foreign or Chinese partners, in agriculture, manufacturing, housing, and so on. As with Pernas, a major purpose of these enterprises was to provide business opportunities to Malays.

The government continued to use Malay ownership of share capital as an indicator of Malay progress in business, but it defined Malay ownership as including not only the shares owned privately by individual Malays but also shares owned by government agencies designated as acting "on behalf of Malays." In 1970 these government agencies owned 0.8 percent of shares, bringing the Malay total to 2.4 percent. With the rapid expansion of Pernas and the SEDCs during the 1970s, the proportion of shares in Malay hands increased sharply, to 12.5 percent in 1980. Only 5.8 percent, however, was owned privately; the remaining 6.7 percent was owned "on behalf of Malays." The government therefore decided to set up a new agency, the National Equity Corporation (PNB), to which many of the most profitable assets of Pernas, the SEDCs, and various other agencies were transferred.

The PNB continued Pernas's vigorous stock market operations aimed at taking over plantation and other companies from foreign owners. A special feature of the PNB was its unit trust fund (ASN), set up in 1981 to allow ordinary Malays to acquire indirect stakes in the PNB's assets. By 1990, almost half of the Malay population had acquired shares in the ASN, although most investments were very small. Malay shareholding had risen to 20.3 percent by that year. In contrast to the situation in 1980, most (14 percent) of these shares were held by individuals rather than by government agencies.²

The government also encouraged Malays to acquire shares in other ways. The Industrial Coordination Act of 1975 imposed conditions on the issuance of licenses to manufacturers (Jesudason 1989: 137). Although the act specifically only required the minister of trade and industry to be guided by the
"national interest," this was understood to mean that a company above a minimum size that wanted to retain its license would need to show that it had taken steps to "restructure" its share ownership in accordance with national goals. This implied, in practice, that 30 percent of shares was to be owned by Malays or by "Malay interests." The problem for companies forced to restructure was that it was not always easy to find Malays with the capital needed to finance restructuring. The Department of Trade and Industry opened a register of Malays interested in acquiring shares, and special credit arrangements were put in place to assist them in raising the necessary funds. But many new Malay shareholders were actually financed by foreign or Chinese companies that needed Malay shareholders in order to have their plans for expansion approved.

Apart from support for share ownership, the government provided all sorts of incentives for Malays to establish their own enterprises. Special training courses were started, easy loans with little or no collateral were provided, quotas of various types were imposed, and subsidized business premises were made available. Malay enterprises were given special preference in the allocation of construction and other contracts, business and other licenses, and distribution agencies. Foreign investors were, in effect, forced to accept Malay firms as local partners.

In the pre-NEP era it had been common for Chinese enterprises to recruit members of the Malay elite to facilitate dealings with government agencies. In these "Ali-Baba" arrangements, the Malay "Ali" would win government licenses, contracts, and concessions, while the Chinese "Baba" would actually run the business. According to one perception, the NEP was little more than "Ali-Baba" business writ large—a gigantic patronage scheme designed by a Malay-dominated government to create an enduring base of political support in the Malay community by siphoning off funds from Chinese and foreign companies. These companies often had little choice but to take on silent Malay partners, who often brought no financing to the business, in order to gain access to the necessary licenses, contracts, concessions, and credit. Perhaps the most
blatant example of simple transfers of wealth to Malays occurred in the course of the enforced restructuring of non-Malay enterprises, which had to allocate shares to Malays on extremely generous terms, only to see the Malay beneficiary sell the shares the next day on the stock market at a great profit. The Chinese firm financed Malay participation but would then end up without Malay shareholders. The NEP opened up enormous opportunities for corruption and political patronage. The main beneficiaries of licenses, share allocations, easy credit, and so on were always Malays with good connections with the dominant party, the UMNO.

It cannot be denied that the NEP created many rich Malays and not so many entrepreneurs. But by the 1990s not all Malay businesspeople were pure rentiers living off their political connections. An examination of Malaysia’s contemporary business elite reveals the presence of a significant number of Malay businesspeople who actively participate in running their businesses (Searle 1999). Most of them obtained their first opportunities through the UMNO patronage network and are still closely linked to the party, but they are by no means all merely reincarnations of the “Ali-type” Malay businesspeople of 30 years ago. Among the younger generation are those who have benefited from the educational opportunities provided by another aspect of the NEP, discussed below. It is now not uncommon to find Malay businesspeople with degrees in economics, engineering, computing, and business administration.

**Expanding the Malay Middle Class**

A second major goal of the NEP was to expand the size of the Malay middle class so that the proportion of Malays in middle-class occupations would be roughly the same as among the non-Malay communities. Using the international occupational classification as a rough guide to class structure, the Malay proportion of workers in middle-class occupations (professional and technical; administrative and managerial; clerical; and sales) was only 22 percent at the time of independence in 1957 and 34 percent in 1970. Put another way, the proportion of the
Malay work force engaged in middle-class occupations in 1970 was only 12.9 percent, as against 28.6 percent of Chinese and 23.4 percent of Indians. Malays in middle-class occupations were heavily concentrated in government employment, as civil servants, schoolteachers, and nurses; private employment was overwhelmingly non-Malay. At the higher end of the scale, in 1970 Malays made up only 4 percent of doctors, 3 percent of dentists, 4 percent of architects, 7 percent of engineers, and 7 percent of accountants (Crouch 1996: 181–89).

During the NEP period, heavy emphasis was placed on providing educational opportunities for Malay students. The NEP was accompanied by a new language policy. Before the introduction of the NEP, separate primary schools taught in English, Malay, Chinese, and Tamil. At the secondary level, the languages of instruction within the government-supported national system were limited to English and Malay, although private Chinese schools existed outside the system. At the apex of the educational system, the country’s only university, the University of Malaya, taught in English. Clearly, children whose primary and secondary education was in English had better prospects of continuing their education at the university level than those who had gone through the Malay or Chinese systems. (Tamil secondary schools were defunct by the end of the 1960s.)

The government’s concern under the NEP was concentrated on Malay students. Non-Malay communities were much more urbanized than the Malay community, and Chinese and Indian children had better access to English-language primary and secondary schools located in urban areas. Most Malay students went to Malay primary schools in their villages and small towns and then to Malay secondary schools in larger towns. The result was that many Malay graduates from secondary school were ill equipped to move on to the University of Malaya. Of course, most Chinese-educated and Tamil-educated students were no less ill equipped, but within the university, non-Malay students formed an overwhelming majority. In 1963, although Malays made up around 53 percent of the peninsular population, only 21 percent of the students at the Uni-
versity of Malaya were Malays, and many of them were enrolled in such fields as Malay studies and Islamic studies.

Under the new education policy, the language of education was gradually changed from English to Malay at each level. Starting with grade 1 in primary school in 1970 and ending with the last year of high school in 1983, English as the language of instruction was eliminated from the government system of education and replaced by Malay. By then, Malay was also the language of instruction in tertiary education. Only at the primary level were schools permitted to teach in Chinese and Tamil, with Malay as a compulsory subject. Thus, by the 1980s all students who had gone through the government system, whether they were Malay, Chinese, or Tamil, were equipped to continue their education at the tertiary level in Malay.

During the 1970s and 1980s, the government embarked on a huge expansion of tertiary education, largely motivated by the goal of increasing the number of Malay graduates, who would then join the burgeoning middle class (Crouch 1996: 158–64). The University of Malaya gradually converted to Malay during the 1970s, and the new universities that were established, including the National University of Malaysia, used Malay from the beginning. By 1990, Malaysia had seven universities and dozens of tertiary colleges. The number of students enrolled in degree courses increased sevenfold between 1970 and 1990, from 8,505 to 60,010. With the imposition of quotas that favored Malay students and the generous provision of scholarships, the proportion of Malay university students rose from 40 percent in 1970 to 67 percent a decade later, and in absolute numbers from 3,084 to 13,857. The government provided scholarships for a large number of Malay students to take courses at overseas universities, especially in Great Britain and the United States.

The opening of educational opportunities to Malay students, not only at the university level but also in vocational and technical training, contributed to a transformation of the Malay class structure. The proportion of Malays in middle-class occupations (using the international classification) rose
from 34 percent in 1970 to 48 percent in 1990, a substantial advance, even though it was still below the 60 percent share of bumiputera in the population. The proportion of the Malay work force engaged in middle-class employment had more than doubled, from 12.9 percent in 1970 to 27 percent in 1990. In contrast to the minuscule Malay representation in the professions in 1970, by 1990 Malays made up 28 percent of doctors, 24 percent of dentists and architects, and 35 percent of engineers, although only 11 percent of accountants (Crouch 1996: 181–89).

After 20 years of the NEP, the perception of the Malay community as consisting predominantly of peasants pursuing traditional life-styles in their villages could not be more misleading. In 1970, 62.3 percent of Malays were engaged in agriculture; by 1990, the percentage had fallen to 37.4 percent. Most significantly, the parents of many members of the new Malay middle class of the 1990s had been part of the agricultural majority in the 1960s.

The Malay Urban Working Class

The NEP was not only concerned with the business and middle classes; it also aimed to bring lower-class Malays into the modern sector of the economy, where they could expect to improve their economic position. A major instrument for achieving this goal was the Industrial Coordination Act. This act, as mentioned above, was used to force foreign and Chinese firms to "restructure" their equity by bringing in Malay partners. The same pressures were applied to force these firms to ensure that the ethnic composition of their work forces "conformed with national goals." Between 1970 and 1990 the proportion of Malays in working-class occupations rose from 34 to 49 percent, and the proportion of the Malay work force engaged in these occupations increased from 18 to 23 percent.

The Non-Malays

The government's affirmative action program under the NEP unquestionably brought great benefits to a significant part of
the Malay community. A program of racial discrimination in favor of one group would naturally create great resentment among the others. The implementation of the NEP, however, was carefully calibrated to avoid the complete alienation of the non-Malays and particularly of the Chinese community from which much of the business class was drawn and which was still the main domestic source of private investment.

The government was fortunate that the NEP was implemented during a period of extraordinarily rapid growth, enabling it to transfer resources to the affirmative action program without imposing unbearable burdens on the non-Malay communities. But the issue was not entirely economic. Policies designed to bring the Malay community into the modern economy had implications in such areas as education, language, culture, and religion that were part of each community's sense of identity. Although policy favored the Malays in these areas, the government did not embark on a campaign of forced assimilation but permitted the Chinese and Indians to maintain their distinct identities within the overall Malaysian national community.

ECONOMIC CONSEQUENCES. The NEP policies inevitably hurt Chinese business. Chinese enterprises found it difficult to obtain licenses, contracts, credit, and concessions unless they took in Malay partners, whom they often had to finance themselves. Still, the Chinese community retained many advantages. It possessed many of the skills needed to conduct business successfully, and Chinese businesspeople were often part of extensive commercial networks that facilitated business transactions. Restrictions imposed by NEP policies on Chinese businesses were often sidestepped by the Ali-Baba arrangements mentioned earlier. Overall, the NEP did not exclude the Chinese community from business opportunities; it simply made it more expensive for them to conduct business.

The NEP undoubtedly had a negative impact on Chinese investment during the 1970s, and there were indications of substantial capital flight. Nevertheless, in the buoyant economic conditions that prevailed through much of the NEP period,
most Chinese businesspeople continued to find it profitable to operate in Malaysia. Despite all the disincentives to non-Malay business, non-Malay—in practice, overwhelmingly Chinese—shareholding actually rose from 34.3 percent in 1970 to 40.1 percent in 1980 and to 46.2 percent (of which 44.9 percent was Chinese) in 1990 (Fourth Malaysia Plan: 62; Second Outline Perspective Plan: 103). In absolute terms, given the rapid growth of the economy, the expansion of Chinese business was even more impressive.

It should also be remembered that in 1970 the Malaysian economy retained much of the character of a neocolonial economy in which the “commanding heights” were largely in foreign hands. The drive to uplift the Malay community took place not only at the expense of the Chinese; the major transfer of ownership was from the foreign sector. In 1970, it was estimated, 63.3 percent of share capital was owned by foreigners, mainly British; by the end of the NEP period in 1990 this figure had fallen to only 25.1 percent. As in the case of non-Malay shareholdings, the relative distribution of shareholdings disguised a quite different picture in absolute terms. Although the share of foreign equity declined precipitously, the amount of foreign capital flowing into Malaysia continued to rise throughout the NEP period. The relative decline in foreign ownership, however, made it possible to increase the share of Malay ownership without imposing devastating costs on Chinese capital.

The NEP not only restricted Chinese business but also limited employment opportunities for non-Malays. Malays were given preference in government employment, and predominately non-Malay private employers were under pressure to employ more Malays to demonstrate that their work forces reflected the overall composition of the population. This policy undoubtedly caused much unhappiness among non-Malays, who were often overlooked for jobs to which less-qualified Malays were appointed. If the policy had been implemented at a time of economic stagnation, it might well have been accompanied by unmanageable ethnic tensions. The rapid growth of the economy, however, meant that the resentment inevitably
felt by non-Malays at being passed over for appointments and promotions did not develop into actions that threatened public order.

That the non-Malay communities benefited from economic growth is clearly shown in the evolution of the class structure as reflected by occupational statistics (Crouch 1996. 181–89). Social mobility among the Chinese was less marked than among Malays but was nevertheless very significant. Despite discrimination in employment, the proportion of Chinese employed in middle-class occupations increased from 28.6 percent in 1970 to 43.2 percent in 1990. Among the Indian minority, mobility was much less evident, with the proportion employed in middle-class occupations rising modestly during 1970–90, from 23.4 to 27.3 percent.

Economic growth did not just benefit those in middle-class occupations; it provided opportunities for the entire workforce. A general decline in unemployment was interrupted by the recession of the mid-1980s, but by the mid-1990s the unemployment rate among Malaysians was negligible, and many unskilled jobs were filled by migrant labor from neighboring countries. The virtual elimination of unemployment benefited Malays and non-Malays alike.

IMPlications FOR EQUATION. Education is often a sensitive area in ethnically divided societies. It is, of course, important in determining future economic prospects, but it also has great significance as a means of forming cultural identity.

The NEP aimed to expand the Malay middle class by giving Malays preferential access to educational opportunities. Inevitably, this meant discrimination against non-Malays. At the secondary level, the huge expansion during the 1960s and 1970s of the number of Malays continuing at school was met by increasing the number of schools and teachers rather than by imposing restrictions on non-Malay students. At the university level, however, strict quotas were imposed. As noted above, non-Malays made up slightly more than 60 percent of university undergraduates in 1970, but by 1977 preference for Malays had reduced the proportion of non-Malays entering university
in that year to 25 percent (Utusan Malaysia, July 12, 1977). The quota in favor of Malays had become so high that it was an issue in the 1978 national election, when many Chinese voters turned against the government. As a result, the government lowered the quota to 65 percent the following year and agreed to reduce it further over the next few years.

Although non-Malays suffered from discrimination in tertiary education, they were by no means entirely deprived of educational opportunities. The quota system was imposed at a time of rapid university expansion. As noted above, the total number of students increased more than sevenfold between 1970 and 1990, so that although the proportion of non-Malays gaining entry to universities declined, the absolute number rose (Second Malaysia Plan: 223–24; Sixth Malaysia Plan: 160, 164). Moreover, many thousands of non-Malay students continued their studies at overseas institutions.

The alienation of non-Malays, especially Chinese, from the government’s education policy, however, had to do not just with economic opportunities but also with the challenge to ethnic culture and identity.

**Culture and Identity.** The 1969 riot had led to a heightening of racial tensions, which was exacerbated by the discriminatory policies of the NEP. After 1970, Malays unambiguously dominated the political system. Not only was the NEP implemented with the goal of strengthening the Malay position in the economy; other policies were adopted that underlined the notion of Malay supremacy.

The replacement of English by Malay as the medium of instruction in the secondary and tertiary educational systems alienated many Chinese and Indians. They might be willing enough to have their children educated in English, as an “international” language, but they resented the imposition of Malay, which not only seemed to restrict economic opportunity but also symbolized what they saw as their own second-class status in Malaysia. Many better-off non-Malays sent their children overseas for further studies, while a minority of Chinese preferred to send their children to private Chinese schools outside
the government-recognized system. During the 1970s, considerable support was mobilized for the establishment of a Chinese-language private university, but this was finally blocked by the government. As a concession to non-Malay sentiments, “mother-tongue” primary education was permitted, and many Chinese and Indian children went to Chinese and Tamil primary schools.

Non-Malay resentment was exacerbated by the government’s cultural and religious policies. Malay culture was emphasized as the basis of the “national” culture, with some recognition, however, of the contributions of other ethnic groups. Islam was described in the constitution as “the religion of the Federation,” although the right of non-Muslims to practice their religions was also constitutionally recognized. Fundamentally, the preeminence of Malay culture and its symbols made many non-Malays feel that they were no more than second-class citizens. Despite the emphasis in government policy, Chinese and Indians continued to live according to their own cultural values, speak their own languages, and adhere to their own religions.

Assessment

Two decades of the NEP transformed Malaysian society. Although the NEP’s goal of “eliminating the identification between economic function and race” was by no means fully achieved, Malays increasingly became involved in business and were employed in middle-class occupations that had previously been mainly the preserve of the Chinese. Because social restructuring had been carried out in the context of a rapidly growing economy, the relative and absolute increase in Malay participation in the modern economy was accompanied by only a relative, not an absolute, Chinese decline. Similarly, in noneconomic fields the official preference for Malay culture, language, and religion did not prevent non-Malays from following their own ways of life, although many resented what they felt was the second-class status accorded them.
It is certainly not my intention to argue that the NEP solved all of Malaysia's problems. It clearly did not bring justice for all. Chinese and Indians felt the brunt of official discrimination, while the benefits flowing to the Malay community were by no means distributed equally. Nevertheless, although the government's affirmative action policies did not put an end to ethnic rivalry, they did at least blunt the sense of deprivation felt by many Malays, while discrimination against non-Malays was not permitted to reach a point at which most non-Malays would feel that they had nothing to gain from the existing social order. Nor do I argue that the Malaysian government's policies were motivated purely by the goal of creating harmony in a communally divided society. A major reason for launching the NEP was the UMNO's realization that it risked losing its own base of support unless it provided specific benefits to the Malay community. NEP largesse flowed in large part to Malay individuals linked to the dominant party and thus further entrenched the UMNO's patronage network and its grip on power. But the UMNO always ensured that the non-Malays were not left out altogether and that they continued to have a stake in the system.

The Post-1997 Crisis

By the late 1990s, Malaysian society was still divided along communal lines. Each ethnic community had its own distinct sense of identity, and the non-Malay communities firmly rejected the idea of assimilation into the Malay community. Political parties continued to be based, on the whole, on ethnic communities, and ethnic issues continued to give rise to powerful emotions. Malays remained devoted to Islam, while nearly all Chinese and a large majority of Indians were non-Muslims. Malays continued to revere the Muslim-Malay institutions that symbolized the Malaysian state but that were regarded with indifference by most non-Malays. And whereas Malays upheld the doctrine of "Malay dominance," which justified a political system entrenching Malay power, non-Malays continued to hope that somehow a political system would
evolve in which each citizen enjoyed the same rights regardless of race. Furnivall’s description of the plural society during the colonial era no longer applied, but some of its features were not totally unrecognizable in the Malaysia of the late 1990s.

In the mid-1980s Malaysia experienced a severe recession as a consequence of economic developments far beyond its shores. The prices of all five of Malaysia’s leading natural resource exports collapsed, and in 1985 the economy contracted by 1 percent, the first time it had declined since independence. Real national income per capita fell 6.5 percent in 1985 and 11.2 percent in 1986, and unemployment rose to 9 percent. The new Malay business class, which had been nurtured with special favors from the government, suddenly found itself unable to rely on the sustenance brought by good political connections, and many of its members faced bankruptcy. On the other side of the ethnic divide, Chinese businessmen and women, whose resentment against discriminatory policies had been tempered by steady economic growth, now felt their second-class status more sharply, especially as the government tried to find ways to bail out failed Malay businesses.

In the midst of this economic crisis, the UMNO, the dominant party in the government, was split between rival factions. A major factor behind the rift was the economic recession and the frustrations felt by failed Malay businessmen and women, who were a significant force within the party. As the rivalry between party factions intensified, each group attempted to mobilize support within the Malay community by presenting itself as the champion of the Malay race. Confronted with a blatant racial challenge from the Malay side, rival Chinese parties found themselves thrown together to protect themselves. It was widely believed that the prime minister’s faction in the UMNO may even have tried to exacerbate the ethnic standoff to justify resort to its emergency powers and thus consolidate its own position.

Whatever the precise motivations of the government, in October–November 1987 it arrested over 100 opposition figures who were said to be stirring up racial emotions. Using the government’s authoritarian powers, the Mahathir faction was
able to establish predominance over its party rivals, who then set up their own party. It was only when the economy started to grow rapidly again in the late 1980s that ethnic tensions were gradually relaxed and ethnic relations returned to their old mold.

The mid-1980s crisis reminded Malaysians that they could not take ethnic peace for granted. Although racial conflict had been kept under control for a decade and a half after the 1969 riot, a drastic economic reversal had triggered an upsurge in political rivalries that led to a heightening of communal tensions. The experience of the mid-1980s served as a warning of what might happen if Malaysia experienced another economic shock that could trigger a split in the dominant Malay party and spur ethnic rabble-rousing as each side fought for control of the Malay constituency.

By early 1997, Malaysia had enjoyed almost a decade of 8+ percent economic growth, and the UMNO was expecting a smooth transition from the aging prime minister, Mahathir Mohamad, to his hand-picked deputy, Anwar Ibrahim. But, as in the mid-1980s, economic developments outside Malaysia—in this case, the collapse of the Thai baht in July 1997—set in train a series of developments that followed the pattern of the mid-1980s crisis, only worse. In 1985 the Malaysian economy had suffered a 1 percent contraction, but in 1998 gross domestic product (GDP) declined by a huge 6.7 percent. The exchange rate of the Malaysian ringgit against the U.S. dollar fell by about 50 percent during the second half of 1997. The government was forced to abandon or postpone dozens of important infrastructural projects; many businesspeople found themselves burdened by huge debts and the prospect of bankruptcy; and unemployment increased. As in the mid-1980s, the economic collapse stimulated rivalries within the UMNO, although much more than purely economic issues was involved, and in 1998 the party faced a serious split.

The prime minister and his deputy had been taking different positions on the causes of the economic crisis and the policies that were needed to overcome it. The rivalry between Mahathir and Anwar, and between their respective supporters,
intensified during the year and culminated in September with the sensational dismissal of Anwar and with his arrest and trial on charges that many observers found incredible. Anwar was eventually convicted and sentenced to a long term of imprisonment. In September 1998 Kuala Lumpur seemed on the brink of Indonesian-style chaos as thousands of Anwar’s supporters clashed with the police in the center of the capital.

Whatever the perceptions of foreign observers at the time, Malaysia was not on the brink of a return to the violence of 1969. In neighboring Indonesia, whose economy had been hit by the same externally induced economic crisis and which was also facing a leadership succession struggle, anti-Chinese rioting broke out in many parts of the country in early 1998. In May the worst racial rioting that Jakarta had experienced since independence occurred. In Malaysia, by contrast, the clashes between Anwar’s supporters and the police did not deteriorate into wider clashes and did not lead to a rise in ethnic tensions.

Despite the discriminatory measures directed against them during the previous decades, by the 1990s many members of the Chinese community seemed to have taken the view that the sacrifices of the past were bearing fruit in the form of a strengthened sense of security. One indication of this was the growing tendency of Chinese voters to support the Barisan Nasional coalition in elections. Mahathir, who had been dubbed a Malay “ultra” in the 1960s, now enjoyed considerable support from the Chinese community. The ruling coalition’s vote could not have risen from 53.4 percent in the 1990 election to 65.1 percent in 1995 without a substantial increase in Chinese support. In 1999, when the Malay community was split between supporters of Mahathir and Anwar, the government’s resounding electoral victory was in part attributable to strong support from the Chinese community.

In the late 1990s ethnic issues remained central in Malaysian society, and racial identities remained strong, but political and economic rivalries between ethnic communities no longer led to mass mobilization and violence in the streets. Whatever the similarities with the political and social structures of the late 1960s, Malaysia was no longer on the edge of communal
breakdown. Instead, race relations in Malaysia had been managed more or less successfully, and the danger of racial violence was no longer uppermost in everyone’s mind.

**Can Malaysia Provide a Model for Other Countries?**

It is the argument of this chapter that Malaysia’s transition from a communally divided society living on the brink of violence to a communally divided society in which ethnic tensions are relatively well managed is in large part a result of the successful implementation of the racially discriminatory NEP. Any racially discriminatory policy does involve injustices; the use of “race” as a proxy for “economically disadvantaged” provides only a very rough tool for policy. In the early stage of the implementation of the NEP, after the rioting in May 1969, the new policies probably exacerbated rather than eased ethnic tensions. But in the long run the partial achievement of the goal of the NEP—“to reduce and eventually eliminate the identification of race with economic function”—seems to have laid the basis for building a more cohesive society.

The NEP, however, was not implemented in a social vacuum. Its relative success in Malaysia was a product not only of its own inherent qualities but also of particularly favorable conditions, and its policies would not necessarily be equally effective in other contexts. Demographic, economic, social, and political factors favored Malaysia’s successful implementation of the NEP.

**Demography**

The presence of large minorities brought to Malaya as unskilled labor during the colonial era created the preconditions for a racial problem. Yet some aspects of the demographic situation have tended to ameliorate potential conflict. For example, the geographic distribution of the population gives rise to one type of ethnic conflict but saves Malaysia from another. Most Chinese and Indians live along the western coast of Malaysia
side by side with Malays. Only on the island of Penang do the Chinese constitute a majority, but even there the Malays are a large minority. In the other areas with substantial non-Malay populations, the ethnic groups are inextricably mixed. This could provide a setting for debilitating racial rivalries leading to rioting and civil war, as in the former Yugoslavia, but at least it means that Malaysia does not face a separatist challenge. The states where one community makes up more than 70 percent of the population are Malay-dominated and are therefore not potentially separatist. Separatism might be theoretically possible in Sabah and Sarawak, where the indigenous communities, although counted as bumiputera, do not always identify politically with the peninsular Malays, but so far there have been no serious demands for independence from those states.

A second demographic issue relates to the numerical balance between the communities. When Malaya became independent in 1957, the Malay and non-Malay populations of the peninsula were almost equal in number. The entry of the Borneo states into the new Federation of Malaysia in 1963 slightly strengthened the bumiputera communities. Although the Malay proportion of the total population fell to 47 percent; the indigenous populations of Sabah and Sarawak were assumed to identify politically with the peninsular Malays.

In 1970 the combined bumiputera communities made up 55.5 percent of the total population. During the next 30 years, the bumiputera population grew more rapidly than did the non-Malay communities, for two reasons. First, following a pattern common everywhere, birthrates were higher in rural areas, where the bumiputera predominated, than in urban areas, where non-Malays predominated. Second, Malaysia's economic boom had attracted labor from neighboring countries, consisting, especially in the case of Indonesians, of workers who could be easily absorbed into the Malay community. By 1998, the proportion of bumiputera had risen to 62.3 percent, while the share of the Chinese had declined to 26.8 percent and that of the Indians to 7.6 percent (Mid-Term Review of Seventh Malaysia Plan: 96–97).
In 1957 and even in 1969 it had seemed that the Malay claim to political dominance faced a serious challenge from non-Malays, especially the Chinese. By the late 1990s the demographic reality was that the Chinese could not aspire to replace the Malays as the politically dominant community, and the Malays no longer feared such a threat. It had long been a common observation that Malaysia’s Chinese could never feel secure unless the Malays felt secure too. By the end of the twentieth century, Malays had no reason to fear a Chinese political challenge and could therefore accept concessions by the government to non-Malays that would not have been accepted a quarter-century earlier. The recognition by both Malays and non-Malays that the ethnic balance could not be changed in favor of non-Malays made a major contribution to the reduction in ethnic tensions.

The Economy

It was Malaysia’s good fortune that the implementation of the NEP took place during a prolonged period of rapid economic growth. Indeed, it might be questioned whether the NEP could have been carried out successfully in less-favorable economic circumstances. During its first decade, to 1980, the economy grew at an average rate of 7.8 percent, and despite the severe recession of the mid-1980s, growth averaged 6.9 percent for the entire NEP period, from 1970 to 1990. During those two decades, the economy tripled in size. The recovery from the mid-1980s recession was nothing short of spectacular; the growth rate never fell below 8 percent between 1988 and the crash of 1997. By the 1990s, Malaysia was a relatively wealthy society with a per capita income higher than that of any of its Southeast Asian neighbors except Singapore and the special case of Brunei, a tiny oil-rich monarchy.

Malaysia’s economic growth after 1970 was blessed by unusually favorable international circumstances, as the growing American and Japanese economies became destinations for its exports. The 1970s and 1980s were the years of the East Asian “economic miracle,” in which Malaysia participated. Despite
NEP requirements that foreign investors find, and sometimes subsidize, Malay partners, investment from the United States, Europe, and Japan poured in. Domestic Chinese and, increasingly, Malay entrepreneurs shared in the boom. It was also Malaysia's good fortune to be an oil producer during the 1970s, when the price of oil was skyrocketing. Oil exports, which were negligible in the early 1970s, made up almost one-quarter of total Malaysian exports in 1985, before the collapse in oil prices. By then, Malaysia's manufactured exports had taken off and could offset the decline in export earnings from petroleum.

In the special circumstances of the 1970s and 1980s, therefore, Malaysia was able to implement policies that redistributed wealth in favor of Malays without disrupting economic growth. Not only did foreign investment continue to flow into the country, but Chinese investment also increased.

Two other economic factors helped Malaysia avoid unmanageable ethnic tensions. First, the redistribution of wealth under the NEP was not just a matter of taking from the Chinese and giving to the Malays. Government leaders reiterated that they did not intend to rob Peter to pay Paul. During the NEP period, Chinese wealth increased, although at a slower rate than that of the Malays. This was partly an effect of the neocolonial nature of Malaysia's economy in the 1960s. At the starting point of the NEP, in 1970, it was the British, not the Chinese, who owned most of the Malaysian economy. Clearly, the presence of a large foreign sector in what was still a neocolonial economy made it much easier to increase the Malay share in the economy without decreasing the Chinese share.

The obvious problem for governments that attempt to take over foreign capital is the disincentive effect such a policy has on new foreign investment. In Malaysia's case the government pursued a conscious strategy of attracting foreign investment in new industries such as manufacturing while transferring "neocolonial" plantation, mining, and trading enterprises to Malaysian hands. This "dual-track" strategy met with considerable success, partly because of the incentives offered to new investors. More important, however, was the confidence in Malaysia's long-term political stability and the government's
generally positive attitude toward foreign investment in new industries...

Second, the extraordinary growth of the economy following the recession of the mid-1980s quickly reduced unemployment and led to an influx of labor from neighboring countries. During the early 1990s, the urban underclass no longer consisted of poor Malaysians, whether Malays, Chinese, or Indians, but was largely made up of immigrant labor from such countries as Bangladesh, Indonesia, and the Philippines. By 1997, it was commonly estimated that immigrant workers numbered about 2 million and that nearly half of them had entered the country illegally. This immigrant underclass eventually made up about one-fifth to one-quarter of the work force. Although Malaysians were hurt by the economic crisis of the late 1990s, the immigrant underclass acted as a kind of cushion protecting Malaysians from the full effects of unemployment. That the crisis did not lead to an upsurge of ethnic tensions is partly attributable to the presence of this huge foreign underclass.

Society

Malaysia's impressive economic growth during the quarter-century after 1970 brought about a transformation of society. The proportion of the work force employed in middle-class occupations rose from 20.0 percent in 1970 to 32.6 percent in 1990. By the 1990s Malaysian society was dominated by a comfortable middle class, drawn from all three races, that had a strong interest in political and social stability. Its members retained their ethnic identities, and many continued to display the ethnic sentiments and prejudices of the past, but they had a common interest in preventing ethnic conflict from rising to a point where it could endanger the survival of a social order that had served their interests so well.

The Political System

Malaysia's political system has contributed to the maintenance of relative ethnic harmony. The form of government is by no
means a pure democracy, but it is not completely authoritarian (Crouch 1993). The government has been able to preserve political stability, in part by authoritarian means, while at the same time permitting a significant degree of political competition that has forced it to be relatively responsive to pressures from below. In particular, the political system provides mechanisms that enable ethnic communities to channel their demands to a government in which all the ethnic communities are represented.

The authoritarian aspect of the Malaysian political system equips the government with powers to take repressive measures against those who stir up racial emotions. For example, the Sedition Act makes it an offence "to promote feelings of ill-will and hostility between different races or classes of the population of Malaysia," while the Internal Security Act, originally a weapon in the struggle against communism, allows the government to detain without trial anyone considered a "threat to security." Public debate on racial matters has thus been dampened by repressive legislation, and the government has wide powers to take action against any individual or group seen as disturbing ethnic harmony.

The government's repressive powers are not directed only at the threat of racial conflict. The whole political system is organized so as to virtually ensure the continued dominance of the multiethnic Barisan Nasional coalition, which in turn is dominated by Mahathir's UMNO, the preeminent party of the Malay community. The Barisan Nasional normally wins about 80 percent of the seats and around 60 percent of the votes in each election. The UMNO's dominance through the Barisan Nasional is reinforced by the electoral system. Constituency boundaries are drawn in such a way as to increase the influence of predominantly Malay rural areas, which in effect ensures UMNO domination of the government. Public criticism is limited by various pieces of legislation, and the mainstream press is effectively owned by the political parties represented in the government. The Internal Security Act provides a reserve power that can be used to detain political opponents branded as "threats to security." In 1998 the recently
deposed deputy prime minister was initially detained under that act.

The system is by no means entirely fair, but elections are always vigorously contested by opposition parties that usually win 35 to 45 percent of the vote and that voice public concerns to which the government must, at least to some extent, respond. Although the opposition parties cannot be entirely ignored by the government, they have always been underrepresented in Parliament. In contrast to the Barisan Nasional, in which the UMNO is supported by the Malaysian Chinese Association (MCA), the predominantly Chinese Gerakan, the Malaysian Indian Congress, and various small parties from Sabah and Sarawak, the opposition parties tend to be strongly based in specific ethnic communities and rarely cooperate closely with each other in election campaigns. As a result, they have difficulty in winning seats in multiethnic constituencies.

The Malay-dominated government, backed by the Malay-dominated bureaucracy, police, and military, undoubtedly favors the Malay community in its policies. Nevertheless, the system allows the non-Malay communities to express their grievances and make demands on the government. That the government does not accept these demands in full does not mean that they are entirely ignored. Although the interests of the Malay community predominate, frequent compromises ensure that non-Malays continue to feel that it is worth their while to stay within the system. The implementation of the NEP and the associated policies provides many examples of pro-Malay measures being accompanied by significant concessions to non-Malays. For example, Chinese share ownership continued to grow during the NEP period; Chinese and Tamil primary schools were maintained; non-Malay students could obtain tertiary education in Malaysia; Chinese and Tamil were used in the mass media; and the religious freedom of non-Muslims was respected.

The immediate reason that the government continues to attend to non-Malay interests, even if only partially, is that the Barisan Nasional needs non-Malay votes to maintain its grip on power. Although the Barisan Nasional depends primarily
on Malays’ votes for the UMNO, it needs some support from the other communities to win elections. More fundamentally, the government realizes that in a multiethnic society where the ethnic minorities are very large and, in the case of the Chinese, play a crucial role in the economy, it is easier to govern if the minorities, even if disgruntled, feel that they still have a stake in the system.

**Lessons from the Malaysian Experience**

As noted in the foregoing section, Malaysia’s relatively successful management of ethnic tensions took place in a favorable context, and the Malaysian model cannot be simply imitated by other countries facing similar challenges but in different situations. Nevertheless, Malaysia’s experience shows that it is possible, at least in some circumstances, to manage daunting challenges with appropriate policies. The pessimistic prognostications about Malaysia’s future in the early 1970s turned out to be wrong. Some lessons that might be applicable elsewhere follow.

1. **Affirmative action can work.**

   At the most general level, Malaysia’s experience shows that affirmative action policies can succeed, although they work better in some contexts than in others. Affirmative action policies based on racial categories inevitably result in injustices. In the Malaysian case, “Malay” or *bumiputera* was used as a proxy for “economically backward” or “poor,” with the implication that the *bumiputera* community needed special assistance that would not be available to other communities. But not all Malays are poor, and not all Chinese and Indians are rich. Many of the Malay beneficiaries of the NEP were already economically comfortable and in some cases were already very wealthy. Despite the NEP’s second goal of reducing poverty “irrespective of race,” the policy offered nothing specific to assist poor Chinese and Indians.

   In these circumstances, it was often speculated that the NEP would exacerbate inequalities among Malays as some Malays
made the most of the new opportunities while others were left behind. Although some poor Malays may have resented the affluence acquired by their ethnic brothers and sisters, it is difficult to know how widely such sentiments were felt. In any case the NEP’s language, education, and employment policies provided benefits to a large part of the Malay community and tended to dissipate whatever resentment was directed at the “new rich” in the Malay community.

There is no doubt that the NEP caused great dissatisfaction among non-Malays, whether wealthy or poor. The Chinese and Indians were not only alienated by the redistribution of economic benefits and opportunities but were also offended by the cultural policies that accompanied the implementation of the NEP.

Despite the inevitable injustices and the consequent resentment and alienation, affirmative action policies can contribute to the management of conflict and the achievement of social cohesion. But it is important to remember that they may not work in all circumstances.

2. Affirmative action takes time to become effective.

The transformation of Malaysian society through the NEP could not be achieved within a few years; it took several decades. When the NEP was launched in the 1970s, it provoked much resentment and alienation among the non-Malay communities, which saw Malays benefiting at their expense. Businessmen who failed to get contracts, students who failed to gain admission to universities, and job applicants who failed to get jobs naturally perceived the NEP as simple racial discrimination. On the Malay side, many who obtained commercial opportunities took the money and spent it, and the sudden influx of poorly qualified students into universities led to a drastic fall in standards. In its early years the NEP in fact exacerbated racial tensions.

Only in the 1990s were the overall benefits of the NEP felt and increasingly acknowledged by non-Malays. The absence of a sharp rise in racial tensions after the 1997 economic collapse and the tendency of Chinese voters to support the Barisan
Nasional are important indicators of these benefits. This, of course, does not mean that racial identities are no longer relevant, but as a result of the NEP's achievements, ethnic tensions are much more easily handled in 2000 than in 1970.

3. The interests of nonbeneficiaries must not be ignored.

There is no question that non-Malays were alienated by the NEP and the accompanying policies, which they saw as treating them as second-class citizens. Despite this sense of alienation, conflict remained manageable, and social cohesion was not irreparably damaged. Non-Malays suffered from discrimination, but their interests were not entirely ignored.

Although the NEP policies favored Malays, they were normally balanced by other policies that at least provided something for non-Malays. For example, one of the primary goals of the NEP was to develop a Malay business community. The achievement of this goal required policies that gave special benefits to Malays. Non-Malays, however, were still able to do business and to gain access to government facilities, so that, in a time of general economic expansion, their businesses continued to prosper. In tertiary education, quotas were imposed that greatly benefited Malay students, but non-Malays still had educational opportunities, even though these were restricted. Many other examples were discussed earlier. In these cases, the benefits received by Malays outweighed those obtained by non-Malays, but the contrast is not as stark as it might appear at first glance. In most countries, where the beneficiaries of affirmative action are a small, dispossessed minority, less attention has to be given to ensuring that nonbeneficiaries do not suffer unduly.

4. Policy should be a package.

Social cohesion was preserved in Malaysia partly because government policies were not perceived only as discrete individual measures but as part of a complex package. If the advantages and disadvantages for each community arising from particular NEP policies are simply added up, the advantages are overwhelmingly in favor of the Malays. When, however, the
NEP is considered as a package that includes everything affecting social cohesion, the balance of advantages and disadvantages is more even.

A key part of the package from the non-Malay point of view was the tradeoff between what they lost to Malays in the form of material benefits and what they gained in a stronger sense of security. The NEP, after all, had been triggered by a riot in which the victims were overwhelmingly Chinese. In the long run many non-Malays, especially Chinese, saw the NEP as a kind of investment in security. That there was no repetition of the May 1969 rioting during the next three decades was of in-calculable benefit for the Chinese. Most dramatically, the absence of anti-Chinese rioting in the wake of the economic collapse of 1997–98 convinced many Chinese that their “investment” had been worthwhile.

The strong emphasis on socioeconomic benefits in favor of the Malay community was balanced by opportunities and concessions in other areas that were valued by non-Malays. Thus, Chinese and Indians continued to speak their own languages, practice their own cultures, and follow their own religions, and they were represented in the Parliament and the state assemblies. In Penang, where the Chinese were in the majority, it had become a convention that the chief minister should be Chinese. Most important, non-Malays were not subjected to heavy pressure to assimilate culturally into the Malay community.

5. Policies must be flexible.

Affirmative action policies need to be implemented flexibly to meet the requirements of changing conditions. The Malaysian government, although it never wavered in its commitment to the goals of the NEP, was always ready to fine-tune particular policies according to circumstances.

Perhaps the most important example was the virtual suspension of major investment policies in the face of the recession of the mid-1980s. As the Malaysian economy went into deep recession in the wake of the collapse in export prices, the government removed many of the obligations imposed on foreign and Chinese investors under the NEP. For example, it permitted
100 percent foreign ownership in export-oriented projects and liberalized the exemption limits set by the Industrial Coordination Act. In tertiary education the government reduced the quota for Malay students in the late 1970s in response to Chinese protests, and in the late 1980s it permitted foreign universities to set up branches in Malaysia to help non-Malay students who had been hit not only by the recession in Malaysia but also by sharply rising university fees overseas.

By responding tactically to discontent with particular policies while persisting strategically with the NEP itself, the Malaysian government was able to mitigate some of the resentment felt by non-Malays. The government's capacity to respond in this way was facilitated by the substantial "democratic" elements that coexisted with the authoritarian aspects of the political system. The ruling coalition's need to win non-Malay as well as Malay votes provided a strong incentive for such flexibility.

6. Political support is essential.

The NEP was implemented consistently for 20 years (1970–90), and many NEP-type policies were retained in the 1990s. That the government was able to carry out the NEP for so long was only possible because it had political support.

In many countries affirmative action policies are directed toward improving the position of disadvantaged minorities which, because of their small size, are unable to mobilize decisive political backing. In such cases the continued implementation of the policies often depends heavily on the consciences of members of the majority community. In Malaysia it was the majority community that benefited from affirmative action, and it was not a great challenge for the government to gain majority support for the NEP.

Not only did the NEP win the support of the Malay lower classes, who saw it as an opportunity to advance their interests; it also had the support of the Malay upper classes, who, in fact, benefited even more than the lower classes. A few intellectual Malays deplored the "culture of dependence" that the NEP allegedly fostered, but for most Malays support for the NEP
became a kind of article of faith. For the UMNO and the Barisan Nasional vigorous implementation of the NEP became a political necessity.

The Malaysian experience suggests that the successful implementation of a thorough affirmative action program is greatly assisted by strong political support. In contrast to countries where such support depends on the moral sensitivity of the majority, in Malaysia the NEP was supported by the majority because it served the majority's interests in a very material way. Most countries will not find it as easy as the Malaysian government did to maintain political support for such a program.

7. Affirmative action does not have to solve every problem.

Despite 30 years of affirmative action under the NEP and its successor, the National Development Policy (NDP), Malaysian society continues to be divided sharply along racial lines. The stark identification of occupation with race in the 1960s has become blurred, but it is by no means completely overcome. The various communities remain attached to their own languages, religions, and cultures. Malaysia, quite clearly, is no melting pot in which all the communities meld into a single national community.

The failure to obliterate racial distinctions can also be seen as an important aspect of Malaysia's achievement. Furnivall's description of the plural society of the 1930s remains partially true: "Each group holds by its own religion, its own culture and language, its own ideas and ways." Despite these persistent cleavages, however, Malaysians today do not meet only in the marketplace. The NEP helped to ameliorate sharp economic differences and thus reduced the anger felt in much of the Malay community. The non-Malay communities have accepted "Malay domination" as the price to be paid for security and the opportunity to maintain their own identities. Malaysia is still a communally divided society "with different sections of the community living side by side," but it seems to have passed the stage at which communal rivalries are likely to lead to devastating physical violence.
Appendix. Malaysian Government Planning
Documents Cited in Text

Second Malaysia Plan, 1971–75
Third Malaysia Plan, 1976–80
Fourth Malaysia Plan, 1981–85
Mid-Term Review of Fourth Malaysia Plan, 1981–85
Sixth Malaysia Plan, 1991–96
Mid-Term Review of Seventh Malaysia Plan, 1996–2000

Notes

1. The data in this paragraph are drawn from the Second and Third Malaysia Plans and are summarized in Crouch (1996): 21.

References


Myanmar: Military Rule and the Undermining of Civil Society

David I. Steinberg

Myanmar is an "imagined community"—a state that is not yet a cohesive nation, an entity created sequentially through three nineteenth century wars evolving out of colonial economic and geopolitical interests. The internal bonds that seemed to cement the country before independence in 1948 were based on the exercise of colonial power, which forced an artificial internal cohesion while simultaneously creating detached, separate ethnic groups, some of which were governed under a different British administration. Since independence, governments have, sometimes unintentionally, exacerbated existing cleavages and created new ones. They thus reduced national cohesiveness, even as it was titularly strengthened under a unitary state, and created divisive forces that will be difficult to overcome. The rhetoric of national cohesion must be analytically examined in the light of the reality of its attempted enforcement.

Although this chapter focuses on ethnic and religious cleavages, these issues cannot be separated from a complex of other problems facing the society, each of which contributes to intensifying the forces for divisiveness. The dilemmas facing the peoples and the government of Burma/Myanmar are multiple, as are the issues connected with the potential roles of foreign observers, analysts, and possible donors.
A note on nomenclature: the military government mandates the name "Myanmar" for all of the country's history; the opposition insists on "Burma." The choice of names indicates more than political alignment, although that is immediately evident. (The country may be unique in today's world in that even the name used places the user in a political camp.) The disputes over names, and the military designation Bamar for the principal ethnic group, dramatically point up the lack of social and ethnic cohesion within the country. The military government states that the name change increases interethnic cooperation; the opposition disagrees. The use of the various names in this chapter implies no political bias. "Myanmar" is used for the post-1988 regime (the name was changed in 1989), "Burma" for the earlier period, and both together to indicate historical continuity. "Burman" is used for a member of the principal ethnic group and "Burmese" for citizens of the country, as an adjective, and for the language of the majority ethnic entity. The capital city is designated as Rangoon or Yangon, depending on the period.

In contrast to other societies, the cleavages within the country since independence have not followed class or rank lines. The Burman areas of the state were perhaps the only places in Asia where precolonial elites did not reemerge in some form after independence. Economic differences in Burman regions were more a product of ethnic status and access to capital than of inherited levels of income or a rigid hierarchical structure of class or caste, which did not exist in Burma except among Indian immigrants. Data on income are lacking, but until recently, income disparities were probably less marked than in most Asian states. State ownership of land, which has been the case under all regimes since independence, has blocked the development of a landlord class as happened in the Philippines, but the number of landless is said to be rapidly rising. Although gender issues have recently been exacerbated through exploitation of refugees, economic migrants, and internally displaced persons and by the use of corvée labor, Burman women have traditionally had a high status, in theory and in practice.
In the nineteenth century European observers noted that their position was higher than that of women in Europe.  

Since independence, cleavages based on a complex of historical and attitudinal perceptions have developed or have become more acute, profoundly affecting the present and future of the state. The Union of Burma that was created in 1948 was politically delicate. Its fragility was evident from the beginning and was built into the compromise for the first Constitution (in 1947). Constitutional provisions allowed the large Shan State and the smaller Kayah State (the independence of which had been recognized by both the Burmese and the British in 1876) to secede from the union after a 10-year trial period and a plebiscite. Secession was an unrealistic option, but the perceived threat that it might happen and that the union might in effect be partly dissolved was the excuse for the military coup of 1962. (A previous coup, in 1958, was constitutionally approved by the civilian government; after 18 months, governance was returned to civilian rule in a free election.)

The tenuous Union of Burma (later named the Socialist Republic of the Union of Burma and still later the Union of Myanmar, its present official designation) was always contentious. It was pasted together in a compromise, less than a year before independence, to satisfy the British so that they would relinquish power. Behind the compromise was the charismatic General Aung San, who was assassinated in July 1947. (He was the father of Aung San Suu Kyi, the leader of the present opposition National League for Democracy.) What evolved was a theoretical union with some local powers accorded to a number of minority areas and with ethnic representation in a bicameral legislature but with essential central power lodged within the Burman majority of two-thirds of the population.

Important fissures developed in the civilian period. Some were political, such as that between the government, the National Unity Front (the above-ground, legal, leftist-oriented party), and two underground communist insurrections. The left wing believed that the moderate socialism of the new regime was insufficient to resolve the economic plight of the
poor. Soon Muslims in Rakhine State (Arakan), as well as the Karen people, perhaps one-third of whom were Christian, were in rebellion. Other minorities became restive because they felt that they contributed more to the central government through the exploitation of their extensive natural resources than they received in return. The army often behaved arrogantly in those regions—a major and continuing problem.

Starting in 1962, this modest autonomy was demolished by the military junta that ruled centrally by decree. In 1974 the junta’s rule was legalized and made permanent under a new unitary state constitution run by the military, with a single-party political mobilization system reminiscent of some Eastern European nations. There was a fictive balance between the seven minority “states” (provinces) and the seven Burman “divisions” (also provinces). Power titularly rested at the center with the Burma Socialist Programme Party (BSPP) but was actually held by the military, which controlled the party and had a Burman high command. That system was again changed in 1988 after the third military coup, which was mounted to shore up the collapsing military regime. Since 1988, government has been by decree from the military high command—the State Law and Order Restoration Council (SLORC) and its 1997 reincarnation, the State Peace and Development Council (SPDC), which has the same top leadership. Of the 52 years of Burmese independence, 40 have been spent under military rule.

Ethnicity was probably less important in the precolonial period than today, for as state nationalism has developed, ethnic nationalism has also arisen. In precolonial times the population was sparse for the extensive land area. An increased population of any ethnicity was desirable for economic and political reasons, as it enhanced military capacity, the labor force, and the tax base. Expansionist policies covering diverse ethnic groups also demonstrated the political efficacy of the ruler. Ethnic nationalism is a more modern phenomenon.

All colonial powers in Southeast Asia established strict administrative boundaries where none had previously existed
and extended the authority of the center out to the borders. The arbitrarily designated borders ignored ethnicity, language, and cultural patterns and unities. They sometimes ignored watersheds or other geographic features and, often, the complex systems of multiple tributary relationships that, under European dominance, were deemed to have no place in the modern world. The colonial power created a Burmese state (first governed from Calcutta and then, until 1937, from Delhi) that reflected the traditional, millennium-long Burman domination of the central valleys of the region but also included disparate hill areas inhabited by diverse peoples. This arbitrary arrangement had within it the seeds of discontent.

The indigenous ethnic problems were exacerbated by the British through induced and tolerated immigration. The British encouraged and sometimes subsidized immigration of Indians (meaning all those from the subcontinent) to assist in governance and in staffing some lower and intermediate professional positions and certain occupations. Rangoon became an Indian city, and until World War II the Burma army was only 13 percent Burman and 37 percent Indian. The remainder of the army consisted of ethnically based regiments from the “martial [minority] races” along the periphery, on the model established by the British in India. Two groups of Chinese entered: one from Yunnan Province as a result of the Panthay Muslim rebellion and the other by sea from South China. The economy was in British, Indian, and Chinese hands, with the Burmans essentially relegated to rice agriculture, the bazaars, and petty trading. By instituting a monetized economy, the British marginalized much of traditional Burma and deprived the Burmans of control over their own economic fate, creating divisions and antipathies that still resonate in the society. Chettiyar moneylenders from Madras had an effective monopoly over noninstitutional credit, and the Great Depression of the 1930s and its aftermath forced foreclosures and the alienation of land to foreigners, or greatly increased debt. The retrieval of Burman domination of the economy has been a central legitimizing theme of all Burmese regimes.
Cohesion and National Unity: Cleavages, Tensions, and Confrontations

A variety of cleavages has led to tensions and confrontations within the state that affect its capacity to create national unity and implement the equitable sharing of the fruits of development (should the opportunity arise). Indeed, the situation is circular, for these very cleavages and tensions are among the major causes of the lack of development and the continuing poverty that have become virtually the hallmarks of the modern Burmese state. Poor economic policies have certainly retarded economic development and have had a profound effect on an entity that should have been the richest country in mainland Southeast Asia. Whatever their dire consequences, however—and they have been numerous, severe, and continuing—the economic policies are of superficial importance in comparison with more basic issues because they are more easily corrected and resolved.

For analytical purposes, these cleavages, tensions, and confrontations are separated into a series of broad categories, but in fact they intertwine in complex patterns, and no single one can be disentangled from the others. Ironically, as the cleavages create tensions for cohesion at different social and regional levels, they also make for a degree of commonality in narrower areas. In tandem with the government’s emphasis on “Burmanization,” which splits off the minorities, minority ethnic nationalism and identity have increased. The governments of Burma/Myanmar have also attempted to create or foster forces for national unity and cohesion, as discussed below. Just as the divisive forces contain some unifying themes, the attempts to create unifying themes also inherently harbor the elements of divisiveness. Thus, the complexity of the social forces facing the state and its peoples are varied and profound.

Further complicating the problems facing resolution of societal ills is a more abstract and fundamental, but critical, element in social cohesion and conflict prevention: the concept of the finite nature of power and its personalization (Anderson 1972). As in many traditional societies, power is considered
finite, not infinite, and personal rather than institutional or ideological. This reluctance to share power is seen at governmental, institutional, and personal levels. Central governments are uneasy about transferring authority to local or regional entities. Organizations are run from the top. From the Pagan period (1044–1298) on, loyalty was personalized and was focused on the individual monarch, not on the monarchy. Personal loyalties have remained the defining characteristic of power in Burma/Myanmar under all political regimes. This inchoate concept creates problems with the sharing of power, which becomes a zero-sum game in which those who share always lose. Political and power-sharing compromises and even negotiations become more difficult but, in the last resort, not impossible. All this creates profound problems for social cohesion and conflict resolution.

The personalization of power results in factionalism, with entourages around key leaders. This has been an obvious and persistent component of Burmese politics and leadership in general. Factionalism within the Anti-Fascist People’s Freedom League (AFFPL), the coalition that governed Burma from 1948 to 1958, led to the first military (but constitutional) coup, in 1958. The preeminent faction, however, was led by General Ne Win—commander of the Burma Army, president, chairman of the BAPP, and so on, and the most important, if not most efficacious, individual in contemporary Burma—who appointed many former members of the unit he commanded, the 4th Burma Rifles, to high positions. Such attitudes toward power can change, no doubt, and no society is static, but the evolution is likely to be slow and politically and socially painful.

The cleavages and tensions within contemporary Myanmar may be conceptualized as those

1. Between Burman nationalism and a relatively new and diverse ethnic nationalism. This cleavage is a component of center-periphery issues and relates to the issue of national unity.
2. Between the civil and military sectors of society.
4. Between centralism and pluralism.
5. Between orthodoxy and competing views of the role of state and society.
6. Among religious groups.
7. Involving new geopolitical, international rivalries that affect the internal attitudes of those in authority.

The two most critical issues related to social disharmony at the national level in the contemporary period have been and continue to be ethnic relations and the rise of a dual society—defined not, as is usual, as the dichotomy between a modern and a traditional economy but, rather, as one between the military and civilian sectors of society. The second issue has exacerbated the first, ethnic relations.

Nationalism and Ethnicity

Since the military coup of 1962, the constant and overarching theme of the two military administrations (the BSPP, 1962 to 1988, and the SLORC and the SPDC, 1988 to the present) has been national unity—a unity that the military feels is fragile and under constant internal and external threat. In this perspective, only the military, the most cohesive organization in the country, can hold the state together. The divisive forces are, in this view, primarily ethnic but exacerbated by foreign elements and states. The continuing, explicit goals of the military include national unity and national sovereignty. The centrifugal forces were real, and the military’s concentration on national unity as its guiding goal was not irrational in the past. There was ample evidence of internal demands for independence by some ethnic minorities and of external support for ethnic and other insurrections that aimed either to split away from the center or to take over the center. Today, such charges have become irrelevant, as all the minorities have abandoned the goal of independence. Nevertheless, the charges persist and guide much military thinking, exacerbating some tensions already extant and creating new ones.

Although the ethnic problems are real, since 1962 the military has used the issue as a rationale for delaying or diminishing the transfer of any form of state power to peripheral
groups, no matter how large. The military government now claims that there are 135 “races” in the country. (The previous military regime played down ethnicity in international forums when it suited its purposes.) The figure for “races” is, in fact, a British calculation from the 1930s of the number of linguistic divisions within the state. The number of ethnic or linguistic distinctions beyond dialectic differences is far less—two dozen or so languages (see Appendix A), although this does not diminish the complexity of the problems facing the state in attempting to forge national cohesion. Ethnic diversity has been used by the military to perpetuate direct rule.

The present military junta and government, the SPDC, has charged that the British divided and ruled, destroying the cohesion that existed among various ethnic groups in the precolonial period. Divided they were; the colonial authorities separated “Burma Proper” (or ministerial Burma, governed directly by the British and consisting of the Burman heartland and the Arakanese, Mon, and some Karen areas) from the highlands, which were separately governed, some under local and traditional administrations. The model was the Indian states within the British Empire.

Such charges are accurate, but they do not take into account government policies of the past two generations that have contributed to the decay of social and ethnic cohesion and have exacerbated conflict. Although the government leaders probably sincerely believe in the need for social cohesion, it is a cohesion that they have attempted to define in their own interests, to forge under their own leadership, and to coerce the population into accepting—a cohesion that reinforces their own superior position in society. These motives have gone publicly unadmitted by all these regimes, and although the coercive power of the state is probably at its greatest since independence, the military has built into its approach the virus of discontent and enmity. The tatmadaw (armed forces) have claimed that they have acted toward the minorities with cetana, a Buddhist concept of good will with which no proper-minded person could disagree. To demonstrate the efficacy of its policies, the military has asserted, by dubious techniques and with a
major intellectual leap of faith, that as early as the Stone Age in what is now Myanmar, different "races" lived together in harmony, that this tradition was destroyed by the British, and that only the military is capable of bringing the peoples together.

The single most important and enduring problem facing Burma/Myanmar is the place of minorities, which affects social cohesion, permeates conflicts, and is destructive of dispute resolution. These internal issues have been exacerbated by external involvement.

The history of internal conflict and external collusion in some of those conflicts began with independence and continues today on a reduced scale. A number of cease-fires have been established, but they may be ephemeral unless structural changes are made in the distribution of power.

On and shortly after independence, two separate Communist Party rebellions, the Red Flag and the White Flag, broke out, supplemented by the desertion of a significant number of the militia, the People's Volunteer Organization (PVO). A large number of members of the Karen armed forces and the Karen ethnic group went into revolt. As a result, in the early 1950s the appellation "the Rangoon government" was both figurative and literal. From the 1960s on, there was no major ethnic group that did not have a significant part of its population in active revolt or in sympathy with some rebel group (see Appendix B). The government controlled perhaps 40 percent of the countryside during the day, although that area did contain 90 percent of the population.

The major foreign powers aided and abetted some of these rebellions for their own purposes. The People's Republic of China supported the Burma Communist Party; Deng Xiaoping explicitly claimed that party-to-party relations were different from state-to-state relations. The United States covertly assisted Chinese Nationalist (Kuomintang) troops that had retreated into Burma from the communists in the hope of attacking and regaining the mainland. (Ming Dynasty troops fleeing the forces of the new Ch'ing Dynasty in 1644 had similarly taken refuge in Burma.) Some British operatives gave the Karen reason to believe they supported independence for that
group.\textsuperscript{10} Muslims in East Pakistan (later Bangladesh), with backing from the Middle East, supported Muslims in Arakan, while Thailand aided a variety of the rebellions along its western littoral, in effect creating buffer states between the perceived radical regime in Rangoon and the conservative Bangkok government.\textsuperscript{11} The Indians assisted some of the Kachin, Naga, and Chin groups. Although all foreign governments have changed their policies and wish to see Myanmar remain intact, suspicions linger among the Burmese military that foreign states and organizations are bent on the destruction of Burmese unity. These charges constantly reappear in the state-controlled media.

\textit{The Military-Civil Nexus}

The military in Myanmar has become a state within a state, in absolute control of all components of state power. It has created institutions that have effectively isolated the military from the civilian society. Yet, ironically, the internal perquisites that the military has created attract the sons and daughters of significant elements of the civilian population to join and so partake of these advantages. The military has its own schools and health services, not to mention housing, for members of the armed forces and for their dependents. The civilian population is forced to rely on fragmented, poor, and inadequate academic systems and health facilities that are far inferior to those of the military.

The military has controlled the budget as well as power. The real amount of state spending on the military is closely guarded, but the published figure of approximately one-third of the budget is clearly understated. Observers believe that perhaps half the annual government budget is devoted to the military. In this impoverished country, social services are grossly underfunded, and official data showing increases in spending in local currency in these categories are misleading. In fact, real expenditures have diminished, when inflation and population increase are taken into account. This situation is likely to become worse because the introduction of higher-technology
military equipment from China and other sources will probably result in a demand for more funding for maintenance and training. The military has tripled in size since 1962, and its former multiethnic leadership has become a Burman preserve, increasing ethnic tensions.

The military has ensured its continuing control of a critical portion of the economy. Its domination of military-run corporations means that it will remain in economic control no matter what government comes to power. An example of such an enterprise is the Union of Myanmar Holding Corporation, a wholly military-owned group that was initially capitalized at 10 billion kyat (approximately US$1.4 billion, or about 20 percent of gross national product at the time and at the unrealistic official exchange rate). The military has commandeered much of the foreign investment through joint ventures with military groups.

Globalization and Nationalism

With nationalism continuing to be a pervasive force in the society, the need for foreign investment, trade, and tourism has created a major dilemma for the leaders. Even as they appeal to nationalism to legitimize their government and criticize foreign support for the opposition, they recognize the need to generate foreign exchange, and they have gone to extreme lengths to do so.12

Vitriolic attacks on foreigners have been prevalent in the controlled media. They concentrate on past injustices, present support for the opposition National League for Democracy (NLD), and charges that foreigners want to destroy the national (read Burman) culture. The result is that many potential foreign investors rethink their interest in that society, despite the attractiveness of its low wages and controlled labor force. By 1998 foreign investment approvals by the National Investment Board totaled more than US$6 billion—a small amount in comparison with the figure for Vietnam, which was opened to investment at about the same time—and perhaps one-third of that has actually been invested. The Asian financial crisis dried
up investment from members of the Association of Southeast Asian Nations (ASEAN), and today foreign direct investment has virtually ceased. But no matter how much the regime needs foreign exchange, to think that it will collapse may be a Western assumption unwarranted in a society of about 65,000 self-sufficient villages.

The need for foreign exchange has led to the realization that tourism could be an important economic asset. Extensive investments in hotels have produced little compared with the goals of “Visit Myanmar” year (the target was 500,000 tourists a year; the actuality was about half that). Tourism, even on this modest scale, has brought with it social dislocations decried by the state. The opposition NLD has criticized tourism and foreign investment as economically strengthening the military regime.

**Centralism and Pluralism**

The state in Burma has conceptually been centrist, however much it was fragmented in reality. Burmese monarchs controlled the operation of the state but never developed the administrative capacity, as the Chinese did over a millennium ago, to evolve a professional civil service. The elite indigenous service introduced by the British was eliminated by the military and replaced with officers who regarded loyalty as more important than competence. The taut military command system has reinforced the power of the center, but the development and rise in the hierarchy of regional military commanders to become a direct part of the SPDC has resulted in a type of regional military warlordism that, even as it strengthens the center, contains elements of localism. Yet it is evident that minorities and even Burmans in some areas want a greater say in their local affairs. Some local autonomy is likely to be introduced, but power will remain with the military, at the local level or at the center.

Pluralism has been denied, not only administratively but also in civil society. The command structure brooks no independence of administration or intellectual thought. Yet at the same time, the diverse nature of the state, the growth of the
population, and the more complex economy mean that this centralism is likely to become increasingly ineffective and eventually destructive of the very goals that are intended.

Orthodoxy

Pluralism of ideas or institutions in Myanmar has been anathema to the military government. The rigid control of all media and publishing, the suppression and elimination of all elements of civil society, the incessant indoctrination courses that civil servants and even professors must attend—all indicate that the state is intent on pursuing an ideological course from which no deviation will be tolerated. A board of censors controls all publications, even literature, as well as the importation of foreign books and journals. Debate in the National Convention on the new constitution is carefully controlled, and no spontaneous questions have been permitted.

The question of orthodoxy has developed into an important aspect of the power struggle. As the military has demanded adherence to its stated positions, the NLD has done the same regarding its stands. When some 25 members of the NLD were critical of a decision by the leadership to create a new opposition committee to act as a National Assembly, they were branded as "traitors." When, several years earlier, an insurgent student group charged that some members were informers or disloyal, the accused members were summarily executed. The demands for ideological rigidity are related closely to the personalization of power; a leader's decisions are not to be questioned. This was apparent under the leadership of General Ne Win and is deeply rooted in the society.

Religious Tensions

There is apparent religious toleration in Myanmar. Any visitor to the capital will note that churches, mosques, and Hindu temples abound. But in fact, the identification of legitimacy, nationalism, and power with the Burman Buddhist population has meant that under the military there are subtle pressures on
other religions. These pressures are related to the issue of ethnicity; whereas the Burman population is essentially Buddhist, substantial percentages of many minorities, such as the Karen, Kachin, and Chin, are Christian. These groups, especially the Karen, have in the past been charged with being pro-British and thus unpatriotic. A significant segment of that population is still in rebellion. The regional military commanders have virtually complete and autonomous power over their respective regions, and some have been accused of overtly discriminating against Christian communities and of forcing them to build Buddhist pagodas. This is said to be evident in Chin State and has been noted in the U.S. Department of State report on religious freedom.

The most important religious issue, however, relates to the Muslim community, which is extensive in Arakan, along the Bangladeshi border. There have been charges of intimidation and worse among this population, and of harassment because of lack of identity cards, causing Muslims to flee to Bangladesh in the 1970s and again in the 1990s. Strong anti-Muslim prejudice in Myanmar persists, fostered by some higher-level Burmans who spread scurrilous rumors of Muslim attempts to infiltrate Burman society and seduce Burman women.

In the past, as regimes have faltered economically, they have sometimes provoked anti-Muslim rioting to take pressure off the government. The possibility of this reoccurring (or being directed against an increasingly obvious Chinese minority, as in 1967) should not be dismissed.

Geopolitical Issues

Although social cohesion and conflict prevention would normally be seen as internal affairs of the state, they are affected in multiple ways by the outside world. There are both immediate practical issues and longer-range conceptual ones. Conflict in Burma/Myanmar has sent hundreds of thousands of refugees to neighboring countries to escape the ravages of war, exploitation, or harassment. In the 1970s about 200,000 Muslim refugees fled to Bangladesh to escape the Burma army, and another
exodus of like magnitude occurred in the 1990s. Many have been repatriated under UN auspices, but tens of thousands are still in Bangladesh. In Thailand about 110,000 Karen, Kayah, and Mon refugees live in camps close to the border, and tens of thousands of Shan wander through northern Thailand eking out their livings in the most marginal jobs and taking refuge in Buddhist monasteries and pagodas. (There are no camps for the Shan.) In addition, there is said to be 1 million illegal workers in Thailand, of whom about 700,000 are Burmese, with a total of 106,000 legal jobs for them, according to Thai authorities. These workers found economic opportunities—sparse in Myanmar—throughout Thailand during that country’s economic boom, as the Thai became increasingly reluctant to perform the menial jobs associated with economic growth. At the time of the Asian financial crisis in July 1997, suggestions were made that these illegal workers should be forced back across the border. Some have been repatriated, but most remain. Pressures to return them lost urgency as the Thai economy stabilized and began to recover, although demands that activist dissidents be dealt with increased after Burmese students seized the Burmese embassy in Bangkok in fall 1999 and after “God’s Army” took and held hostages in a hospital in Ratchaburi, Thailand, in January 2000. Prostitution and drug trafficking (accompanied by a marked and dangerous increase in the prevalence of AIDS/HIV infections) are rampant along the borders of the state, and large numbers of Burmese minorities are involved in both, as exploiters (in the drug trade) and as exploited (especially women).

In addition, Myanmar is said to have between 1 million and 3 million internally displaced persons. Some have been resettled from urban areas (several hundred thousand from Yangon alone), but many more were moved to create free-fire zones for military operations in some of the minority areas in retribution for attacks on Burmese troops.14 There is an officially sponsored movement of population to expand the ethnic boundaries of the Wa within Shan State and so create a larger area that will qualify for some local autonomy. This movement of peoples in Shan State has been a contributing factor in the flow of refugees to Thailand.
in incomes. Corruption, which once, although rampant, was at a relatively low and inconspicuous level, has mushroomed. State salaries are low; a director-general of a ministry makes about US$400 per month at the official, unrealistic, rate of exchange, or about US$8 at the curb market rate. Virtually no one in the public sector can live on his or her salary.19 This situation not only invites but demands corruption in a number of forms and makes it necessary to have multiple sources of family income. Thus there is an increasing discrepancy in incomes between those who are poor (about 50 percent of the population is below the poverty line or just above it) and those who have access to either power or capital. Income differentials are rapidly widening.

The dominant role of the Chinese, who now are seen to control a major portion of the economy of northern Burma, creates another area of potential conflict. In 1967 the military redirected economic and political frustration from themselves to the Chinese community, which led to mass looting of shops and a number of deaths. Should the economy once again seem to be slipping out of Burman hands, spontaneous or directed riots against the Chinese (or against other minorities, such as the Muslim community) are possible.

The minorities have been cut off from access to power. They are no longer in the upper reaches of the military or in the higher levels of the subordinate civilian bureaucracy. Already on the geographic periphery, they have been relegated to the fringes of power, and under present military plans, they are likely to remain in this position.

The dichotomy facing the state has been exacerbated because of the lack of meaningful dialogue between a military intent on remaining in power and a civilian opposition (led by the NLD, one of 10 legal parties, of which the others are inconsequential) that has been denied power even though it overwhelmingly won the elections of May 1990. In Burma, because loyalties are so personalized, a "loyal opposition" is an oxymoron. Negotiations between groups are therefore more difficult than in some other societies.
As a condition for the cease-fires along the periphery, the minority groups and armies are allowed to keep their arms and engage in their traditional agricultural pursuits. The administration is supposed to deliver increased educational opportunities, better health care, and improved agricultural facilities. The military will likely be hard pressed, given the state of the economy, to do so. The crisis may occur when, as the military demands, all arms have to be turned in after a new constitution is promulgated and before elections take place. It is unlikely that the minorities will be willing to disarm.

The problem is further complicated by the issue of opium production. The state's interest in eliminating the lucrative activity is disputed by some, but the central government may indeed be trying to eliminate opium production and the heroin and related narcotics that flow from that practice. It is predictable, however, that there will be tensions between any central government bent on opium eradication, local producers who as yet have no other economically viable way to earn incomes beyond a subsistence level, and local officials (military or otherwise) who can "tax" the narcotics trade or otherwise profit from its continuation. In the past the government could claim lack of responsibility for opium production because it did not control the opium-growing regions, but with the cease-fires, this will no longer be possible.

This chapter, as a matter of rhetorical convenience rather than as an analytical fact, discusses the military in the singular. Although the military is more cohesive than other institutions, it has elements of possible fission built into its current organization and size. The expansion of the military under the BSPP and the SLORC and SPDC regimes has created a duality within the military between line officers who are involved either in fighting or in managing the peripheral areas and those who are more administrative. The change from the SLORC to the SPDC may not have changed policies, for the four top military figures kept their posts, but the SPDC added all the regional military commanders, who now have a greater role than heretofore. They were virtual warlords over their regions, especially those far removed from the Burman centers of population, but they
now also have authority in the critical arena of decision-making. There are also said to be personal and policy differences between the commander of the army, General Maung Aye, and the head of intelligence, General Khin Nyunt. No overt rift is yet apparent, and there are a number of reasons why the military would want to appear to have a united front—not the least of which is fear of what might happen if it split. Should the military leave power, the fears of retribution are real. The example of General Pinochet of Chile probably did not go unnoticed. We return to this issue later.

One of the central cleavages that has developed between many of the minorities and the Burman population came about because the Burma Army has acted like, and has been perceived as, an almost foreign military force occupying a subjugated area. Until there are reforms in the performance of the military occupation, these antipathies are likely to continue, increasing ethnic tensions.

**Past Approaches to and Perceptions of the Myanmar Miasma**

It is a tautology to say that Burmese problems must be resolved by the Burmese themselves, bama-lo, “in a Burmese manner.” Yet the foreign community has numerous roles to play in assisting a process that could achieve a resolution. One of the most important roles belongs to the multilateral aid agencies and the academic community: to develop analyses that present alternative perspectives and scenarios on the situation and its amelioration and to break through the cloud of partisan cant that now epitomizes the polarized statements emanating from various sources within and outside the country. The climate of fear that is so pervasive within Myanmar often prevents alternatives from reaching those who hold ultimate decisionmaking responsibility. Foreign roles in suggesting alternatives and providing analyses are therefore important.

If we are so concerned about the current dire situation in Myanmar, as indeed we should be, we should be asking ourselves why we were not concerned about the military regime
under the BSPP (1962–88). That was a militarized government perhaps even more authoritarian than the current one, with a single-party mobilization regime that did not allow even a titular opposition. The military was in command, intelligence agencies were ubiquitous, the minorities were in even more of a state of rebellion, and social cohesion was just as threatened as it is now. Yet that regime received foreign assistance (approximately US$400 million annually toward its end) from multilateral and bilateral donors, despite a closed economic system that was even more disastrous than the present partly open one.

A variety of forces has created what seems to be a new set of lenses for our focus on Myanmar. These include a wave of Asian liberalization, beginning with the people’s revolution in the Philippines in 1986 and the Korean liberalization of June 1987; the massive killings of 1988 in Myanmar in which thousands died—not seen on Western television but more brutal and severe than the Tiananmen Square episode in Beijing a year later; the elections of May 1990 that the military has ignored (not a unique occurrence in world politics, to be sure); the greater emphasis on human rights and the enhanced administrative capacities of public and private organizations worldwide to monitor human rights situations; the increase in communications technology, allowing foreign groups to mobilize in support of or against regime practices; the lure of markets and a low-paid, literate, controlled labor force; potential access to Myanmar’s extensive raw materials as the country encourages foreign investment; strategic concerns about the dominant economic position of China in the Burmese economy and about Burmese reliance on Chinese military matériel; and the symbol of Aung San Suu Kyi, who is seen as encapsulating the democratic spirit and resistance to authoritarian rule.

If the reality of lack of freedom within Myanmar has not changed from its “Burma” days, the external environment has evolved to make observers more sensitive to human rights issues (even though the Universal Declaration of Human Rights, which most countries have signed, was promulgated back in 1948). If one single event were to be pinpointed as the genesis of the intense international reaction against the Burmese
regime, it was probably not the killings of 1988, horrible as they were, or the continuing plight of certain minorities, some of which had been in rebellion for two generations, or the falling standard of living, one of the lowest among the major Asian states. Simply put, it was the regime's ignoring of the May 1990 elections that hardened positions, both internally toward the distribution of power and externally toward the leaders of the state.\(^{22}\)

There is evidence that before the elections the military leaders did not see themselves as remaining in direct power for a long period, although it is my belief that they would have retained power behind the scenes for the indefinite future. They specifically eschewed longer-term economic planning because they viewed their government as transitional. There are even suggestions that if the elections had not been so lopsidedly won by the NLD, the military might have been willing to deal with a divided opposition that it believed it could manipulate or control. But with the ignominious defeat of the regime, or of the party it quietly backed, the military began to make long-range plans to control the political process and remain in power. Thus, longer-term economic planning was instituted, preparations for a new constitution were begun, and the formation of a mass mobilization organization among the population as a whole that would support the military's efforts for control was initiated.

The NLD, for its part, became firmly entrenched and unwilling to compromise, believing that by the modern criterion of elections it had the legal mandate to govern. Meanwhile, the military constantly played up its adherence to Burmese culture, tradition, and values. When the military appeared intransigent, the NLD held a rump session of its elected delegates in Mandalay and secretly sent a group overseas to become the new National Coalition Government of the Union of Burma (NCGUB)—essentially, a government in exile.

The United States, which had previously called for the opening of Myanmar and its participation in international forums to enlighten a regime that had for too many years been isolated, hardened its attitude: it imposed sanctions on all new
U.S. investments, failed to appoint a new ambassador (leaving the U.S. embassy in Myanmar to be run by a chargé d'affaires), and attempted, unsuccessfully, to keep Myanmar out of ASEAN.

At present, approaches to Myanmar by various governments and organizations cover the full spectrum, from engagement to isolation. The United States has called for the isolation of the regime until it recognizes the results of the May 1990 elections and allows the NLD to take power.23 This is tantamount to arguing that the regime should give up power and then there would be negotiations. The European Union, like the United States, has prohibited the travel of high-ranking Burmese government officials to its area. By contrast, Japan, in a quiet policy dispute with the United States, has indicated its interest in restarting its aid program on a rather large scale if some (perhaps cosmetic) concessions are made toward liberalization and democracy, which are part of the Japanese aid charter. The Japanese government is under pressure from the economic ministries and the Keidanren (the Japan Federation of Economic Organizations, a business association) to resume assistance programs because of extensive Japanese economic, emotional, and strategic interests in Myanmar.

ASEAN began its relationship with Myanmar by calling for "constructive engagement," which, to the cynical outsider, seemed to be little more than a screen for foreign investment and the exploitation of Burmese natural resources. More recently, with no signs of political progress and with the economic situation in Myanmar seeming to decline, ASEAN has turned to "active engagement," implying the possibility of commenting on the internal political affairs of a member state—something that had been anathema. International NGOs have been providing some humanitarian assistance, and about 17 are now resident within Myanmar.

None of these tactics has worked. Myanmar's isolation has not affected the political process in that country, and the economic impact of sanctions is questionable, since instability, incompetence, the perceived insecurity of investments, and the Asian financial crisis of 1997 may have been more important in
drying up foreign investment. Engagement in ASEAN has produced no effects to date. The “collapse” of the economy, as some Westerners term its decline, is a misnomer because most of the country is at a subsistence level and can continue to exist at marginal rates of growth, or even in a declining economy, for substantial periods.

Why have these tactics not induced change? The answer is complex, and disconcerting to those who hope for reform and progress. Although some of the activists promoting liberalization have invoked the analogy of South Africa as the model for dealing with Myanmar through isolation and sanctions, the comparison is not apt. All the nations surrounding South Africa supported sanctions, and the South African elite and economy were oriented toward the West. None of these conditions apply in the case of Myanmar; the only point of comparison is that each country has an attractive, charismatic Nobel Peace laureate.

I believe that there are fundamental aspects of the structure of power and attitudes toward power that must be understood if we are to consider appropriate paths. These conditions, which shape negotiations, exacerbate tensions, create confrontations, and diminish the possibilities of conflict prevention, are described in the next sections. I first outline the military’s views, internally and externally directed, that affect negotiations and then describe NLD assumptions and the positions of external actors. (The discussion draws on Steinberg 2001.)

**Burmese Military Views**

The military believes itself to be the only institution, now and in the future, capable of keeping Myanmar united as a single country, and it sees pluralism as destructive of national unity. These assumptions are valid at present because the military has effectively destroyed every other institution that might have played a unifying role. It will be true in the future insofar as the military prevents the development of pluralism within the governmental structure and blocks the growth of civil society.
This is why the military has essentially replaced earlier state ideologies (including socialism under the military-led BSPP regime and Buddhism under U Nu) with an ideology that effectively focuses on the military itself, its comprehensive societal role, and, in part, its mythic history. Whereas in the BSPP period (1962–88) the military was portrayed as the keeper of the socialist flame, today it is the military itself that is the ideological nexus of society. The tatmadaw consider past political leaders venal, corrupt, ineffective, and incapable of running the state and ensuring its unity.

The military believes that the minorities are inherently culturally and socially inferior and that they would split from Burman authority if given the chance. It also believes that the minorities distrust the Burman majority (including the military) and fear Burman domination. It pays only lip-service respect to minority culture, through ritualized holidays and propaganda efforts. It equates Burman Buddhist culture with the state and wants some form of central (Burman) control. Advocacy of Buddhism, association with the sangha, and the building or repair of Buddhist shrines are part of the search for both political legitimacy and personal religious merit. The state continually goes to great lengths to demonstrate its reverence for the sangha, and the leadership is constantly depicted in the media as supportive of Buddhism.

The military views economic progress, reform, and liberalization as secondary to maintenance of political control or, indeed, as a means of control. The primary function of an improved economy is not directly to better the human condition but to secure greater military power, general political acquiescence of the population to military control through delivery of greater economic rewards for loyalty, and improved political legitimacy. To this end, the military believes it must control the economy and has set up direct and indirect mechanisms to do so. Direct mechanisms include the Myanmar Economic Holdings Co., military-run factories, the Myanmar Economic Corporation, and the like. Examples of indirect mechanisms are "private" banks and USDA businesses.
The military views any form of pluralism, at any level of
the administration, in the dissemination of information, and
among NGOs as a threat to the state and to its control.
The military has no intention of giving up essential power,
even though a civilian façade for its control is likely to be es-
established eventually. It has no intention of granting minority
groups any significant degree of power at the national level.
(Modest local self-government will be given to some groups
with which cease-fires have been arranged.)
The military (at least as long as Ne Win is alive) has no in-
tention of allowing Aung San Suu Kyi to play a significant role
in any new government.
As for the external situation, the regime believes that the
country is surrounded by current and potential enemies. The
threats now take the form not of territorial aggrandizement but
of economic domination and possible encouragement of minor-
ity separatism. This fear is based on what was once reality but
is now completely outmoded. The past instances of foreign
support are well documented and include American assistance
to Kuomintang forces in Burma; Pakistani and Bangladeshi
support for Muslim insurgents; Thai help to a variety of insur-
gen groups, both ethnic and Burman; Indian backing for anti-
SLORC groups, some British support for the Karen; Chinese aid
to the Burma Communist Party; the inclusion of northern
Burma on maps of China formerly used by the Kuomintang
and the Chinese communist government; and a general percep-
tion that the Christian minorities have closer support and more
contact with foreigners than does the Burman Buddhist. China
is seen as potentially (or perhaps even currently) having undue
influence in Burma/Myanmar.28
The military regards the United States as highly significant
because of its international influence, but it distrusts U.S. mo-
tives and influence, believing that if sufficiently provoked the
United States might intervene militarily in Burma/Myanmar.29
Foreign public criticism of the SPDC simply elicits a nation-
alistic response; foreign pressures for reform are viewed as in-
fringements of Burmese sovereignty; and foreign support for
the NLD, in the government's view, undercuts the NLD's potential legitimacy.

**NLD Assumptions**

The NLD believes that the military is out to destroy the party and is intent on splitting Aung San Suu Kyi from the party.

There is a potential role for the military in a truly civilian (NLD) government, but it would be under civilian control and review.

The immediate needs are to maintain the NLD as an entity and to continue to seek international support, including sanctions.

The NLD should seek to block any possible avenues leading to an increase in the public legitimacy of the military, internally or externally. Actions under this head include opposing any humanitarian assistance that benefits the SPDC or its agencies (for example, the USDA), as well as the operations of foreign NGOs in Myanmar, and denying to the government the foreign exchange generated by business, investment, and tourism.

**Other Countries: Assumptions and Constraints**

**The United States.** Because of the world role of the United States and its influence with other potential bilateral donors and the international financial institutions—the World Bank, the Asian Development Bank, and the International Monetary Fund (IMF)—it is important to consider its assumptions and constraints, as well as its policies regarding Burma/Myanmar.

Burma/Myanmar is low on the list of U.S. priority foreign policy concerns, even though in the Clinton administration the secretary of state took a personal interest in the human rights and political problems there. The United States has residual antinarcotics interests that are important but not sufficient in themselves to drive policy change. Antinarcotics priorities were more important to the United States in the BSP period, when considerable U.S. assistance was provided. Now, largely
in response to internal public pressures, human rights have become more significant in policy formulation.

There is an important lobby within the Congress and in the U.S. and international NGO community that insists (at a minimum) on greater political and civil rights. More comprehensively, this camp asserts that, as a consequence of the May 1990 elections, the military should relinquish its authority and Aung San Suu Kyi should take the reins of government. The United States, however, is absorbed with the Balkans, the Middle East, China, the Democratic People’s Republic of Korea, and Japan, and Myanmar receives little attention.

U.S. policy—on lifting sanctions, on the level of U.S. representation in Myanmar, and so on—is unlikely to change to any considerable degree without major internal reforms in Myanmar because otherwise such a change would be seen as a reward and would be politically indefensible within the United States. This situation will limit the capacity of any U.S. administration in the near future to agree to multilateral donor assistance beyond humanitarian aid without a clear quid pro quo. If such a change in policy were to take place in the near term, it would be opposed by Aung San Suu Kyi unless it were accompanied by the release of political prisoners and the freedom of the NLD to operate as a real political party.

The importance of other policy issues with China (trade, human rights, China’s influence on the Democratic People’s Republic of Korea, and so on) means that Myanmar is low on the priority list for bilateral discussions between the United States and China. The same applies in Japanese-U.S. relations. Yet both China and Japan are important to dialogue with Myanmar.

Individual members of Congress believe they cannot be seen to be supporting a pariah regime and thus will follow a minority strongly opposed to relaxation of present U.S. policies. A significant body of businesspeople believes, perhaps for intellectual or financial reasons, that private sector activity will bring democracy (possibly in the long run).30

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likely to restart at least a portion of its program. Its potential assistance is important to Myanmar. Japan’s role was essential to the survival of previous Burmese governments, and it has strongly influenced positive change (for example, the shift to the private sector) in the past.

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The Outlook for Change

The prospects for alleviation of the present political stasis seem bleak, but that does not mean change is impossible. What are the possible avenues or opportunities for change?

It is, of course, conceivable that the economic distress in which the country is mired may cause the state to agree to make more than superficial accommodations in both the economic and political spheres. Since, however, economics has been regarded as subordinate to political issues, it seems unlikely that the regime would agree to changes that would be more than cosmetic and that would affect the structure of power and heal social and political cleavages.

A highly controversial question is whether the military will remain relatively solid on the death of General Ne Win, who
was 89 in 2000. I am among those who believe he has been important as the glue holding the military together through the force of his personality and history, even after he retired as chairman of the BSPP in July 1988. He became, in my view, the Burmese equivalent of a Cardinal Richelieu, operating behind the scenes only on important policy issues and out of the direct, prosaic power line. When he passes to his karmic reward, will the military fragment on the basis of personal power issues rather than ideology? This cannot be definitively answered, but it is a distinct possibility that should not be ignored. If this were to happen, one element of the military might seek political accommodation with the opposition or with some minorities, allowing reform to take place under various guarantees for military security and the unity of the state. At present, fear of retribution may be a critical force in ostensible military cohesiveness.

Will the cease-fires with the minorities hold? If they do, the center will be strengthened; if not, there could be further divisions within the state and the military. What about the younger members of the military? Are they in agreement with the senior commanders, and could they rise against military colleagues who appear to be corrupt or destructive of the prestige of the military? This is a possibility, but it does not seem likely in the near term. The military educational institutions in large part cater to the sons of those in or retired from the military, and they can be expected to be loyal to their class.

What about the people? Could they rise once again and try to complete the people’s revolution that almost succeeded in 1988? All evidence at present makes this seem unlikely, although not impossible. In authoritarian regimes, lower functionaries can make mistakes while trying to please their higher command, and it is possible that some egregious act might set off a revolution. The price of rice—the surrogate indicator of well-being in the region—is an important indicator to watch, as are prices of other necessities such as cooking oil.

What will the NLD do, in the face of the concerted, quiet governmental effort to marginalize it and its leadership? Can it hold together over time? In the short term, time seems to be on
the side of the military, but over the longer term, regime change and liberalization seem inevitable. The military has attempted to picture the NLD as rigid and uncaring, as well as foreign controlled. How effective this is within Myanmar is unclear, but it is a constant theme. The NLD's initial stance against humanitarian assistance and foreign NGO activities to alleviate poverty (because such actions tended to legitimate the government and would be used to benefit it) has been modified somewhat because the military played up the movement's intransigence as contrary to the well-being of the people.

In addition to the fundamental issues connected with internal political dynamics noted above, a 1999 World Bank report on Myanmar listed a set of problems and priorities and requested a written response from Myanmar authorities on whether the government was interested in serious negotiations on any of these issues. It linked economic reforms to political changes but did not specify what those changes would be. The Burmese government has responded, but the reply lacks the specificity that the Bank stipulated.

There are at present a number of basic possibilities for change, assuming at this stage the unity of today's Burmese military leadership. At one end of the potential spectrum is the prospect that the military will be intransigent and will make no moves to satisfy the World Bank or potential bilateral donors, such as the Japanese, on either fundamental economic restructuring or major political reforms. At the other extreme, the military will agree to both reform of the political power structure and major economic restructuring. The former option seems most likely at present, and the latter seems least likely.

There are, however, intermediate possibilities: the military might agree to major economic reforms in accordance with the World Bank recommendations or to some minor economic reforms (such as those connected with certain public sector industries) but not to essential political liberalization. It is unlikely that the military would agree to political reforms while neglecting economic issues, if the analysis that politics, not economics, is in command is correct. There is also the pos-
sibility that the tatmadaw might pursue political dialogue with the NLD as a cosmetic move to placate the foreign community, with no real intention of moderating the military position on essential power.

Dante said that soothsayers go to a lower circle of Hell. Nevertheless, let me hazard the following possibilities:

- It is least likely that the military will agree with comprehensive political and economic reform, unless there is a change in present command positions.
- The next least likely possibility is major political reforms but not major economic reforms. I believe that the military views economics as an integral part of political power and thus does not envisage economic reforms unless they are perceived to be supportive of the military rulers’ conception of power politics.
- The possibility of major economic reforms but no political change seems marginally plausible but still unlikely. Modest economic changes but no political change is more possible, if not probable.
- The most likely eventuality is for the military, in effect, to reject major political or economic changes. They may do so even though they believe that donors will block assistance in the absence of substantial changes, which might threaten the power base of the government. If it is true that regional commanders play a greater role than heretofore, their insulation from the outside world may seem to make the option of “going it alone” more plausible. If this were to happen, the donors’ options might concentrate on the slow building of civil society and pluralism—together with training of a future bureaucratic and business class for a more liberal future regime—through nonthreatening humanitarian assistance and the operation of NGOs. This may be about all that can be done by external powers under these circumstances. This approach, the building of civil society, has been denounced by the NCGUB as “well meaning” but essentially misguided. Yet the other alternatives appear to be bleak.
These predictions, which are art, not science, are based on my perceptions of how the military views its own position in society. That is:

- The present military has no intention of giving up effective power. (Again, I assume the military is in the singular—that is, united—at present because to assume otherwise would be imprudent without more evidence. This situation, however, is likely not to hold over time.)
- The military views economic change as subordinate to political power.
- The military rulers may be ready to engage in cosmetic changes, such as political dialogue, but with no intention of letting that dialogue change the structure of power. The objective would be to placate Japan and ASEAN in order to induce Japanese aid and rejuvenate ASEAN investment.
- The military has no intention of engaging in any sort of dialogue with the minorities that would produce a federal system. It will allow a degree of local autonomy for selected groups such as the Wa, but without national power.
- The military fundamentally distrusts all foreign countries and organizations and thus would agree to foreign-induced changes or programs only if it felt such changes, support, or funding could be manipulated in its own interest, as happened in the 1970s and 1980s. Any foreign aid plans should take into account unintended consequences—for example, that it might strengthen a repressive regime by building up certain institutions or individuals rather than increase economic capacity to assist the poor, minorities, or pluralism. The military has demonstrated a capacity to underestimate the possibility of reforms promoted through indirect channels, such as the building of civil society, so there may be opportunities for modest progress. 32

Lessons

The events of the past dozen years since the coup of 1988 did not arise de novo. Much of what has transpired has precedents,
The military views any form of pluralism, at any level of the administration, in the dissemination of information, and among NGOs as a threat to the state and to its control.

The military has no intention of giving up essential power, even though a civilian façade for its control is likely to be established eventually. It has no intention of granting minority groups any significant degree of power at the national level. (Modest local self-government will be given to some groups with which cease-fires have been arranged.)

The military (at least as long as Ne Win is alive) has no intention of allowing Aung San Suu Kyi to play a significant role in any new government.

As for the external situation, the regime believes that the country is surrounded by current and potential enemies. The threats now take the form not of territorial aggrandizement but of economic domination and possible encouragement of minority separatism. This fear is based on what was once reality but is now completely outmoded. The past instances of foreign support are well documented and include American assistance to Kuomintang forces in Burma; Pakistani and Bangladeshi support for Muslim insurgents; Thai help to a variety of insurgent groups, both ethnic and Burman; Indian backing for anti-SLORC groups, some British support for the Karen; Chinese aid to the Burma Communist Party; the inclusion of northern Burma on maps of China formerly used by the Kuomintang and the Chinese communist government; and a general perception that the Christian minorities have closer support and more contact with foreigners than does the Burman Buddhist. China is seen as potentially (or perhaps even currently) having undue influence in Burma/Myanmar.28

The military regards the United States as highly significant because of its international influence, but it distrusts U.S. motives and influence, believing that if sufficiently provoked the United States might intervene militarily in Burma/Myanmar.29

Foreign public criticism of the SPDC simply elicits a nationalistic response; foreign pressures for reform are viewed as infringements of Burmese sovereignty; and foreign support for
the NLD, in the government's view, undercuts the NLD's potential legitimacy.

**NLD Assumptions**

The NLD believes that the military is out to destroy the party and is intent on splitting Aung San Suu Kyi from the party.

There is a potential role for the military in a truly civilian (NLD) government, but it would be under civilian control and review.

The immediate needs are to maintain the NLD as an entity and to continue to seek international support, including sanctions.

The NLD should seek to block any possible avenues leading to an increase in the public legitimacy of the military, internally or externally. Actions under this head include opposing any humanitarian assistance that benefits the SPDC or its agencies (for example, the USDA), as well as the operations of foreign NGOs in Myanmar, and denying to the government the foreign exchange generated by business, investment, and tourism.

**Other Countries: Assumptions and Constraints**

*The United States.* Because of the world role of the United States and its influence with other potential bilateral donors and the international financial institutions—the World Bank, the Asian Development Bank, and the International Monetary Fund (IMF)—it is important to consider its assumptions and constraints, as well as its policies regarding Burma/Myanmar.

Burma/Myanmar is low on the list of U.S. priority foreign policy concerns, even though in the Clinton administration the secretary of state took a personal interest in the human rights and political problems there. The United States has residual antinarcotics interests that are important but not sufficient in themselves to drive policy change. Antinarcotics priorities were more important to the United States in the BSPP period, when considerable U.S. assistance was provided. Now, largely
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Lessons

The events of the past dozen years since the coup of 1988 did not arise de novo. Much of what has transpired has precedents,
Notes

2. "Burmese women are not only among the freest in Asia, but until the relatively recent emancipation of women in the West, they enjoyed much greater freedom and equality with men than did Western women. Today, as we shall see, they control not only the family economy but most of the retail trade as well—village hawkers—and the proprietors of the stalls and shops in the town and city bazaars are predominantly women. Women are well represented, too, in large business enterprises. Moreover, except for engineering, women are liberally represented in the professions. In the villages, women participate in the productive phases of the agricultural economy, and they receive the same wages as men for the same work. . . . Finally, women enjoy social equality with men. Such customs as the veil, purdah, child betrothal, foot binding, widow immolation—these, and all other disabilities suffered by the women of India, on one side of Burma, and China, on the other, have always been absent from Burma" (Spiro 1977: 257–58).
3. For a comparison of Burma, the Republic of Korea, and Thailand, see Steinberg (1998).
4. For a discussion of these issues, see Steinberg (2000b). In many modern societies power is considered infinite, so that sharing becomes a "win-win" situation.
5. In 1983, when the director of the intelligence services, General Tin Oo, was considered by Ne Win to be a political threat because he was so popular, he was purged from that position, along with all those in the organization associated with him—his entourage. The resulting disintegration of Burma's intelligence capacity led to the almost successful assassination attempt, by agents of the Democratic People's Republic of Korea, on President Chun Doo Hwan of the Republic of Korea, who was on a state visit. Seventeen high Korean officials and three Burmese were killed. It is doubtful that this attempt would have gone undetected had the ubiquitous intelligence services been intact.
6. Of the 93 political parties that took part in the May 1990 elections, 36 had minority nationality names.
7. The military is in fact the most cohesive institution in the country, but this is because it destroyed any other institution that might play a similar role and allowed no other such institutions to develop. To the military, the most heinous crime in Myanmar is to attempt to split the military; that was the first accusation against Aung San Suu Kyi.
8. Previously, some groups in Shan State had sought UN trusteeship for that area, and some drug czars have masked their lucrative trade under the guise of being ethnic nationalists seeking independence or autonomy.
9. The Burma Communist Party, before its collapse along the China border in the late 1980s, had Sino-Burman leadership and contained large numbers of the Wa ethnic group.

10. The problem was exacerbated because in World War II the Karen sided with the British and the Burmans at first joined with the Japanese. There were massacres by the Burmans of the Karen in the Irrawaddy Delta in 1942.

11. Thailand was most concerned about the perceived Vietnamese threat on its “eastern front” and wanted to ensure that its western borders were protected.

12. The most recent (March 2000) example is a decree that all Burmese overseas must remit 50 percent of their overseas earnings to their families. No mention is made of those without families, and severe hardships will result, further isolating the regime from its citizenry. Shortly after this decree was issued, it was said to have been rescinded.

13. In 1988 Burma had 40,000 visitors, compared with 400,000 in Nepal and 4,000,000 in Thailand. In fiscal 1998–99 there were 286,882 tourists (“Selected Economic Indicators,” *Myanmar Times and Business Review* 1, 1, March 6–12, 2000).

14. This pattern of forced urban resettlement began in Rangoon in 1958. The military essentially dumped almost 200,000 people into inhospitable areas, which have remained poor and were the scenes of some of the most virulent antimilitary demonstrations of 1988.

15. Suharto’s Indonesia has been a model for much of the Burmese military’s recent thinking about its civilianized future role. The military has not, however, attempted to introduce a national ideology such as Indonesia’s Pancasila (Five Principles). One of the tragedies of Burma was the lack of a cohesive national concept. The monarchy, with the king as defender of the faith, performs this function in Thailand. Korea, lacking a positive concept that was credible (since there was little democracy for much of the independence period, until recently), used anticommu

16. Although the hierarchy and thus institutional Buddhism as a national power center are controlled, individual village Buddhist monasteries are among the few elements left of civil society—groups not under state domination or control, where people come together to pursue common goals.

17. About 15,000 firms were nationalized beginning in 1963. Landownership had been vested in the state since independence, but use of the land remained in private hands. The government’s plans for large-scale management of agricultural land through producer cooperatives and, eventually, communes never came to pass.

18. The opposition overwhelmingly won the May 1990 elections, the results of which the military refused to recognize. The voting may have
been as much against military control over the society as it was a positive endorsement of the NLD, for in 1960 the population had essentially voted against the military's continuing role in direct governance. A distinction should be made between the military as individuals, as a national defense force, and as a national administration. It is the latter that is deplored. The May 1990 elections, for example, were not a repudiation of the military as such; 42 of those elected were retired military officers and 145 were retired service personnel. There were also 54 lawyers and advocates and 50 doctors (Working People's Daily 9-12, 1990).

19. On April 1, 2000, civilian and military salaries were raised about fivefold, but they still have not kept up with inflation.

20. This tactic is not new. The military attempted to end the insurgencies in the 1960s by forming local rebel groups into the KKY, a kind of local militia. KKY members kept their arms, and as long as they did not shoot at government troops, they could engage in their traditional pursuits, which included opium production.

21. Opium production was said to be about 2,500 tons in 1998, but it decreased to about 1,750 tons the following year, partly because of bad weather but also because of government surveillance.

22. Just as President Marcos of the Philippines did when he called for a snap election he thought he could control, so the SLORC made an immense error in judgment by agreeing to the elections of 1990.

23. The United States is not necessarily acting with unanimity. There are internal divisions within the executive branch concerning policy toward Myanmar. In addition, some few members of Congress and their staffs could prevent the liberalization of policies by mobilizing congressional support; individual members of Congress do not want to appear to be voting in favor of a dictatorial regime. Some think tanks, such as the Center for Strategic and International Studies and the Cato Institute, have come out against sanctions, and some human rights groups have called for a change in a U.S. policy that is perceived as ineffective.

24. A survey conducted in 1995, before the United States imposed sanctions, of 193 Japanese firms in Myanmar, with 102 responding, indicated that the top problems facing the firms, in order of priority, were the dual exchange rate (71.3 percent), lack of infrastructure for transport and distribution (60.4 percent), the political situation (50.5 percent), the ban on official development assistance from Japan (43.6 percent), insufficient information on Myanmar (43.6 percent), undeveloped laws and systems (25.7 percent), and shortages of electric power (21.8 percent). In 1996, of 467 local manufacturing firms in and around Yangon, most complained about shortages of electric power, troubles with financing, and shortages of materials and spare parts (Japan, Ministry of Finance: 93–94).

25. In a 1993 personal audience, the king of Thailand spoke strongly against sanctions on Myanmar and for a more engaged approach toward it.
26. Socialism, the hallmark of political legitimacy in the early years of the union and in the independence struggle, was effectively demolished as an ideology, not because it was felt to be inappropriate but because it failed so miserably. Some argue that it was not an ideology embraced by Ne Win, who simply used it to gain power.

27. Yet in 1990 the military entered monasteries and pagodas in Mandalay and suppressed dissident Buddhist monks. In part, the tatmadaw may be attempting to assuage the anger generated by this poor and politically disastrous image.

28. Some influential Chinese officials recognize the potential danger. One was quoted as having said, “We [Chinese] are walking on eggshells [in Myanmar]” (personal communication with a third-country diplomat, Yangon).

29. However far-fetched this may sound to Americans, intervention was viewed as a real possibility in 1988, when a U.S. aircraft carrier was reported to have been stationed off the coast to enable the evacuation of U.S. personnel if chaos had ensued at the time of the demonstrations. Later, after the U.S. intervention in Haiti, the SLOC conducted an informal survey among key individuals to ascertain their reaction if the United States were to intervene. A senior military official said that the government had no faith in official statistics on levels of U.S. congressional aid related to Burmese refugees. “They say it is 5 million [dollars] but it could be 50” (personal interview).

30. The evidence that, over any reasonable time, private sector activity leads to democracy is highly suspect, however. Instances in Asia include Korea, 1961–87; Taiwan (China), 1949–92; and China, Vietnam, Singapore, and Malaysia.


32. One might argue that because the NLD and the NCCUB oppose NGO activity in building civil society, the military might agree to it.

33. In February 2000 the military allowed the publication of a new newspaper, with an Australian as editor, that is purported to be autonomous. It has also officially published via the Internet a set of comparatively moderate articles by “SA” that are more compromising in tone, although they are still severely critical of the NLD. Are these events an oblique signal? Military intelligence officials have been aware of the shortcomings of the official press, jokingly ascribing them to Chinese training. It seems likely that any public amelioration of the rigidity of the regime will not affect its conception of its power role. It is significant that, as the editor indicated, the weekly newspaper will be subject to self-censorship. The articles by “SA” were not internally distributed within Myanmar.
Bibliography


The Social Consequences of War and Peace in Cambodia: Some Lessons

Nee Meas

Cambodia is emerging from more than three decades of civil conflict that resulted in enormous destruction. The struggle to restore peace may provide lessons applicable well beyond that country.

In many parts of the world, the end of the Cold War and the exercise of collective action by the international community have not meant the end of conflict. In conflicts between warring factions within a nation, the negotiation process and the signing of peace accords are like the tip of an iceberg. The social consequences underlying such conflicts are often complicated and could be beyond the capacity of the international community to understand, let alone intervene in.

On the basis of a discussion of the conflicts in Cambodia over recent decades, this chapter examines the sociopolitical cleavages of civil war. It attempts to visualize the underwater part of the iceberg—the fundamental causes of the conflict. It also proposes some solutions that could both provide a framework for sustainable development and prevent the return of conflict.

The discussion is divided into three main sections. The first describes key social cleavages that I believe to be the root causes of Cambodia’s bloody wars. The second provides a thorough analysis of the impacts of various initiatives, strate-
gies, and policies that sought to tackle the cleavages but instead became sources of further conflict. In the final section, a number of preferred solutions for restoring peace, strengthening development, and enabling Cambodia to break through the cycle of conflict are proposed.

**Sociopolitical Cleavages Leading to Armed Conflict in Cambodia**

Understanding the sociopolitical cleavages behind armed conflict is essential and is a responsibility of both the postwar country’s government and of all agencies involved in post-conflict reconstruction. Any development and reconstruction process that fails to deal with the actual cleavages of the conflict will not only be a waste of time and resources but can sometimes create the conditions for future conflict.

Zartman and Kremenyuk (1995: 11-13) divide conflicts into four categories:

- **Intrastate separatist or internal subnational conflicts for self-determination**, as in Cyprus, Eritrea, Sri Lanka, and Sudan
- **Intrastate competition to control the central government**, as in Afghanistan, Angola, Cambodia, Chad, Colombia, El Salvador, Ethiopia, Iraq, Lebanon, Mozambique, Nicaragua, Peru, and Rwanda
- **Interstate claims on neighboring territories**, as in Chad, Israel, Kashmir, Kuwait, Ogaden, and Sahara
- **Conflict over regional structures**—over the rank and relationships of states within the region and the regional order that these elements produce, as in Kuwait during the Gulf War.

This chapter discusses the second category (intrastate conflict to control the central government), the one into which Cambodia falls.

Most of the countries in this second category are among the poorest nations in the world, and they are often trapped in cycles of conflict. Afghanistan, Angola, Cambodia, Ethiopia, Sierra Leone, and Somalia are examples. It is striking that prolonged social problems seem to be the most common cleavages
in these conflicts. Unjust distribution of resources and wealth and lack of a legal system were behind the war in El Salvador that began in 1979 and went on for over a decade (Thompson 1996). At the same time, the prolonged conflict often results in a total collapse of state institutions, which are then replaced by the increasing power of the warlords. The Rwandan war of ethnic cleansing during the mid-1990s especially demonstrates this phenomenon. Social injustice, corruption, and social violence, which are the most common features of conflict under warlords, have deepened the conflict internally and created further social problems. One way or another, Cambodian conflicts have shared this characteristic.

Since independence in 1954, Cambodia has experienced at least four major episodes of sociopolitical turmoil: the war between the American-supported government of Lon Nol and the Chinese-backed Khmer Rouge rebels (1970–75); the murderous Pol Pot regime (1975–79), which killed almost 2 million Cambodians; the invasion by Vietnamese troops, followed by a decade-long civil war (1980–92); and the latest coup d'état, organized by Cambodian rival factions (July 1997). Looking farther back in history, these events, in fact, represent only a small part of the chronicle of conflict in Cambodia. The historian Michael Vickery asserts that Cambodia has been subject to almost continuous disruption and instability since the fall of the Angkor empire in the fifteenth century and especially during the eighteenth and nineteenth centuries (Vickery 1986: 52).

Imperialism, colonialism, Cold War ideology, and interference from neighboring states contributed to this long history of conflict. As Billon notes:

A powerful empire between the ninth and the thirteenth centuries, the Khmer monarchy ruled much of the region, including the Mekong delta, now in Vietnam, Southern Laos and northeastern Thailand. But since the end of this era, Cambodia has been constantly undermined by its more powerful neighbors and submitted to the interference of foreign powers. (Billon 1996: 3)
Nonetheless, internal strife seems to be the most common feature of civil conflicts in Cambodia throughout this period. These internal conflicts were the consequences of sociopolitical cleavages rather than religious or ethnic differences.

Cambodia has been trapped in many cycles of conflict in the past few decades. These cycles become a "chicken-and-egg" situation, making it difficult to judge what came first. It could be argued that the cleavages are the root causes of the conflict. In Cambodia, however, the extensive damage caused by conflict has created more cleavages that contribute to further conflict. Therefore, the main question at this point concerns the cleavages that remain constant throughout these cycles of conflict.

I propose that there are at least three major unresolved cleavages that could plunge Cambodia into another new conflict: the distorted functioning of social structures, the gaps between rich and poor and between urban and rural areas, and the lack of participation by the general population in the development process. Each of these is discussed below.

*Distortion of Social Structures*

The cycle of conflict has increased the role of the military and has strengthened the militaristic structure in Cambodia. This structure is based on the fundamental values of armies: centralization of authority, hierarchization, discipline and conformity, and combativeness and xenophobia. Militarism is a dynamic condition characterized by the progressive expansion of the military sphere over the civilian population (Klare 1980: 36). To a large extent, it is "a system of thought and attitudes that places military institutions above civilian institutions and introduces the military mentality into civilian decision-making" (Regehr 1980: 129). The xenophobic value—an exaggerated hostility toward foreigners—remains evident; Cambodia continues to distrust neighboring countries. Although the war has been ended and Cambodia claims to be a democratic state, the military mentality continues to influence social structures at both the national and community levels. This military mental-
ity has been deepened by the influence of the communist ideology introduced into Cambodia during the 1970s and 1980s, when the authorities held absolute power over the general population. Even in the 1950s and 1960s, however, under the so-called multiparty government led by King Sihanouk, the military and the police were used in the monarch's campaign against his opponents (see Osborne 1994: 101–7).

Pol Pot’s communist regime created another structure that was totally based on discipline and conformity. People could be killed if they did not obey the Angka (authorities). The military mentality continues to be influential even under the current democratically elected Cambodian government. It exists side by side with constitutions, titles, and elections. As Chandler argues, the rulers see themselves as legitimate because they have power, rather than as having power because they are legitimate. Loyalty is directed toward the power-holder rather than toward his position; opponents are not tolerated (Chandler 1999: 54–56). Brown and Zasloff share a similar view:

Cambodian governments have little tradition of accepting the vital role of an organized opposition, which plays such a crucial element in democratic government. Cambodian rulers have typically dealt cruelly with critics. (Brown and Zasloff 1998: 315)

As an outcome of the militaristic mentality, in recent history a patronage system under the network of military structures has grown increasingly stronger, from the national and regional levels to the local community level. One should remember that Cambodia still has one of the largest armies, on a per capita basis, in the world (Van der Wijk 1997: 20). By 1994, of 128,000 soldiers in the Cambodian armed forces, 2,000 were army generals and 10,000 were colonels (Shawcross 1994: 72). According to Raoul Jennar, in the same year, the Cambodian armed forces consisted of 65 percent officers and only 35 percent enlisted men and women (cited in Foley 1996: 3). Although in recent years the number of army generals has been
reduced, the generals constitute the core power supporting the ruling government. This phenomenon has put Cambodia at a higher risk of using military actions to overcome differences, at both the political and the domestic levels. The widespread occurrence of violence and the 1997 military coup d'état show that war is an ever-present danger there.

The military patronage system not only costs Cambodia financially, to feed the military machinery, but is also a threat to the independence and sovereignty of other government institutions. For instance, government institutions for social development usually suffer from lack of financial support and are manipulated to a great extent by rulers who are still part of the military system. The continuing government interference with the country's judicial system is a particular social strategy of the military patronage system aimed at securing control of the ruling government. As Dominic Faulder observes:

Cambodia has only really moved from war without justice to peace without justice. Years of factional war, a heavily armed populace, a corrupt judiciary, incompetent police, procrastination on a tribunal for the Khmer Rouge—all contribute to a culture in which violence is still considered the way to get things done. (Faulder 2000)

There is a complete contradiction between the values and ideology of the militaristic mentality in relation to governance structure and those of Cambodian academics. This gives rise to concern regarding the way in which Cambodia is utilizing its human resources to rebuild the country. Criticism, which is a legitimate role of academics, is curtailed for the sake of security; it is perceived as inappropriate actions and attitudes toward authorities. As a result, the relationship between the leaders and the theorists is fragile. This situation hampers the country's capacity to utilize the potential of the human resources that are urgently needed for long-term development.
Cambodia not only faces a severe shortage of human resources but also seems to lack the capacity to use its existing human power. There is considerable anecdotal evidence for this in the form of the many qualified staff who leave government positions and take work within the nongovernmental sector or private companies. Part of the reason is low salaries, but the main reason is lack of cooperation and recognition from superiors, many of whom gained their authority through the system of military patronage. The improvement of human resource capacity in government institutions continues to be jeopardized, and the trend leaves domination of the country's social policy by the military patronage system unchallenged.

**Social Inequality**

The large gaps between the poor and the rich, and between city and countryside, has been another key factor in social conflict in Cambodia. Rural unrest and discontent among farmers in the Samlaut region of northwestern Cambodia during the late 1960s had its origin in this problem, and later Samlaut was a powerful force behind the Khmer Rouge victory in 1975 (see Osborne 1994: 190–91). This social pattern seems to have become more problematic, especially in the past few years. Conflicts over "land grabs" are increasing in rural areas. According to Birsel (2000), "In the past years, there has been a rash of land grabs, often by local military units, and several bloody clashes with farmers over land in various parts of the country." Lack of an appropriate social policy and failure to allocate resources for social development in rural areas are the key problems.

Most people in rural areas have lived without support from the central government for generations. Vijgheen and his colleagues, in their research on development in a Cambodian village, find that the Khmer people have lived in this way since very ancient Khmer-Angkor times, mostly depending on themselves and their kin (Vijgheen and others 1996a: 22). As a result, the 1998 Cambodian Human Development Report reveals that the Human Development Index (HDI) score for urban Cambodia is
nearly 50 percent greater than for rural areas. The HDI score for the richest 20 percent of Cambodians is nearly two and one-half times greater than that for the poorest 20 percent (Cambodia 1998: 7).

In a seminar on rural development, Cambodia’s prime minister, Hun Sen, admitted that “our country is poor and the gap between the rich and the poor remains high.” He noted that 85 percent of Cambodia’s 11.5 million people lives in rural areas, 40 percent of them in poverty.¹ This finding is a clear indication of the social disparity between rich and poor, and between urban and rural areas, that remains a great concern affecting future peace and prosperity in Cambodia.

*Lack of People’s Participation*

Lack of participation by the people is another key factor behind the history of armed conflict in Cambodia. Participation is crucial both for development and to balance the interests of the authorities and the general population. In contemporary Cambodia the prospects for people’s participation are poor. Many people have developed an attitude of “it’s up to the leader” as a means of survival. Moreover, their level of interest in communal activities is low. Vighen claims that not many Cambodian villages can be regarded as communities in the real sense of the word. He reiterates the conclusion of May Ebihara who, writing about social life in Cambodia in the late 1950s, said that social links in Cambodian communities were very loose (Vighen and others 1996b: 5). This has given the authorities a free hand to exercise power. As Mahatma Gandhi pointed out, the power of a tyrant depends on the people’s willingness to obey; if people refuse to obey, whatever the personal cost, the tyrant’s power is ended (Shepard 1987: 4). In general, the Cambodian people are far from ready to dare to challenge power in this way.

Two main factors exacerbate the situation. First, the militaristic structure affords little room for people to participate. The military value of centralization of authority, together with the communist ideology, have led to this perception. Second, the
breakdown of community basic values, norms, and social relationships and the ongoing social violence have virtually destroyed social cohesion in the community. Under these circumstances, people tend to take care of themselves rather than think about others.

The social conflict emerging from the gap between rich and poor is a result of distorted development caused by a lack of participation by the people, which, in turn, is connected to people's lack of trust and confidence in the government. An expression of the distrust is the way in which, in past conflicts, Cambodian leaders were not able to resolve their differences peacefully by mobilizing large-scale support from the people. Instead, on many occasions in history they had to use military action or organize guerrilla warfare from the jungles or, more frequently, seek political, financial, and military support from neighboring countries. This may partly explain why neighboring countries often became involved in internal conflicts in Cambodia. The Cold War ideology that created fear between neighboring Thailand and Vietnam was undeniably another precipitating factor of conflict in Cambodia.

Nevertheless, I maintain that the existing social structures and social conditions must be the core cleavages, exacerbating the cycle of conflict in Cambodia, at least in recent decades. Let me now describe the lessons to be learned from Cambodia’s recent attempts at bringing about peace and development.

**Some Lessons**

The investigation of the sociopolitical cleavages of armed conflict in Cambodia leads to the conclusion that the lack of a properly functioning governance structure, the inability of the government to mobilize the country's crucial social capital, and the lack of trust and confidence among the general population toward the government are the main problems that undermine Cambodians' ability to break the cycle of conflict. Yet during the current interval of peace, these critical issues have been virtually overlooked by both the government and development agencies in Cambodia. This is partly because the economic
problems are so significant and because the struggle for power between the leaders of the rival factions appears to loom larger than the underlying social problems. There are constraints to be overcome in the three key institutions directly involved in postwar reconstruction: the government, nongovernmental organizations (NGOs), and people’s social institutions. Each is considered in the following sections.

The Government

At least three significant constraints are undermining the efforts of the government to lead Cambodia out of social conflict. These are the legacy of Khmer Rouge atrocities, the culture of authoritarian and military structures, and the lack of resources.

Although the government made some progress in revitalizing governance structures during the postindependence era, those efforts were totally abandoned when civil war broke out again in 1970. Then Pol Pot’s communist ideology, introduced into Cambodia by the Khmer Rouge regime, brought Cambodian governance structures to ruin. All previous social and governmental structures were systematically eradicated in a drive that included killing hundreds of thousands of educated Cambodian citizens, forcing people to move from the cities to rural areas, closing schools and religious institutions, and imposing oppressive structures as a means of forcing discipline and conformity on the population. These attempts were perceived by the regime as a way of building a new structure, doing away with the gaps between the rich and poor and between the urban and rural populations, and enhancing the country’s social and physical capital by destroying private lives and establishing a new form of communal society. The final outcome of these processes was that Cambodia returned to “year zero.” Significant Cambodian social values and moral and ethical bases were destroyed.

The social gap was eliminated by killing most of the rich and the middle class, both urban and rural. This left the poor peasants to rebuild the country in the aftermath of the regime. The Khmer Rouge’s imposed communal activities, aimed at
enhancing the country's social and physical capital, became a nightmare for Cambodians. "Work more and eat less" was part of the code that people had to comply with in order to survive. Trust between individuals virtually disappeared because of the practice of spying on individuals and families. People were forced to obey the rules without question. The common saying was, "If you want to survive, you must pretend to be deaf and mute."

The legacy of the Khmer Rouge continues to overshadow Cambodians' struggles to rebuild their lives in the aftermath of that regime. Throughout the 1980s, the new Cambodian government installed by the Vietnamese bore the burden of rebuilding, with "empty hands," a country shattered economically, socially, and politically. Those efforts were severely undermined by ongoing civil conflict and the new communist structure imposed by the government. Revival of the country's social structures faced major difficulties, mainly because of the lack of human and financial resources. Under the communist regime, the state continued to hold absolute power over the population. The Cambodian people in general perceived the new government as "new driver but still in the same car," a reference to the persistence of authoritarian attitudes. Forced conscription for military and military-related services continued, exacerbating the hostile relationship between the government and the population.

During this period, in response to an urgent demand for the restoration of social capital, new social groups (krom Samaki, or solidarity groups) were formed at the local community level. This initiative was, again, imposed by the government; people were forced to join the groups to which they were assigned by the authorities. As a result, there was no sense of people's participation. For the Cambodian people, the new initiative evoked the memory of the communal process imposed during the Pol Pot regime. The program was discontinued after a few years.

The legacy of state control and ongoing armed conflict increasingly strengthened the military patronage system that has dominated the Cambodian social structure up to the present.
This system has further reinforced the dysfunctional aspects of society.

The lack of human and material resources and of social capital is a major constraint that undermines the government's ability to revitalize the functions of social structures and to mobilize social development. Begging for help from the international community has become the most common strategy of the Cambodian government. Almost half of the annual budget is provided by the international community. Military spending represented 41.8 percent of the country's total budget in 1999 and 34.6 percent in 2000.\(^2\) The extent of this spending not only reduces the resources available for social development sectors; it also strengthens the structure of the authoritarian or militaristic system. Both trends hamper social justice and people's participation.

\textit{Nongovernmental Organizations}

International and national NGOs have an important role in providing resources and support to social and grassroots institutions in Cambodia. During the early 1980s, when tremendous support was needed and Cambodia was denied rehabilitation and development assistance by most of the international community for political reasons, a small group of NGOs established aid programs there. They were Cambodia's only link with the Western world (Mysliwiec 1988: 110).

During the era of the United Nations Transitional Authority in Cambodia (UNTAC), some 140 foreign NGOs were operating in the country (Brown 1997: 1). The number of Cambodian NGOs also mushroomed. By early 1994, 103 local NGOs were in existence (Bennett and Benson 1995: 179), and the number had increased to about 250 by 1999 (Cochrane 1999). Between 1996 and 2000, the Cambodia-based NGOs were estimated to have pumped more than US$375 million into various projects—about 20 percent of all foreign development assistance to Cambodia (Sivaraman 1998).

Although the activities of the international NGOs are crucial for the reconstruction of Cambodia, these bodies are not yet
able to respond strongly to the sociopolitical cleavages discussed above. To begin with, even though they are perceived as a most important aspect of social capital, the NGOs are still struggling to gain the trust and confidence of the general population. The NGO is a fairly new institution in Cambodia. Currently, "NGO" is translated into the Khmer language as Angka—which, unfortunately, is a reminder of the genocidal regime of the Khmer Rouge in the late 1970s, the regime that had absolute control over Cambodia and killed almost 2 million people. The word could refer to an authority that is powerful and superior. When the same word is applied to an NGO, the term may well become a constraint on its work, especially in rural areas. The perception of power and superiority is exacerbated by the perception that NGOs have an excessive amount of money to spend. Furthermore, the presence of foreigners within the powerful international NGO sector is a reminder of the colonization that Cambodians endured for almost 100 years under the French, during the nineteenth and twentieth centuries.

Coordination between NGOs in the field remains problematic. Competition for projects and a lack of communication between NGOs that work in the same area are common problems. In Cambodia, amid the influx of NGOs, coordination was, to a significant extent, beyond the capacity of the government, and the responsibility was therefore left to the NGOs themselves. The formation of the Cooperation Committee for Cambodia (CCC) in April 1990 by a handful of international NGOs in Phnom Penh was one of the first attempts to bring about cooperation among various international humanitarian organizations in the country. By August 1992 the CCC's membership had risen to 47 (Bennett and Benson 1995: 177). At the same time, in response to the specific needs of their operations, NGO sectoral groups were organized in parallel to the CCC. By 1994, 35 subgroups representing 11 independent sectors had been formed. A few of the meetings were attended by government representatives and UN organizations (Bennett and Benson 1995: 178–79).

Although these efforts are undeniably important in achieving cooperation within the NGO community in Cambodia, the mandate of the umbrella bodies—the CCC and the sectoral
ones—limits their role to cooperation rather than coordination (Bennett and Benson 1995: 177). Moreover, cooperation is often limited to the NGO community based in Phnom Penh and the neighboring provinces. Little is communicated to the grassroots organizations in distant provinces, which are generally regarded as the main target beneficiaries for NGOs. This lack of coordination has a significant effect on the day-to-day operations of many NGOs and grassroots organizations, especially in rural communities. The problems include unequal distribution of resources, competition for projects rather than cooperation and coordination, and, in some cases, conflict within communities.

Second, local Cambodian NGOs are under significant constraints. In contrast to the situation in some countries in Asia, Cambodian NGOs began their work with the motivation of providing members with employment to enable them to survive. Early members had little knowledge about the ideological basis of NGOs. Most, in fact, still see their role as that of transferring resources from international NGOs to local communities, meaning that they have to comply with the rules and guidelines imposed by the donor agencies. Being at a stage where personal and family survival is paramount, staff members are working primarily for income to feed their families and may take little notice of the vision and long-term plans stemming from the ideologies of organizations. There is no doubt that this problem has been exacerbated by the feeling of uncertainty endured during armed conflicts. As a result, some NGOs have suffered greatly from corruption, nepotism, and patronage.

Third, in the context of contemporary Cambodia, the common ideological aspects of NGOs, based on people's empowerment, bottom-up development, and people's participation, are likely to cause confusion when they ignore the need to restore mutual relationships between the people and the government. This relationship has already been described as weak and fragile. NGOs' notions are usually viewed by the government as an unprecedented challenge, increasing official suspicion of their activities. As Pednekar noted some years ago, the Cambodian situation is similar to that of Thailand in the 1970s and early
1980s, when emerging grassroots NGOs were under government suspicion as political agencies in disguise (Pednekar 1995). This suspicion is still seen today in Cambodia.

In no way does this chapter intend to imply that the NGO ideologies are inappropriate for Cambodia. Certainly, people’s empowerment is the core of development and peace in that country. In order, however, to respond genuinely to the needs of the country as a whole rather than just to the needs of the grassroots and the NGOs, the process must also include the restoration of trust and confidence between the people and government institutions. Eva Mysliwiec, a foreign NGO worker who has long worked in Cambodia, shares this view, arguing that “a development strategy based on the concept of interdependence between villages and their government institutions would be more appropriate and realistic in terms of long-term sustainability” (Mysliwiec 1988: 114). The next important role of NGOs is to restore the country’s social capital through the establishment of people’s social institutions and other aspects of civil society. The implications of these institutions are explored in the next section.

People’s Social Institutions

The term “people’s social institutions” in this context refers to formal and informal social groups formed and run by local communities. The NGO community expresses a genuine interest in providing resources and support—material, social, and technical—to improve the capacity of these institutions. Nevertheless, change is slow and difficult, and the expectations for changes in social institutions are unrealized, for a number of reasons.

First, because NGOs are service providers as well as funding agencies, grassroots people and social institutions see them as another form of patron, which they should not challenge but have to follow. As a result, the functions of social institutions tend to be marginalized. Their voices are rarely heard beyond their locality. It often happens that NGOs and the government act as though they represent the people rather than allowing
people to speak for themselves, and there is still no process for linking mutual relationships between the government and the general population. Yet people's participation will never occur unless the people are given the opportunity to speak for themselves.

Furthermore, in Cambodia today, most social institutions, especially at the local community level, are established to carry out various activities—providing social support to community members, representing religious organizations and ethnic groups, and, most commonly, running projects for NGOs. In fact, many people join these institutions with a view to obtaining material support from NGOs to supplement their basic needs for food security and social infrastructure. Their ideological views and the long-term plans of their organizations are no doubt limited. This explains the vulnerability of contemporary social institutions in Cambodia, for without clear ideological values, these social institutions will not be able to provoke social change.

The legacy of a top-down approach inculcated by the militaristic structures is another concern for many development agencies involved in restoring social institutions in Cambodia. A bottom-up development approach, which has been widely introduced as a counterbalance to this culture, primarily aims at empowering the local population to participate in whatever development process may help improve quality of life. Lessons can be drawn from the large-scale projects for rural development launched beginning in 1996 (Cambodian Area Rehabilitation and Regeneration Project, CARERE) and run by the Cambodian Ministry of Rural Development under the sponsorship of the United Nations Development Programme (UNDP). The ultimate aim of the program is to promote the ideological concept of a bottom-up approach to sustainable development. By 1998, 685 new village organizations had been formed in parallel to the village authority. Village development committees (VDCs) with between seven and nine members were elected in each village as a new authority responsible for village-level development. Nevertheless, this new structure is still far from being managed and controlled by the people.
The electoral process and the actual functions of the VDCs have come in for criticism. Little time is made available for villagers to think about, understand, and prepare for an election. As part of an authoritarian culture, the village leader (village chief) is still able to use his legitimate power to nominate candidates through his patron-client networks without consultation with villagers. As a result, most of the candidates selected are either rich or from the middle class, not from the poor. Because staff from the provincial government ministry are present to organize the election, people tend to believe that the elected VDC is still part of the government machinery, which they see as the power structure that they hesitate to challenge. This perception makes villagers question whether it will make any difference to their living conditions to have an elected or a nonelected leader. As a result, they either do not care about the outcome of these elections or they simply follow the tradition of “up to the leader.”

The VDC program has been further complicated by the way in which the village chief is becoming more and more the dominant figure and is making key decisions on his own. This problem is exacerbated because during the process of project implementation the commune development committee (another higher committee) tends not to recognize the crucial role of the VDC but prefers to deal with village leaders in the familiar chain of command even though the village leader is not an elected VDC member (Biddulph and others 1998: 19). It is also observed that, given the tradition of authoritarianism, the VDCs tend to be less interested in using the bottom-up approach because they find it hard to manage the process, and they see the top-down approach as an easy solution. My experience shows that even among the seven to nine people who have been elected VDC members in each village, only two or three—usually, the committee’s president, assistant president, and secretary—are actively involved in the day-to-day operation of projects. The remaining members either passively wait for orders from the president or are not at all interested. Although these observations are not based on a comprehensive study, there is considerable anecdotal evidence
that the problem is very common within many other grassroots social institutions.

**Possible Solutions for Cambodia**

A strong, robust civil society is the solution required for Cambodia's long-term peace and prosperity. The central concept of civil society, as defined by Aristotle, is a public ethical-political community where free and equal citizens live under a legally defined system of rules (Cohen and Arato 1992: 84). To enable this to happen in Cambodia, the authoritarian structure must be slowly minimized and eliminated so that freedom, confidence, and empowerment can be built up among the general population.

There are development debates in Cambodia over the issue of what strategies are relevant to the situation. The formation of VDCs is a new idea imported from elsewhere, with the expectation that it will improve the capacity of the local community to participate actively in the overall development process. At the same time, there is a growing concern that development in Cambodia should follow indigenous and traditional methods and that traditional leaders, respected men, and religion should play a vital role in rebuilding communities and society.

My intent is not to criticize either the traditional or the Western approach but to try to bring the two schools of thought together by introducing a model that could be helpful for both, thus improving the efficiency of development efforts and building up a strong foundation for civil society in Cambodia. The ultimate aim of this model is to build civil society by enhancing the function of social structures as a whole and increasing the country's capacity to mobilize the potential of existing social capital. It is also expected that such a strategy would open a way for both Western and traditional thinkers to continue to explore their ideas, values, and beliefs regarding future civil society in Cambodia.

As is illustrated in Figure 1, the strategy adopts a partnership model for development cooperation by addressing the important role of people's social institutions and other aspects of
civil society, the NGOs, and the state government. This model is not new in Cambodia and in reality cannot be represented as either a Western or a traditional approach. It is a vision for re-connecting social structures, maximizing the functions of social capital within existing social structures, and mobilizing them into the mainstream of networking. In this way they can work together toward a common goal, rebuilding civil society.

Looked at in another way, the core concept of this strategy is to strengthen the country's ability to mobilize and utilize existing resources—human, social, and economic—and to improve its capacity to absorb support from the international community. It can also be seen as a way of developing the institutional capacity of society as a whole, thus restoring public confidence and trust. This concept is not new in the international arena. Rodriguez writes that most development agencies and state institutions recognize nowadays that investment in developing institutional capacity must not be confined to material forms but must be applied to nonmaterial forms such as existing cooperative practices and specific values, while fostering the creation of groups based on those values (Rodriguez 1997: 9).
The model suggests unprecedented changes regarding the role of people's social institutions and other aspects of civil society. In this respect, another aspect of civil society is the formation of social groups that directly support the values of civil society, such as human rights, democracy, and social action. As Figure 2 illustrates, people's social institutions and various aspects of civil society must have their own representatives at every level of society, from the local community to the national level. The purpose of the model is to maintain the value base for enhancing the capacity of ordinary citizens to challenge the ways in which they have been exploited and, at the same time, to build up people's confidence and belief that they, not just the leaders, have important roles to play. I believe

Figure 2  A framework for social reconstruction: Cooperative forums
that in Cambodia this process cannot work without the good will and commitment of the government. The state must have an important role in facilitating the transition. Too much of a push from the grassroots could become a threat to the authorities and could result in further oppression. In this case, capacity building has also to be provided to the government to enable it to cope with the changes and move along confidently.

The proposed strategy for cooperation shown in Figure 2 is also designed to enable social institutions at the grassroots level to be actively involved in rebuilding society. This particular form of networking will establish mutual relationships between all the agencies and institutions involved, including the government. A primary responsibility of all these institutions is to coordinate and cooperate with one another, both vertically and horizontally. This has to be done at every level of society simultaneously. A regular forum must be organized at every level so that the institutions can share their experiences and identify ways of facilitating coordination and cooperation. To involve grassroots social institutions and their representatives in the forum, and to acknowledge and enhance their roles and responsibilities, will be crucial. For this model to function properly, each of the institutions mentioned must take on the roles and responsibilities discussed in the next sections.

The Role of People's Social Institutions and Other Aspects of Civil Society

Social change cannot occur without an immense input from the people and their social institutions. Under present conditions, however, the prospects for social change will remain faint unless the institutions change their perceptions and attitudes. If the institutions are to participate actively in rebuilding civil society, they need to identify a set of values and an ideology. Some of the following strategies could improve their value base and ideology.

Practically, at the grassroots level under the described situations, an organization has to be formed first by a small group of people who have at least a minimum vision of social change
and understand the basic values of civil society. This is often
difficult when many people are only thinking about material
needs and food and thus are less than enthusiastic about social
change and the short-term benefits of civil society. A well-
trained community development worker would have a crucial
role in helping people move beyond this stage. Values and vi-
sions, however, can be built around the ways in which organi-
sations are operating. Mutual participation in decisionmaking
involving all the group members is a key value that the organi-
zation may be helped to adopt. A group’s leaders or committee
members should be elected by all members, and a system of ac-
countability must be ensured. Mutual trust and solidarity be-
tween group members and other social groups are very
important and may be strengthened through the establishment
of a system in which group members can meet, enjoy sharing
experiences and feelings, support each other, and learn from
one another. Cultural activities and games for enjoyment can
be introduced in this process. Capacity building in terms of
skills and knowledge must be improved. The organization has
to ensure that poor people and marginalized groups are em-
powered and are included in the mainstream of development.

A system of networking among social groups and various
aspects of civil society in the same village or commune is also
important. It can be established through regular meetings be-
tween various social groups in the community at which people
are able to express and exchange opinions and experiences.
These local social institutions must have representation at the
district, provincial, and national levels and in any forum re-
lated to local community development. Besides representing
the institution, representatives at the regional level can play an
important role as mediators, facilitating communication and in-
formation flow between representatives at the national level
and the people’s social institutions at the community level. For
example, a formal body such as a farmers’ association can rep-
resent ordinary farmers at the higher level. The presence of a
representative of people’s social institutions at the national
level is also crucial. By working on behalf of their local counter-
parts and the general population, the organization will attempt
to use its influence to change government policies and attitudes, and it will help retain a closer link between the national government and local communities.

In general, involving local social institutions at higher levels is a responsibility of the Cambodian government—with the aim not of controlling involvement but of allowing it to happen. A comprehensive social policy relating to this issue is needed. At present, the government is unable to reach this stage. In some communities local governments even feel threatened by the rapid growth of local social institutions in the past few years. It is likely that the Cambodian government would regard the proposed program as another imposed (Western) policy. Yet the capacity of local social institutions to represent their colleagues at the regional and national levels is usually limited. They therefore need to be assisted and trained to do their job professionally.

To overcome these constraints, as this chapter suggests, the extension of networks of social institutions should be piloted in, for instance, a district or a province before being extended nationwide. The cooperation forum (see Figure 2), particularly at the village and commune levels, will help improve mutual relationships, confidence, and capacity in people's social institutions. This forum can be organized and supported by joint cooperation between NGOs in the field and their local government counterparts.

The Role of Nongovernmental Organizations

Coordination between NGOs is important in order to ensure the quality of operations and to make sure that resources are distributed evenly and fairly. To improve the prospects of NGO coordination is crucial, particularly among NGOs that work closely with local communities. This chapter suggests that, to ease the process and maximize participation by all NGOs in the field, especially for development in the rural areas where 85.6 percent of the population lives, the NGO forum has to be organized at the commune or district level. Again, the coordination forum, participated in by grassroots counterparts, local govern-
ment, and other social institutions, must be organized to allow the process of coordination and cooperation to occur.

A similar forum must be organized on a regular basis at either the provincial (regional) level or the district level, and umbrella NGO bodies have to be formed at each level. Umbrella NGOs at the regional level have a significant role to play in networking and supporting NGOs in the field so that collective action can be organized when there is a crisis or conflict. The capacity building of NGOs in rural development through training programs, which are now mostly organized in Phnom Penh, needs to be further decentralized to the regional or local level, to be closer to the real situation and practice. This is, of course, also a way to save the time and money of poorer rural NGOs. For the forum to be widely accessible to Cambodian nationals, especially staff from small NGOs and other social institutions whose members mostly cannot speak English, meetings should be conducted in the Khmer language when possible.

The Role of the Government

To minimize the power of the military patronage system is the most urgent issue, requiring an immediate response from the government. This form of patronage system not only creates widespread violence and impunity from the proper functioning of law but also constitutes a serious threat to the stability of any future legitimate government. The current government's plan for a massive demobilization of soldiers and police personnel is a significant step. Because most of the Cambodian armed forces were either locally recruited or trained by warlords, the demobilization of these soldiers must be analyzed realistically, beyond the number of men who should be demobilized from each of the warring factions. As this thesis suggests, such planning must embrace a comprehensive study of how to break the network of the military patronage system, which is deeply embedded in the army structure of every warring faction. To be effective, a set of criteria must be discussed and adopted in relation to what kinds of soldiers should be demobilized. The system of warlords must be replaced by a professional army.
Provision of a certain level of autonomy to regional and local government institutions is a major step toward a decentralized state system. The structure at these levels, however, must be based on democratic values and cooperative work with NGOs, people's social institutions, and other aspects of civil society. Strengthening capacity at the provincial, district, commune, and village levels is an important step toward building a partnership of robust civil society in Cambodia. To work through this structural adjustment process is difficult for the current Cambodian government for two main reasons.

First, the rulers are deeply entrenched in the legacies of centuries-long authoritarian structures and the subsequent communist and militaristic ideologies, which emphasized chain of command. A successful reform, therefore, depends not only on a comprehensive social policy but also, most importantly, on changing the authoritarian mentality and attitudes. Two-way communication between levels in the hierarchical structure has to be established. This can only happen if roles and responsibilities at each bureaucratic level are clarified and implemented.

Second, the process of appropriate use of power at each level is hampered by the lack of capacity of the authorities at those levels. Corruption, inexperience with the decentralized approach, and a lack of human resources at each level are the main obstacles to the proper functioning of a decentralized system. Unless the attitudes of the authorities are changed and their capacities, roles, and responsibilities are enhanced, the decentralized system will become another means of empowering lower-ranking officials to be more corrupt and abusive.

To improve the functions of local government institutions, particularly at the commune and village levels, is the most crucial step in rebuilding civil society. First, these institutions need to be transformed so that they are made up not of political appointees but of people's elected representatives. Local commune elections, to be held some time in 2000, represent significant progress by the Cambodian government. This, however, is still a small step. The government has to ensure the freedom of political campaigns and to free society from any
form of political intimidation. In the near future, elections also have to be organized at the village level. Second, local governance, particularly at the commune and village levels, needs more support in terms of skills, knowledge, and moral values, rather than political indoctrination. The officials’ roles as people’s representatives must be clearly identified at the policy level, and both the grassroots population and the newly elected leaders need to be well informed on this point. Training for the authorities should be aimed at improving social skills and moral values that enhance their capacity to work cooperatively and effectively with other organizations such as NGOs and social institutions and to carry on appropriate relations, on behalf of the people, with the national government. It is also suggested that a research study be conducted to assess training needs before a formal training curriculum is formulated. To increase the confidence of the national government, this form of training has to be initiated primarily by the government, although NGOs may be able to provide financial and technical support. Evaluation has also to be conducted during the posttraining period to assess overall progress. The local forum illustrated in Figure 2, in which the local government takes part, becomes a further strategy for strengthening local government capacity.

Improving cooperation between various ministries in government is one way to minimize the legacy of vertical control shaped by the authoritarian structure. The distribution of resources—for social development or for military spending, and for urban or rural areas—must be fairly managed. A genuinely independent judicial system is needed to curb violence and social injustice, which have been major threats to peace and social stability in Cambodia.

Increasing the country’s capacity to absorb resources provided by the international community is a responsibility of the national government. This task includes the ability to coordinate with international financial institutions in allocating resources to the needy. With prospects of two-way communication with the local government, and close cooperation with the forum at the national level (as shown in Figure 2), the govern-
ment will be able to provide better advice to donor agencies regarding where and how resources can be best used. To provide timely resources to the appropriate people and in the appropriate places is part of long-term social reconstruction aimed at minimizing future social unrest.

Another important responsibility of the government is to maximize reliance on existing human resources, using Cambodian nationals before requesting experts from overseas. This could be done by increasing the role of well-educated Cambodians in developing and enhancing mutual relationships and trust between academics and key government leaders, who may be experienced in military matters but lack the capacity to visualize long-term development. Meetings among Cambodian academics within and outside the country should be organized and encouraged.

The government should recognize the importance of independent public media, which can be indispensable in providing feedback to it. Moreover, amid the widespread corruption and social violence caused by the lack of an accountable judicial system, the media are believed to be the only public institutions with the capacity to highlight Cambodia's social problems. Currently, although their roles are still somewhat limited, the media continue to play a crucial part in voicing public opinion and criticizing government policies, as well as serving as a source of public awareness raising.

If the media are to be involved professionally in rebuilding civil society, their capacity needs to be reevaluated. Certain shortcomings in ethical values and professional responsibility in the media have emerged in recent years, and a lack of human resources has been recognized. There is anecdotal evidence that the media, especially newspapers, have been involved in corruption scandals in that they have forced corrupt officials and criminals to pay bribes to prevent publication of stories. In this way, the media create more problems instead of helping society. They even perceive this particular form of bribery as their primary income, supplementing income from publications. This finding suggests that the media have to be developed by improving both their technical and ethical
responsibilities before they can become an effective aspect of
civil society. The government should recognize the significance
of independent media by treating them as essential institutions
of civil society.

Cambodia's main income is from agriculture. The develop-
ment of this key sector of the economy therefore must be given
priority, and the government has to be committed to it. To
avoid further social gaps and conflict between rural and urban
populations, the country needs a comprehensive social policy
and long-term planning for rural development. The focus of
such a social policy must be on the improvement of the quality
and the quantity of the products of subsistence farmers; exces-
sive concentration on the cash-crop economy should be
avoided. The current expansion of industrial development in
the shantytowns of Phnom Penh has created jobs for Cambod-
ians but is also attracting hundreds of thousands of workers
from the rural agriculture sector. The government must recog-
nize the potential of the labor force in rural areas, where farm-
ers still depend on traditional methods of production and loss
of labor means loss of production.

The Role of the International Community

The role of the international community remains very impor-
tant in Cambodia, especially in assisting the Cambodian people
to break the cycle of conflict and rebuild a strong civil society.
Material, technical, social, and political support is needed. This
support, however, is wasted if the host country cannot utilize
it. In Cambodia coping ability depends mainly on the function-
ing of existing societal structures and the ability of society to
mobilize its existing social capital so that resources and sup-
port can be utilized and managed effectively and properly. To
improve this capacity, the international community has to play
key roles such as assisting the national government to move
beyond the dependency stage as quickly as possible. Some
tasks include:

- Lobbying the Cambodian government to take an active
  role in recognizing and identifying its own resource
potential, rather than remaining dependent for too long on outside aid

- Enabling the government to exercise its role in improving the functioning of social structures and social capital, mobilizing them in the social development process.

- Assisting the government to coordinate properly (not to control) all existing agencies, including NGOs, people's social institutions, and other aspects of civil society—especially during the immediate postconflict period, when the most resources are pouring in. Lack of coordination and cooperation at this initial stage could cause confusion and create conflict between the government and NGOs.

- Channeling more resources from the international community toward strengthening the capacity of social structures to coordinate with each other, not only at the national level but also at the regional and local levels.

- Most important, assisting the Cambodian government to direct more resources to rural areas, where the majority of people live—particularly resources for strengthening the capacity of local institutions and community organizations and improving the prospects of people's participation and empowerment.

Conclusion

Peace provides people with an opportunity to restore their lives and normalize the functions of their communities. In this critical stage, the people, and society as a whole, need to be helped not only to recapture the way of life they had during the prewar period but, most important, to work collectively to resolve the cleavages that brought the society into conflict in the first place. This can only be achieved when the society is better organized and when all the agencies and institutions involved fully understand and are aware of the cleavages underlying the conflict so that they can mobilize their resources collectively and efficiently to overcome problems. In Cambodia, for example, there is an urgent need to revitalize the func-
tioning of existing social structures and, at the same time, to incorporate them into the mainstream of social development by maximizing participation among all the agencies and institutions involved in postconflict reconstruction, including ordinary citizens. Until the sociopolitical cleavages discussed in this paper are eliminated, Cambodia will never be able to escape from the cycle of conflict.

Notes


References


Nee Meas

Class, Region, and Culture: The Sources of Social Conflict in Indonesia

Michael Malley

Since the late 1990s, social conflict in Indonesia has become more intense and more diverse. The ethnic Chinese minority has been attacked more violently than at any time in more than a decade. Violent conflicts between Christians and Muslims in Maluku have resulted in thousands of deaths and the displacement of hundreds of thousands of people. Interethnic violence in West Kalimantan has killed several hundred and displaced tens of thousands. Pro-autonomy movements have become stronger in many regions. East Timor has attained independence, Aceh continues to fight for it, and Papuans are moving closer to conflict in their efforts to achieve it.

The upsurge in social conflict clearly stems from the weakening of the economic and political forces that had underpinned rapid economic growth and enforced social stability in earlier years. The economic crisis that began in 1997 cut gross domestic product (GDP) by nearly 15 percent in just a year. After ruling for more than three decades, President Soeharto suddenly resigned in 1998 amid rising popular protests and riots. In 1999 his successor, B. J. Habibie, oversaw the country’s freest legislative election in four decades and its first competitive
presidential election ever. These elections produced a democratic government but not a majority political party. The new president, Abdurrahman Wahid, who took office in November 1999, hails from the fourth-largest party. To gain the presidency, he had to assemble a cabinet that accommodated the five major parties and the armed forces. These factors have prevented him from taking action to resolve the most pressing social conflicts.

Rather than assess the Wahid government's brief record of dealing with major social conflicts, this paper maps the major types of conflict the government confronts. In particular, it seeks to identify the social cleavages that underlie these conflicts and the forms they have taken over the past decade. It argues that contemporary social conflicts are rooted in broad social and economic transformations. Most of these changes flow from Soeharto-era policies, but simply changing specific policies or compensating groups that those policies disadvantaged is unlikely to resolve many conflicts. After so many years, the effects of the policies have been institutionalized. They are not impossible to change, but they are extremely difficult to redress directly. The fact that broad social and economic transformations have taken place means that the status quo ante cannot be restored. Populations have been moved from one part of the archipelago to another, and land has been transformed from public forest to private plantations. Popular assumptions about the intentions and credibility of government officials, the military, and other religions and ethnicities have been shaped by repeated interactions over long periods of time. The new government cannot undo these changes, but it must find ways to address their effects. Understanding the roots of contemporary conflicts is the first step in that direction.

**Mapping Socioeconomic Cleavages**

Social conflicts in Indonesia appear to have taken three principal forms, based on regional, class, and cultural identities. Their political salience has varied over the past decade, but they have remained a constant feature of Indonesian life during the entire period. Regional movements have been active
throughout the 1990s, and the most extreme have mounted armed campaigns for independence. Class-based conflict especially characterized the early 1990s, as urban laborers demanded better wages and working conditions while rural peasants protested the loss of their land to public and private development projects. Such conflicts persist but are increasingly overshadowed by conflicts cast in terms of competing cultural identities, such as ethnicity and religion. These appear to have grown more common since the mid-1990s as the authoritarian New Order regime weakened and the effectiveness of its rules governing interaction among ethnic and religious groups declined.

Regional Cleavages

The most politically threatening conflicts arise from regional cleavages. Regionalist movements may be either violent or peaceful, but they typically arise from a combination of generally perceived grievances. Among the most common complaints are human rights abuses by Indonesian security forces, loss of land and resources to outside investors and immigrants, and lack of political autonomy such that major policies affecting the region are made almost entirely by people from outside the region. Demands range from independence to general concepts of enhanced autonomy from central government control.

Regional movements can be divided into three groups. The most extreme demand independence from Indonesia and have armed wings that regularly engage Indonesian military forces. These are found today in Aceh and Irian Jaya (called Papua by supporters of independence). They were also critical factors in East Timor's successful struggle to leave Indonesia.

A second type of regional movement demands independence but lacks a military wing. Currently, there is only one significant movement of this kind, in the province of Riau. Its grievances tend to be based more on a sense of economic injustice and less on a history of human rights abuses by the military. It also coexists with less radical movements that seek federal or other arrangements which would grant the region a substantial
degree of autonomy from the central government. These less-radical groups overlap with those in the next category.

The third type consists of a set of regional movements that have more diffuse interests and demands but share a desire for greater autonomy from central government control. Some seek to carve out their “own” province or district from existing political units. Others demand the right to choose their own leaders without interference from Jakarta, a more generous share of national government revenues, and more authority to determine how regional revenues are spent.

**ARMED SEPARATIST MOVEMENTS.** It is important to note that no new armed separatist movements have emerged during the past 10 years. Even in the more relaxed political environment that has prevailed since Soeharto’s fall from power, there have been no indications that groups formerly afraid of arming themselves have begun to do so. Instead, the three existing movements have intensified their campaigns for independence.

The major armed separatist movements are well known. East Timor’s campaign for independence continued, albeit sporadically, from the time Indonesia invaded the territory in 1975. Aceh’s independence fighters trace their roots back hundreds of years but can also point to struggles against Jakarta in the 1950s and early 1960s and in the late 1970s, leading up to the most recent rebellion, in 1989–92. Irian Jaya has not managed to mount rebellions on the same scale as those in Aceh and East Timor, but rebels there have been fighting since Indonesia formally incorporated the half-island as a province in 1969 (Osborne 1985; Taylor 1991; Kell 1995; Browne 1998).

Two major types of grievance fuel demands for independence. One is the sense of economic injustice arising from Jakarta’s control and exploitation of regional economic resources in such a way that local people reap minuscule rewards compared to outsiders or in some cases suffer negative consequences. The sources of this sense of injustice are varied.

Aceh and Irian Jaya are home to valuable, exportable natural resources. Indonesia’s Constitution vests control of natural
resources in the state, and in both provinces foreign-controlled companies produce the resources under contracts with the national government. Aceh exports liquefied natural gas to East Asian markets; in 1997 these exports were valued at about US$2 billion, almost a fifth of the country’s total oil and gas exports. Nearly all of this money went to the national government, the state oil and gas company, and foreign contractors (Tesoro and Loveard 1999). Irian Jaya is home to copper and gold mines that analysts consider “the greatest . . . in the world” (Yerton 2000). Freeport McMoRan, the U.S. company that owns more than 80 percent of the Indonesian mine-operating company, earned revenues of US$1.8 billion in 1998 and US$1.9 billion in 1999, almost entirely on production from its Irian Jayan mines (Yerton 2000). East Timor is not endowed with similar natural resource wealth, but under Indonesian rule its most profitable commodity, coffee, was monopolized by a firm linked to the Indonesian army. Many other economic opportunities were taken over by an influx of Indonesian immigrants estimated to be as high as 100,000, compared with an indigenous population of 750,000 in 1990. Large influxes of outsiders have had a similar effect in many Irian Jayan towns and cities. (On East Timor, see Schwarz 2000: 206, 219; on Irian Jaya, see Loveard 1996.)

The other principal grievance that stokes armed separatist movements is the legacy of severe human rights abuses by Indonesian security forces over the past few decades. In all three territories Indonesian and international human rights organizations have documented repeated and widespread incidents in which Indonesian troops have engaged in rape, arbitrary execution, detentions without trial, and other gross violations of human rights (Amnesty International 1985, 1993, 1994b; Human Rights Watch 1995, 1998a).

The fact that these abuses have occurred over a long period of time and are not associated with specific events creates a powerful legacy of conflict between the national government and a broad range of local society, not just small radical groups. Rather than submission, Jakarta’s use of military coercion against rebel forces has led to more atrocities that have spurred even greater opposition to its rule.
In the freer political environment of the past two years, the legacy of human rights abuses has become an even more potent mobilizing force. While international attention was focused ever more closely on East Timor during the run-up to the UN-sponsored referendum there in August 1999, Acehnese took advantage of Jakarta’s weakening grip to publicize the atrocities that Indonesian troops had committed during their counterinsurgency operation from the late 1980s to the late 1990s. Estimates of the number of people killed in the army’s crackdown in Aceh during that period vary widely, from a few thousand to, some locals claim, tens of thousands. As long as Soeharto remained president, hard evidence was difficult to obtain (for estimates, see Loveard 1999). In 1999 Acehnese began to identify and open mass graves into which, they alleged, Indonesian troops had thrown victims of their repression during the crackdown several years earlier.\(^1\) Such discoveries further inflamed relations with the national government and seem to have been a principal factor in keeping voter turnout in the June 1999 general election below 70 percent in Aceh, in contrast to a national figure of slightly above 90 percent (Emmerson 1999: 348).

Cultural differences between these regions and what they perceive to be “Indonesian” constitute another dimension of the regional cleavage and contribute to support for armed separatist movements. The Papuans are Melanesian people, in contrast to the Malayo-Polynesians who populate much of the rest of Indonesia. In East Timor and Irian Jaya, Christianity is the dominant religion; elsewhere in Indonesia, Islam predominates. As Aceh illustrates, however, simply sharing the same religion as the majority of other Indonesians does not guarantee a common identity. Acehnese are widely seen in Indonesia as stauncher in their religious beliefs and practices than other Indonesian Muslims, and they themselves tend to agree.

The legacy of political interaction between Jakarta and each of these regions includes important events on which separatists draw to emphasize how different the experiences of their regions are from those of other regions more solidly inside the Indonesian state. The differences are most obvious in the cases of Irian Jaya and East Timor. Neither territory was actively
involved in the Indonesian nationalist movement that developed in the early twentieth century, and neither achieved independence with the rest of the country in 1949. The Netherlands retained control of Irian Jaya until 1962, when it ceded the territory to UN administration. In 1963 the United Nations transferred the territory to Indonesia, and in 1969 Indonesia staged an “Act of Free Choice” in which it selected a group of about 1,000 elders to vote in favor of joining the Indonesian republic. The United Nations chose not to endorse the outcome of the vote but merely to “note” it. Even before that event, the Free Papua Organization (OPM) had been formed to oppose Indonesian rule. The OPM mounted significant military operations in the 1970s. It managed only intermittent attacks on Indonesian targets in the 1980s, but since 1994 it has stepped up its military efforts to achieve independence.

East Timor, like Irian Jaya, was incorporated into Indonesia long after the republic had achieved independence and on terms dictated by Jakarta. Indonesian troops invaded the territory in late 1975, and in 1976 a carefully selected group of 28 East Timorese was assembled to “vote” in favor of becoming Indonesia’s 27th province. The United Nations never recognized East Timor as part of Indonesia. During the late 1970s and early 1980s, human rights groups estimate, hundreds of thousands of East Timorese perished as a result of Indonesia’s efforts to defeat the proindependence Fretilin forces.

Although Aceh played a leading role in the revolution by Indonesia against attempts to reimpose Dutch rule in the late 1940s, its difficulty since then in maintaining autonomy from the national government has created a legacy of disappointment and disaffection. Rebellions against the national government in the 1950s won Aceh the status of a “special region” rather than a typical province. President Soekarno agreed that Aceh’s government would have autonomy in educational and religious matters. Over the next few decades, however, the central government circumscribed this autonomy so tightly as to make it meaningless.

Currently, the Free Aceh Movement poses a greater threat to Indonesian unity than the Free Papua Organization does. Its
ongoing battles with the Indonesian military place the local population at greater risk than do the OPM’s operations, but it appears to enjoy more widespread public support. In November 1999 hundreds of thousands of people demonstrated in favor of independence in the territory’s capital. Some estimates place the crowd at 1 million, out of a total population of just over 4 million. Although the anniversary celebrations were peaceful, violence has been continual. According to data compiled by the local Legal Aid Institute, the number of people killed has been rising. Whereas in all of 1999, 273 people were killed, more than 200 died in the first two months of 2000. Of the 115 killed in February, 103 were civilians. Another 18 people were reported missing and may be dead. As the violence intensified, both sides became more amenable to negotiations. In May representatives of the Indonesian government and the Free Aceh Movement signed an agreement in Geneva to implement a three-month “humanitarian pause” so that aid could be delivered to refugees. In September they extended the pause until mid-January 2001 and agreed “to enter exploratory talks in order to arrive at a lasting and comprehensive political solution for Aceh.”

Despite these agreements, the violence continued, and as the year wore on, the prospects for peace appeared to diminish.

In Irian Jaya separatists have also grown more determined, but there has not been as a great an increase in violence as in Aceh. In mid-1998, however, under the transitional government of President Habibie, Indonesian army troops gunned down dozens of Papuans who had raised their independence flag. More people were killed after another flag was raised in November 1999. In late February 2000 about 500 Papuan leaders gathered in the territory’s capital. Calling themselves the “Papua Presidium,” they promised to form a transitional government by April 2000 and to pursue independence by peaceful means as long as possible (Human Rights Watch 1998c).

After the East Timorese rejected an Indonesian autonomy proposal in a referendum in August 1999, that territory moved toward independence. Indonesia renounced its claim to East
Timor, and the United Nations is operating a transitional authority there. The challenges for Indonesia are not over, however. As many as 120,000 East Timorese refugees remain in camps in the western, Indonesian half of Timor island (Paterno 2000). Members of East Timorese militias, which the Indonesian army trained and whose violence created the refugee problem, continue to intimidate the refugees and prevent them from returning home. President Wahid appears unable to resolve the conflict. Under these conditions, not only is the welfare of large numbers of East Timorese at stake; so, too, is the stability of East Timor’s relations with Indonesia and hence its capacity to rehabilitate its economy and promote the prosperity of its society.

Peaceful separatism. Although new armed separatist movements did not emerge after the fall of Soeharto in 1998, one peaceful separatist movement has developed, and groups of people in many other provinces outside Java have expressed support for independence. In the Sumatran province of Riau, which produces more than half of the country’s petroleum, a very vocal and increasingly well organized movement began to develop in the months following Soeharto’s resignation. Although it does not pose an immediate threat to either the unity of Indonesia or the safety of Indonesians, the similarities with movements in other key regions suggest that it should be treated seriously.

The movement for an independent Riau (Riau Merdeka) began as an elite affair and remains mostly that. Its principal leaders are native Malays, mainly based in the provincial capital city, Pekanbaru. Their main source of public support is students, many of whom are veterans of the anti-Soeharto protests of early 1998. As in Aceh and Irian Jaya, there is a strong sense among many sections of Riau society that the national government and its private sector allies have unfairly exploited the region’s abundant natural resources. In contrast to those provinces, however, Riau does not have a history of violent conflicts with the central government or of gross human rights abuses at
the hands of the Indonesian military. Consequently, broad public support for independence is much less than in Aceh or Irian Jaya.

A recent development threatens to provide a common experience for people across the province and could be exploited by proindependence leaders to develop a broader support base. During the past decade, large-scale timber felling has been followed by the planting of massive oil palm estates and tree farms. Petroleum exploration and production, as well as logging and lumber milling, have dramatically transformed both the province’s physical landscape and its economy and society. The introduction of estates covering hundreds of thousands of hectares differs from earlier forms of exploitation in one critical way: it permanently places large amounts of contiguous, formerly forested or cultivated lands under the control of corporations based in Jakarta or abroad. It leaves little room even at the margins for rural farmers to continue to eke out an existence. As a result, it has disrupted social and economic life across the province and, by forcing people off the land, has pressed many together in urban or semiurban centers where they are becoming conscious of the common challenges they face.

These conditions are conducive to violence and to the construction of social and political links between groups that favor independence and discontented rural people. A prime example occurred in December 1999. Students who support independence, in large part because they resent Jakarta’s economic exploitation of the province, organized hundreds of rural villagers to attack an oil palm plantation whose owners had employed thugs to drive the villagers off the land. When the police intervened, the students and villagers retreated, destroying government and police offices along the way. Similar groups of students talk of launching more violent attacks on oil or government installations to draw the central government’s attention to their demands. The movement’s leader rejects violence, but the central government’s failure to deal seriously with Riau’s activists leads them to consider more radical options, and their links with disadvantaged rural society indicate
that over the next several years they may acquire the social base needed to sustain a more-vigorous separatist movement.

DIFFUSE DEMANDS FOR AUTONOMY. Less-radical demands for autonomy from the central government have been more widespread than demands for independence. As the contrast between Riau and the provinces that have spawned armed separatist movements illustrates, even extreme levels of political subordination and economic exploitation are unlikely to produce violent movements in the absence of serious, sustained human rights abuses by the national government's armed forces. Instead, demands will vary over a broad range, presenting substantial opportunities for negotiation and compromise.

Regional autonomy movements have made three main types of demands: for a larger share in the revenues that the national government derives from the region, for enhanced political-administrative status, and for a constitutional amendment to transform Indonesia into a federal state. The first two, perhaps because they are more concrete and attainable in the short term, have been more popular goals among advocates of regional autonomy than the third.

Regional governments' dependence on the national government for budgetary resources has been an irritant in center-region relations for decades. District as well as provincial governments typically relied on transfers from the national government for more than 80 percent of their income. Within weeks after Soeharto resigned, provincial governors whom he had appointed began to lobby Jakarta to obtain a large share of the income from national government revenues collected in their provinces. These demands came not just from governors of regions rich in natural resources, such as East Kalimantan and Irian Jaya, but also from those that depended heavily on industry and commerce, such as West Java. Just weeks after he had been inaugurated amid massive opposition, the governor of East Kalimantan traveled to Jakarta to make the case for his province to retain 75 percent of the revenue from the produc-
tion of oil, natural gas, and timber. He was joined by the governors of West Java and Irian Jaya, whose appointments Soeharto had approved not long before he resigned. The governor of West Java later said that he hoped the province could collect a tax on the export of textiles, “so that we don’t just collect the pollution.”

Growing demands for greater local political autonomy paralleled these calls for more local economic authority. In the case of some municipalities, this has amounted to striving for the same goal by different means. The city of Bontang, a major site for liquefied natural gas production in East Kalimantan, sought to have its status upgraded from an “administrative city” (kotip) to a full municipality (kotamadya). Such a move would entitle it to elect its own legislature and control its own budget. Often, government officials themselves have led these movements. In Cilegon, a major industrial center in West Java, the district executive (bupati) claimed that enhanced status was necessary in order to manage the city’s rapid industrial and commercial growth. Such a change would, of course, enhance the mayor’s authority and control over resources. In Irian Jaya the provincial legislature took the lead in calling for two of its economically important administrative cities, Sorong and Timika, to be designated as kotamadya.

This sort of demand was not limited to regions that hosted large concentrations of industry or natural resources. In fact, demands for greater political autonomy were raised throughout the country. For instance, people on the islands of Bangka and Belitung, which fall in the province of South Sumatra, have mounted a campaign to split off into a new province. Their chief grievance is that their region has not advanced as far economically as the mainland parts of South Sumatra Province. This sentiment was combined with a feeling that their resources, chiefly tin, had been exploited for the benefit of outsiders and that once the resources had been exhausted, their region had been forgotten and neglected. Previous efforts, in the early 1960s and again in 1971, to form a separate province had failed. This time, as the central government weakened, one of the new political parties expressed support for the islands’
goal, and the governor expressed his willingness to discuss the possibility.\textsuperscript{6}

For the most part, demands for enhanced political and economic autonomy have proceeded separately from a major debate regarding the possibility of transforming Indonesia from a unitary state into a federal one. Rather than seek major changes in the law on regional government, or even in the Constitution, regional movements have tended to seek simply to enhance their own status. As national politicians struggled to find a way to accommodate regional demands and preserve national unity, however, they became embroiled in a debate about federalism.\textsuperscript{7}

Federalism has not yet attracted a large number of advocates among regional politicians, but as more Indonesians come to understand what it is, support seems likely to grow. The main region that has produced strong demands for federalism is East Kalimantan. Like Riau, it is a major producer of hydrocarbons and timber, but whereas in Riau supporters of independence outnumber advocates of federalism, in East Kalimantan the situation is reversed. Two key differences seem to account for this divergence in strategy. One is timing. East Kalimantan politicians turned to federalism as an option soon after Soeharto resigned. At the time, federalism was seen as a radical alternative, and its availability as an option forestalled an even more radical move toward independence. In Riau federalism was not placed on the agenda until more than a year after Soeharto resigned, and then by politicians who seemed the most likely beneficiaries of the scheme. The other reason is the speed of local politicians' reaction to the political opportunities created by Soeharto's resignation. East Kalimantan's politicians took the lead in exploring radical alternatives, such as federalism. In Riau the initiative fell to private citizens who, lacking a direct stake in provincial government, were inclined to advocate the most radical alternative, independence, rather than looser autonomy or federalism. East Kalimantan's politicians have, however, recently scaled back their aims and appear more willing to settle for enhanced autonomy in the short run.\textsuperscript{8}
Class Cleavages

Two principal violent manifestations of class cleavage have occurred during the past decade. First are labor actions of various sorts, most prominently strikes, which grew rapidly in number in the early 1990s but by the mid-1990s had begun to level off. Second, throughout the 1990s, and perhaps more so in recent years, lower-class people in rural areas have increasingly organized to express opposition to the loss of their land to large public and private development projects.

During the first 25 years of Soeharto’s New Order regime, lower-class-based organizations were at a severe disadvantage. Soeharto’s government had come to power by blaming an abortive left-wing conspiracy on the Indonesian Communist Party (Partai Kommunis Indonesia, PKI) and by fomenting widespread massacres of communists and suspected communists. Accurate figures on the death toll are not available, but most estimates range in the hundreds of thousands and as high as 1 million (Cribb 1990). The scale of the assault on peasant and labor organizations ensured that the government confronted no significant lower-class movements during its early years and deterred antiregime activists from attempting to organize in a way that could be labeled “communist.” It also cleared the way for the government to impose its own centralized control over labor unions.

Labor. The seriousness of labor grievances, the extent of illegal labor organizing, and the magnitude of the government’s frustration in coping with a more aggressive labor force during the early 1990s have come to be symbolized by one name: Marsinah. She was a prominent labor activist in her 20s who was killed in 1993, most likely by members of the army, or by people they backed, for organizing young women factory workers around Surabaya, Indonesia’s second-largest city.

By the late 1980s, generational change, a government-approved policy of “openness,” and, especially, a rapidly changing industrial structure combined to spawn a larger, more-aggressive labor movement increasingly beyond the
government's control. During the late 1980s, the New Order appeared unassailable, and President Soeharto acceded to foreign and domestic pressures to tolerate a broader public debate about political, economic, and social issues (Liddle 1987; Bertrand 1996). Some of these pressures stemmed from the major reorientation of economic policy that began in the mid-1980s. At that time, Indonesia began to promote policies of liberalization and deregulation to encourage the development of labor-intensive, export-oriented manufacturing. According to one estimate, the number of workers in the manufacturing sector grew from 4.7 million in 1980 to 5.8 million in 1985 and leapt to 8.2 million in 1990. Nearly all of these workers were concentrated in and around the major urban areas of Jakarta, Surabaya, and Bandung on Java and Medan on Sumatra (Hull 1994: 3; on the changing class structure, see Evers 1995).

The rapid increase in the size of the manufacturing labor force and its concentration in a few major areas challenged the capacity of the government-controlled labor union—the only one permitted—to maintain its grip on workers. Controlling labor, rather than representing its interests, had always been the government's top priority in asserting control over the labor movement. This approach resulted in a structure that was highly centralized, rigid, and dependent on directions from Jakarta rather than responsive to demands from its members. It left the union poorly equipped to respond to rapid changes in employment conditions and unable to defend basic worker rights. As Schwarz notes, "The defanging of unions has eliminated their political influence, but only at the cost of exposing workers to predatory employers" (Schwarz 2000: 258). The Surabaya office of the national department of labor found that 25 to 30 percent of the 4,000 factories in East Java paid wages below the official minimum, while the Surabaya office of the national Legal Aid Institute (LBH) found that 70 percent of 300 factories in the rapidly industrializing regions of Gresik, Surabaya, and Malang paid wages below the official minimum. Not surprisingly, the LBH also found that more than four-fifths of all strikes occurred over wage demands. Under these conditions, the government union found it increasingly difficult
even to control labor. Its highly centralized bureaucracy was too inflexible to accommodate rapid changes in the labor force (Hadiz 1994).

Labor dissatisfaction with the official union, and the difficulties the official union had in negotiating with employers, led in the early 1990s to the creation of new, not officially recognized, unions. The Setiakawan, or Solidarity Free Trade Union, was formed in 1990, and the Indonesian Prosperous Workers’ Union was founded in 1992. In addition, many smaller groups actively sought to educate and organize workers, primarily in the new industrial areas in major urban centers. Because they were officially unrecognized, they were unable to engage in organizing efforts in the factories and had to focus their efforts at the broader community level. As a result, they were structured along the lines of other welfare-oriented nongovernmental organizations (NGOs) and constituted part of a broader fabric of “grassroots organizing vehicles” outside state control (Hadiz 1997: 136).

As these new forms of labor organization developed, strikes and demonstrations multiplied. Government figures often conflate these two forms of protest, but by any measure labor actions grew rapidly and quickly reached proportions the government could not ignore. By one careful count, strikes by industrial workers increased from just 25 in 1989 to over 400 in 1992 and to more than 700 in 1994 (Douglas Kammen, personal communication, March 1, 2000; for a deeper analysis of labor actions in the early 1990s, see Kammen 1997). This trend occurred even though the Solidarity Free Trade Union had disintegrated quickly due to internal conflicts and the Prosperous Workers Union, which claimed more than 500,000 members by 1994, had failed early that year in its efforts to stage a brief nationwide work stoppage (Hadiz 1997: 148, 150).

The rise of an independent national labor movement encountered a serious setback in 1994. In April as many as 30,000 industrial workers, organized by local NGOs rather than by an aspiring national union, took to the streets in Medan in the province of North Sumatra. The protests—sparked by the death of a worker, allegedly at the hands of the security
forces—turned into riots and resulted in the death of an ethnic Chinese businessman and serious damage to the city’s largely ethnic-Chinese commercial district. The government blamed the head and several other leaders of the Prosperous Workers Union, tried them, and jailed them. This crackdown on labor occurred almost simultaneously with the banning of major print media and a general tightening of restrictions on public expression that signaled an end to Soeharto’s five-year experiment with “openness” (Amnesty International 1994a; Human Rights Watch 1994a, 1994b; Hadiz 1997: 151).

The intensity of labor action appears to have tailed off after the mid-1990s. The reasons have to do with government repression and with the economic recession that began in mid-1997. (On labor repression, see Cohen 1997a; on the impact of the recession on labor, see Manning 1998.) It does not seem attributable at all to improvements in wages or working conditions. In other words, the factors that led to the rise of lower-class violence in the early 1990s have not been ameliorated. Indeed, lower-class frustrations were displayed in brutal ways in the rioting that swept parts of Jakarta in July 1996 after security forces attacked the headquarters of the Indonesian Democracy Party, which had courted lower-class voters in the 1992 elections. Presciently, the political scientist Juwono Sudarsono—who served as Indonesia’s first civilian defense minister in more than 40 years—commented after those riots that the urban poor are

the single most important factor in the future of Indonesian politics . . . It’s the urban poor who are the most politicized, the most deprived, and therefore the most volatile, and it’s not difficult to incite them to violence. It happened in 1974, it happened in 1996, and you may not have to wait twenty years for it to happen again. (quoted in Schwarz 1997: 125)\textsuperscript{11}

Indeed, in May 1998 the anger and frustration of this group provided the fuel for the massive riots sparked by political con-
flicts in Medan and Jakarta in the weeks just before Soeharto resigned.

**LAND.** After labor discontent, disputes over land rights and compensation have been the main sources of class conflict. These conflicts occur in urban and rural areas and arise as a result of public, private, and public-private development projects. They tend to stem from similar causes: the lack of clear land titles—a problem that the government has never seriously attempted to resolve—and insufficient compensation for people displaced from the land they had occupied. As in the case of labor conflict, land disputes acquired powerful, violent symbols during the early 1990s. In 1993 several people were shot and killed by army troops on the island of Madura, East Java, when they turned out to protest the surveying of land on which the government planned to construct a dam. This followed a very public string of protests that had gone on since the late 1980s in neighboring Central Java over the government’s failure to properly compensate people whose land was taken to construct another dam, Kedung Ombo. The government had hoped that the affected communities would simply agree to participate in the official transmigration program and accept land in a distant part of Indonesia, far from the urban areas of Yogyakarta, Solo, and Semarang in Central Java.

In urban areas, the rapid pace of industrialization has spurred the development of manufacturing plants in formerly rural areas, as well as the growth of commercial and residential real estate developments in urban and suburban areas. As property prices have skyrocketed in urban areas, developers have sought ways to acquire property quickly and cheaply. This pressure, combined with the absence of a single land registry, conflicting land claims, and the impossibility of resolving such claims through the country’s judicial system, has fostered collusive practices between private developers and government officials. Relying on government approval of development plans and the support of local officials, most developers refuse to negotiate with individual property owners.
and simply deliver lump-sum compensation to village or subdistrict governments to distribute to their citizens. Anecdotal evidence abounds of the resulting problems in every major urban area (Jellinek 1997; on the nature of these conflicts before the 1990s boom, see Jellinek 1991). Compensation is paid at below-market rates, often reduced further by corrupt government officials who take a share for themselves. Many people who lack clear land titles even though they have lived for years or decades in a place receive little or nothing. Consequently, large numbers of the urban poor are made poorer and add to the numbers of people living on the margins of the urban economy.

Rural land conflicts may be more serious than those in urban areas. They are certainly more widespread. Four types of development projects are the principal causes of conflicts: government-sponsored infrastructure, mining, logging, and plantations (Ahmad 1995; Atkinson 1996; Dove 1997). As in urban areas, land conflicts are rooted in the absence of clear land rights and the ability of wealthy, politically well-connected business people to exploit this legal shortcoming to their own advantage.

The problems in Indonesia’s forestry management policy are well known. They are rooted in policy changes in the early 1970s that placed the authority to grant logging licenses in the hands of the national government and created strong incentives for regional officials to collaborate with national government officials and large Jakarta-based companies rather than with local firms (Magenda 1991). Although Indonesian law recognizes traditional (adat) land rights, it also grants the state title to any forested land for which there is no clear title. The national government has exploited this ambiguity for the benefit of large investors and has done little, if anything, to uphold traditional land rights. Indeed, by granting logging licenses to companies without regard for the people who lived in the areas covered by those licenses and who relied on the forest resources, and then failing to enforce traditional rights, it contributed to the erosion of traditional land rights, local economies, and local societies.
Three related industries account for widespread conflicts over land rights in rural areas: logging, commercial timber plantations, and other tree crop plantations, especially oil palm. In each case, government policy has failed to protect traditional land rights, and the people who had lived and worked on land granted to these industries generally have received grossly inadequate compensation. Indeed, a recent study concluded emphatically that “timber plantation development policies legitimate the degradation of natural forests” and that “overlapping and chaotic forest land use classification system work to the benefit of private plantation developers at the expense of the rights and livelihoods of forest-dwelling peoples” (Kartodihardjo and Supriono 2000: 1).

Indonesian law recognizes four types of forest: protection, conservation, production, and conversion. About 55 million hectares are classified as protection or conservation forests in which logging and plantations are forbidden. Anecdotal evidence indicates, however, that such activities have encroached significantly into these types of forest. The national government has issued licenses to log almost 70 million hectares of production and conversion forests, of which nearly 17 million hectares were considered “degraded” by 1997. It permits the creation of timber and other tree crop plantations in conversion forests but is unable to prevent companies from undertaking the development of plantations in production forests, as well. Moreover, there is a strong tendency for logging firms to obtain permits to establish timber plantations in conversion forests simply to cut the natural forest without replanting the land as a timber estate (Sunderlin 1998; Kartodihardjo and Supriono 2000).

Although they occupy a smaller amount of land than logging concessions, the development of tree crop estates has become a more important source of social conflict in recent years. This stems from two main factors. One is the rapid growth of plantations, especially those planted in oil palm, which increased at an average annual rate of 14 percent during 1986–97. The second is the ownership structure of these plantations. Even though the amount of land planted in oil palm (2.5 mil-
lion hectares in 1997) was less than that planted in rubber (3.5 million hectares in 1997), rubber is held almost entirely by smallholders, while oil palm has been developed by large corporations—public as well as private, and foreign as well as domestic (Kartodihardjo and Supriono 2000: 3).

The rapid expansion of large-scale tree crop estates has spawned widespread social conflict, especially in Sumatra and Kalimantan. In South Sumatra all 81 oil palm companies active in the province were engaged in land disputes during the late 1990s. In Riau, another Sumatran province, student activists have joined with villagers pushed off their land by a plantation company to stage protests and to confront the firm with violence. In December 1999 several hundred villagers marched on the Torganda estate, intending to attack it and its laborers. When police forces blocked them from their goal, they retreated and destroyed government and police buildings in their path. As in many other cases, the protesters cited not just the loss of land but also the violent tactics that the plantation company used to move local people off the land.

One could argue that the conflicts in Riau, as well as others in West Kalimantan, are culturally motivated. In Riau, Muslim Malays often confront Christian Batakans from North Sumatra Province. In 1997 Muslim Madurese immigrants clashed with the mostly Christian indigenous Dayaks in West Kalimantan. In both cases, however, the root of the problem lay in the unequal impact of government development policies, which appeared to favor immigrant groups and disadvantage people already living in the region (see, for example, Dove 1997).

**Cultural Cleavages**

Cultural identities play a role in any form of collective social action. In the case of the Acehnese and East Timorese independence movements, a strong sense of cultural identity separate from that of “Indonesian” has helped sharpen the differences between their respective regions and Jakarta and mobilize local societies to oppose Indonesian national authority. Here, however, I define cultural cleavages and conflicts as those in which
groups define themselves as culturally distinct from another group of Indonesians rather than distinct from the Indonesian nation as such. I use the term "culture" broadly to encompass identities conventionally regarded as ethnic or religious.

There are two general types of cleavages along which conflicts appear to have increased since the mid-1990s. One divides ethnic-Chinese Indonesians from the so-called "indigenous" Indonesians, the prabumi. The other pits various groups of indigenous Indonesians against each other.

**Between Chinese and Indigenous Groups.** The cleavage between ethnic Chinese and indigenous Indonesians is multi-layered. Religious and economic differences compound the general sense of ethnic separateness, based on physical features, language, and cultural practice, that most Indonesians readily feel. The vast majority (approximately 85 percent) of Indonesians is Muslim; few ethnic Chinese are. Instead, many Chinese continue to practice forms of Buddhism and Confucianism, while many more have become Christians. The Chinese account for a very small percentage of the total population, but they are presumed to control a very large share of the country's total economic activity. Reliable estimates are not available, but Indonesians commonly believe that the Chinese constitute less than 5 percent of the population and control more than 75 percent of the economy. It is readily apparent to the most casual observer that the ethnic Chinese are heavily concentrated in urban areas and are prominent in the major businesses in urban centers of all sizes. In some parts of the country, especially West Kalimantan, ethnic Chinese are also found in rural areas and are engaged in agricultural pursuits.

Violence against the ethnic Chinese has a long history in Indonesia (Mackie 1976; Coppel 1983), but between the early 1980s and the mid-1990s such violence was rare. In 1994 that began to change. One factor in the increase of violence was the booming economy and the ostentatious display of wealth by urban Chinese businesspeople who benefited from the boom. This tended to sharpen the visible differences between them and the lower classes, which are composed almost entirely of
indigenous Indonesians. The prominence of the Chinese was emphasized at two widely publicized events held by Soeharto in 1990 and 1995. He invited the leading business tycoons, mostly Chinese, to multiday gatherings at which they were invited first to contribute shares from their companies to cooperatives and later to create programs to assist small (that is, indigenously owned) businesses.\textsuperscript{12}

The second factor was Soeharto's increasing support for modernist Islam, which is most associated with urban, indigenous Indonesians and with political parties that in the 1950s and 1960s represented the petty merchant class. From the late 1960s to the late 1980s, this group felt that it was unfairly excluded from political power and denied its appropriate share in the benefits of economic development. In its view, Soeharto had disproportionately favored ethnic-Chinese and Christian Indonesians, who, because of their minority status, would have difficulty in leveraging their economic power into political influence in ways that would threaten his position. In an effort to head off growing dissent among the modernist Muslim community, Soeharto offered its members access to political power in exchange for their support. As they acquired more political strength, they became more outspoken in their criticism of the Chinese (Hefner 1993; Liddle 1996).

Complex social phenomena, such as riots directed at ethnic Chinese, cannot be attributed entirely to elite political maneuvers or structural economic change. These factors simply created the permissive conditions under which other Indonesians were emboldened to lash out violently against the Chinese minority.

A new wave of violence directed at the ethnic Chinese began with the labor action in Medan in 1994. That action evolved quickly into riots that claimed the life of one ethnic Chinese businessman and severely damaged the mostly Chinese commercial section of the city. In late 1995 smaller-scale attacks began to occur, primarily in smaller cities on Java such as Purwakarta and Pekalongan. They continued through 1996 and early 1997 during the run-up to the general election in May. Violence was directed not only at Chinese people and
Chinese-owned property but also at Christian churches and government-owned property.

Once the economic crisis began to intensify in late 1997, anti-Chinese actions again became common. This time, however, senior government and military officials seemed to blame the crisis on the Chinese. Strident statements from such officials again legitimated public and even violent manifestations of anti-Chinese sentiment. As prices soared, impoverished and unemployed lower-class people took to raiding and looting Chinese-owned shops and warehouses. In the three-day riots that wracked Jakarta in May 1998 just before Soeharto resigned, ethnic Chinese and their property were special targets. Dozens of ethnic Chinese women were raped (McBeth 1996; Cohen 1997b; McBeth and Cohen 1997; Human Rights Watch 1998a, 1998b).

**Between Indigenous Groups.** Like violence by indigenous Indonesians against people of Chinese ancestry, violence among Indonesians of different ethnic and religious groups rose dramatically during the second half of the 1990s. Incidents of such violence were widespread. They occurred on nearly every major island and in rural as well as urban areas. In late 1995 widespread anger among East Timorese toward immigrants from Indonesia, especially Muslim merchants from South Sulawesi, erupted in violent conflict that resulted in the exodus of thousands of immigrants to Indonesia. In 1996 an unusual string of mysterious killings began in East Java. In most cases these seemed to have involved attacks by more-devout Muslims on alleged witch doctors among less-devout Muslim communities. Still, many people believed that these attacks were politically motivated. Even Abdurrahman Wahid, now president of Indonesia, agreed at the time that it was likely that his opponents in the national government had stirred up conflict in East Java to weaken Nahdlatul Ulama, the country’s largest social-religious group, which he led. But the killings, on a lesser scale, persisted after the 1997 elections and have been reported even in the past two years.
Two sets of conflicts have attracted the most attention to the subject of culturally motivated conflict among indigenous Indonesians. In early 1997 and again in early 1999 Muslim immigrants from the island of Madura clashed with indigenous, mostly Christian, Dayak people in the province of West Kalimantan. At least 500 people died in the first wave of violence, and another 200 perished in the second round. Each time, tens of thousands were displaced from their homes. The second set of conflicts has occurred since early 1999 between Christians and Muslims in Maluku (recently divided into the provinces of Maluku and North Maluku). More than 3,000 people have been reported killed in these conflicts, and much of the provincial capital, Ambon, has been destroyed. Smaller-scale outbreaks of interreligious or interethnic violence have occurred in other parts of the country, giving rise to a sense that the conflicts in West Kalimantan and Ambon may be contagious or at least indicative of a broader deterioration in social cohesion throughout the country (Human Rights Watch 1997; Klinken 1999; Mitchell 1999).

Both conflicts have been remarkable for their savagery. Reports from West Kalimantan indicated that attackers not only butchered their enemies but also ate their organs. In Ambon neighbors fought each other, and severed heads were prominently displayed. There are critical differences, however, between the two sets of events. The initial wave of violence in West Kalimantan preceded both the economic crisis that began in 1997 and the last general election of the Soeharto era. In Ambon the violence began only during the transitional government of President Habibie. In addition, the killings in West Kalimantan lasted just a couple of months, while those in Ambon stretched over more than a year.

A third critical difference concerns the contribution of political and policy factors to the violence. In West Kalimantan there were no serious allegations that political maneuvering at either the national or the local level prompted the violence. There is, however, a general consensus that the government's policies to promote large-scale logging and the development of
oil palm plantations, as well as the migration of people into the province from other parts of the country, created conditions conducive to violence. Local people felt economically disadvantaged, and those who appeared to be benefiting from government policies differed sharply, ethnically and religiously, from the local society.

In the case of Ambon, there is widespread suspicion that political forces linked to Jakarta sparked or fomented the violence in their own interests (McBeth and Djalal 1999). These suspicions, or hypotheses, are common, and facts can be found that lend credence to them, but definitive explanations are lacking. Just weeks after a major outbreak of antigovernment protests and rioting in Jakarta in November 1998, hundreds of Ambonese gang members allegedly boarded a ship to return to Ambon. The first killings began shortly after their arrival. The transformation of long-standing patterns of local-national political relations can be tied to these events. Since 1992, when the national government appointed a Muslim governor of Maluku Province, the capital of which is in the traditionally Christian island-city of Ambon, Christian political influence had seemed under a threat. In 1997 the appointment of another Muslim governor from the same (Latuconsina) clan was followed by rumors that dozens of Christian officials had been replaced with Muslims. Amid worsening economic conditions, disgruntled Christian politicians sought ways to preserve their power and their access to resources or to strike against Muslims, in part by importing Christian gang members from Jakarta to bolster their struggle.

**Policies to Ameliorate Socioeconomic Cleavages and Conflict**

Government policies under President Soeharto, as described above, tended to exacerbate rather than ameliorate social cleavages. In response to the resulting conflicts, the government adopted what Indonesians typically describe as a “security approach,” using coercive bureaucratic and military measures to prevent social tensions created by official economic policies
from developing into open, violent conflicts and to subdue them when they did. These tactics were especially prominent in the case of regional rebellions in Aceh and Irian Jaya and in class-based conflicts. In addition, security forces were commonly used to protect ethnic-Chinese Indonesians from violence and to repress groups that based their demands for social justice on religious, especially Islamic, values.

The principal lesson to be drawn from three decades of Soeharto’s rule is that a combination of repression of lower-class social forces and cooptation of elites is an effective way to maintain power over a long period of time—but not to bridge social cleavages and resolve social conflicts. In the short time since Soeharto’s fall from power, Indonesia has embarked on a political transition that has weakened national government institutions and diminished government capacity for both repression and cooptation. Democratic elections have provided an opportunity for social forces previously excluded from power to voice their interests in government. The time has been too short, however, to assess whether new policies, even dramatically different ones from those Soeharto pursued, will be effective in coping with the legacy of social cleavages and conflict he bequeathed to Indonesia.

Clearly, in the most violent regions of the country, the change in government has not brought peace. Rather, it has weakened state authority and created conditions conducive to increased conflict. East Timor’s departure from Indonesia was accompanied by worse violence than the territory had witnessed in nearly two decades. More ominously, interreligious conflict continues in Maluku, low-intensity warfare persists in Aceh, and the potential for violence is growing in Irian Jaya. Over the longer term, however, the democratization of state authority in Indonesia holds the potential to make the government more responsive to citizens’ concerns and reduce the incentive to seek change through violence.

Today, the government faces two broad challenges: to redress the injustices of the past and to construct new institutions so that a more equitable form of development can be pursued in the future. Of course, policies have to be aimed at narrower
targets. In this regard, it is important to note two shifts in the nature of social conflict that have occurred over the past decade. One is the increasing violence associated with regional movements that demand autonomy or independence. The other is the growing incidence of conflicts in which competing cultural identities are at stake. In both cases, conflicts over the distribution of economic resources, especially land rights, are often at the root of the conflict. This suggests that the primary focus of reform efforts should be to replace the institutions that underpin the inequitable distribution of resources among social groups divided by region, class, and culture.

In the short term, efforts are needed to promote dialogue between national and regional leaders regarding possible reforms in the institutions that maintain a centralized political power structure. The laws adopted in 1999 did not provide an opportunity for significant regional input, and their implementation now turns almost entirely on the regulations to be issued by the national Department of Home Affairs. In the long term, new mechanisms need to be developed which tie the hands of the national government in a way that enhances the credibility of its commitments to decentralize substantial amounts of political authority to regional governments.

The most violent instances of class conflict during recent years have arisen from specific labor complaints about wages and working conditions and lower-class people’s anger at non-recognition of their land rights. In the near term, implementation of the mandated increase in minimum wages must be monitored carefully, since the failure of employers to comply with similar mandates has led to strikes and protests in the past. In the long term, new forums for labor-management negotiations need to be created in which employee interests can be legitimately represented. In addition, greater attention must be devoted to clarifying land rights. This is admittedly a very complex problem, particularly given the weakness of Indonesian law enforcement, but unless it is tackled, there is little prospect of resolving conflicts over land.

Culturally motivated conflicts present the most difficult challenge. In the short term, it is impossible to change cultural
identities or reverse the economic disadvantages that appear to be at the root of many ethnic and religious conflicts. The recognition that serious, policy-related economic inequalities among different cultural groups underlie many supposedly cultural conflicts suggests that in the long term, conflict can be reduced through new policies. It also highlights an important caveat: just because distributional issues can be found at the base of contemporary conflicts does not mean that the conflicts can be resolved by redistributing resources. After years and decades of socioeconomic transformation, it may not even be possible to redistribute the relevant resources equitably. Moreover, if groups feel that official policies have systematically discriminated against them and in favor of other groups, they will not be satisfied until the process that has produced the pattern of prejudice has itself been reformed or replaced.

Notes


9. Schwarz also quotes an editorial in the Indonesian Observer (August 27, 1991) claiming that “Indonesian labourers have virtually been delivered to their employers’ arbitrariness and greed.”


11. Such views were widespread and were expressed by another member of the current cabinet, the minister for regional autonomy, M. Ryaas Rasyid. He wrote, “Social unrest and frustration have led to a volatile situation in which violence can be sparked off easily. In this sense, the wage labourers and unemployed are the most vulnerable groups in urban society.” He observed that the lack of employment “has led to a very fragile situation because beneath the general calm of success in economic development lies social frustration that can easily be ignited to create antigovernment protest movements” (Rasyid 1995: 158).

12. “Soeharto’s New Warning,” Asia week (September 15, 1995).

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Approaches to Ending the Civil War in Sri Lanka: The Role of the State and Civil Society

Jehan Perera

Sri Lanka is a relatively small and geopolitically insignificant country, but in the 1970s it received considerable attention from international economists trying to understand how social welfare can be generated from very limited economic resources. Despite its low income, Sri Lanka was able to provide its people with a quality of life that countries with higher incomes failed to attain.

Three decades later, economists are once again studying Sri Lanka—but this time not to examine its quality of life, which has stagnated as a result of a civil war that has been going on since 1983. Many countries, in Southeast Asia, for example, that were behind Sri Lanka in quality of life are now far in front. Today, Sri Lanka is being studied as a country trapped in an internal conflict that the economists have to deal with if their economic plans are to work at all.

The war that has steadily escalated between the Sri Lankan state and the Liberation Tigers of Tamil Eelam (LTTE) since 1983 has caused around 60,000 deaths and incalculable damage to personal and public property. Well over half a million Sri Lankans have left the country to live abroad. A recent study showed that, at a conservative estimate, incomes could have
been 43 percent higher had there been no civil war (Marga Institute 1999).

The experience of Sri Lanka during the past two decades demonstrates that violent conflict within a state weakens its social fabric. It divides the population by undermining personal and communal group trust and destroys the norms and values that underlie cooperation. This damage to a society’s social capital impedes economic growth prospects. Even if other forms of capital are replenished, economic development will be hindered unless social bonds and social relationships are restored. In this context, there is a growing recognition that political instability and violent conflict are the biggest deterrents to economic investments that generate economic growth and prosperity.

Concepts and practices of equity, social integration, political participation, and cultural development are not new to Sri Lanka. People-based organizations such as the Sarvodaya Movement have been urging the acceptance of these concepts for decades and have been attempting to put them into practice, with some degree of success. What is new is that major economic development institutions are now thinking along the same lines. In recent years there has been evidence of international donors’ dissatisfaction with the slow and inefficient disbursement of their funds by the government, especially in the northeastern part of the country. The current World Bank–supported framework for relief, rehabilitation, and reconciliation in Sri Lanka reflects a trend toward policies and programming that are more conflict sensitive. One way to improve implementation is to consult with the affected sectors and obtain their participation and inputs so as to identify bottlenecks and opportunities.

The Sri Lankan government is cooperating with the World Bank in designing the new policy framework. A notable feature of this development is that nongovernmental organizations (NGOs) such as the Consortium of Humanitarian Organisations and the National Peace Council (NPC) are involved in the process. The World Bank is providing the government with technical assistance in the formulation of this policy framework.
The new “Three-R” framework calls to mind the “Five-R” program prepared by the country’s largest NGO, the Sarvodaya Movement, more than a decade ago. The Five-R program consisted of relief, rehabilitation, reconstruction, reconciliation, and reawakening. Unfortunately, the concept was ahead of its time, and major donors were unwilling to support it. In addition, the Sarvodaya Movement was seen as a rival by the government in power, which made every effort to stifle it, financially and otherwise (Perera, Marasinghe, and Jayasekera 1992).

**Ethnic Complexities in Sri Lanka**

Sri Lanka, with a population of 18 million, has a pluralistic society of several different ethnic communities. The Sinhalese form the main ethnic group, with 74 percent of the population. Most Sinhalese are Buddhist and are mainly concentrated in the southern, western, and central parts of the country. The Sri Lanka Tamils, with 12 percent of the population, form the next major ethnic group. The north and east of the island are predominantly Sri Lanka Tamil in composition. Most Tamils are Hindu. The Muslims, who are concentrated in the east, account for 8 percent of the population, making them the third-largest ethnic group. The Estate Tamils, who are of recent Indian origin, constitute about 5 percent of the population. They live in the central hills and have not been involved in the separatist conflict. A minority of both Sinhalese and Tamils are Christian and together account for about 7 percent of the population, but they are not considered to be a separate ethnic group.

Sri Lanka’s ongoing ethnic conflict and the separatist war it has given rise to can be described as the country’s most intractable and destructive problem. The war that has steadily escalated between the Sri Lankan state and the LTTE has caused 60,000 deaths and great disruption of people’s lives. According to a Sri Lankan Foreign Ministry estimate, about one-third of the country’s Tamil population of 2.4 million is not living on the island. Canada alone has an estimated 170,000 expatriate and refugee Tamils. Other countries with large Tamil populations are India, the United Kingdom, and Germany. The num-
ber of internally displaced persons in Sri Lanka itself has varied, reaching a high of 1,017,000 in December 1996, when the Sri Lankan army retook the northern capital of Jaffna. Since then, the figure has varied between about 600,000 and 700,000 (Marga Institute 1999).

Other Conflicts

The ethnic conflict dominates at present, but at least four other major sources of conflict, constituting deep-seated societal cleavages, have fragmented society and undermined social cohesion. Twice in the past three decades, the country has gone through class-based and Marxist-inspired insurrections in which tens of thousands of Sri Lankans lost their lives. Interestingly, both insurrections, by the People’s Liberation Front (JVP), were confined to the Sinhalese section of the population, with no Tamil or Muslim involvement.

The first insurrection by the JVP took place in April 1971. Thousands of poorly armed JVP cadres simultaneously attacked police stations throughout the Sinhalese-majority areas, capturing 90 of them. An estimated 10,000–20,000 JVP members died in the government crackdown that followed (Alles 1976).

The second JVP insurrection took place in 1988–89. Unlike the first, which was more or less over in less than a month, this one stretched over two years of violence, terror, and disappearances, with an estimated 30,000–60,000 killed. It, too, ended with the capture and execution of the leadership. There was no political solution, only a military one.

Both insurgencies were grounded in the sense of alienation and deprivation of rural Sinhalese youths who saw themselves being left out of the development process, which was largely confined to Colombo and its environs. About 85 percent of industrial production in the country is concentrated in Western Province, where Colombo is located, leaving only 15 percent for the other seven provinces.

The main barrier to socioeconomic advancement of this relatively alienated section of the population was the lack of job and language skills that would enable them to fit into the
modern sector of the economy. The English language (*kadevuwa,* or “sword,” in common Sinhala usage) is widely viewed as key to social mobility. The JVP program included socialism and restructuring of the economy to make it less dependent on foreign trade and more autarchic.

Another programmatic aspect of the JVP was the protection of Sri Lankan sovereignty against Indian (and, implicitly, Tamil) expansionism. The second JVP insurrection gained in legitimacy following the signing of the Indo-Lanka Peace Accord, which led to the introduction of Indian peacekeeping troops into Sri Lanka. This development, which resurrected images of the ancient past and of invasions of the island by forces from the Indian mainland, provided the JVP with one of its main bases of support for the insurrection.

Efforts by the government to institute radical political and economic reforms led to actions that antagonized the Tamil section of the population. One example was the change in criteria for university admissions that saw the proportion of Tamils plummeting within a couple of years to make space for disaffected Sinhalese youths. Disgruntled Tamil youths who were deprived of university education in the 1970s were in the forefront of Tamil militancy (Nissan 1998: 15).

A second major line of cleavage that has led to conflict and continues to simmer is religion. The tension between Buddhists and Christians in the early 1960s reached a peak with the takeover of privately owned Christian schools by the state, although it did not become violent. The rationale for the seizure was that the Christian schools perpetuated the privileged educational position of the Christian minority (8 percent of the population) and so continued the historical injustice done to the Buddhist majority under four centuries of Western (and Christian) colonial rule (Pieris 1999). With the takeover of the schools and the decision by the Christian churches to accept the situation, the tensions between the religions dropped dramatically. A remaining sore point is the accusation of conversion raised against Christian missionaries, particularly those from the fundamentalist churches.
Another source of religious tension that has begun to emerge more recently stems from the greater assertiveness of the Muslims in national politics. Although the Muslims are Tamil speaking, they have given priority to their religious identity and constitute a closely knit ethnic community, the third largest in the country. A perception of “Muslim expansionism” is found among both the Sinhalese and the Tamils. Their apprehensions stem from the strength of Muslim commercial enterprise and the demand by some Muslims for an autonomous ethnic region in the southeastern part of the country, where they form a slight majority.

A third significant line of cleavage is the underresearched area of caste (Uyangoda 2000: 114). The Sri Lankan caste system is not as rigid as the Indian, and its categories are different. It is generally believed that caste is not important in the transaction of everyday business, but it comes into play in marriage and in voting patterns. Those lower in the caste hierarchy also tend to suffer from economic and educational deprivation. It is undoubtedly significant that both the LTTE and JVP militancies have been spearheaded by members from lower down in the caste hierarchy.

At present, the social cleavages of urban-rural divisions, class, religion, and caste have all been subordinated to the predominant one of ethnicity. It is to this cleavage, and to the party political divisions, which have been an obstacle to resolving the ethnic cleavage, that we now turn.

**Political Failures**

Sri Lanka has had a relatively long tradition of modern democracy, stretching back to the British colonial period. The country was one of the first in the world to enjoy universal suffrage, in 1931. The inability of the political elites of the different ethnic communities to share power equitably among themselves led, however, to a series of broken agreements and to acute mistrust between the communities. The difficulty of protecting minority interests in a parliamentary system in which majority-minority
relations are strained is exemplified by Sri Lanka's modern political history.

Several efforts by government leaders to work out a solution with the Tamil political leaderships failed because the government was unable to obtain the backing of its own party, let alone the opposition. The most outstanding instance was the agreement reached in 1957 between the prime minister at that time, S. W. R. D. Bandaranaike (father of the current president), and the leader of the largest Tamil party. The prime minister unilaterally abrogated the agreement when it proved generally unpopular in the country. Buddhist monks even demonstrated in numbers against the agreement, which gave autonomy to the Tamil areas. A similar agreement arrived at in 1965 by Prime Minister Dudley Senanayake suffered the same fate, this time because of strong internal divisions within the ruling party (Wilson 1994: 105). In each instance, party political rivalries and cleavages added to the opposition to the conflict resolution process. The opposition political parties were able to mobilize the primordial fears of the population, and thereby the voters. Fears about the physical division of the country on ethnic lines and the destruction of the nation were sentiments that were powerfully played on to create a reform-resistant state.

The cumulative tensions led in the 1970s to demands for a separate Tamil state, to armed resistance, and, ultimately, to civil war. The hard-line LTTE emerged as the main armed movement among the Tamils, gradually establishing its control over most of the Jaffna Peninsula. Not even the signing of a peace accord between the governments of India and Sri Lanka in 1987 and the introduction of Indian peacekeepers into the country could stem the tide of violence that finally led to an Indian withdrawal following fighting with Tamil militants. From 1990 until 1995, when the government launched a army counter-offensive, the LTTE governed Jaffna as a de facto Tamil state.

After a decade of warfare a new pattern of politics got the upper hand, with the election of a new president in 1994. President Chandrika Kumaratunga took a public stand that defied
the prevailing establishment. She admitted that the Tamils had legitimate grievances and called for a political, not a military, solution to the ethnic conflict. The victory of the "peace candidate" led to a new series of talks with the LTTE, but the talks broke down after three months. The resumed warfare culminated in a massive military offensive against LTTE-held Jaffna, which fell to the Sri Lankan army.

While deciding on a military campaign against Jaffna, the government simultaneously pursued a political option and presented a long-awaited plan for devolution of power to the regions. The devolution package is considered by many analysts to be a promising avenue toward negotiations and a renewed peace process. The problem is that the government has not been agreeable to formulating its political package in cooperation with the LTTE.

**The Majoritarian State**

The framework for the nation-state that exists in all South Asian countries today was a legacy of departing British power. Fifty years later, that framework is no longer viable in Sri Lanka, for the situation in the country has changed. The ethnic communities living within the state have developed a strong sense of their identities, which do not fit the old state structure. Earlier, that sense of identity, and of being bothered by the differences, would have been confined to the elites. Given a different state structure, the rivalries between the elites of the different communities might not have become ethnic conflicts involving all levels of society.

The first postindependence constitution, drawn up by a commission chaired by Lord Soulbury, established a unitary state on the Westminster model for Sri Lanka. Its basic feature was that it gave final decisionmaking power to a single parliament in which sovereignty was vested. In 1963, having observed the operation of the independent country during its first 15 years, Lord Soulbury, in an introduction to a book on the ethnic conflict, wrote:
A Commission of which I had the honour to be the Chairman, was appointed by the British government in 1944, to examine and discuss proposals for the constitutional reform of Ceylon. . . . Needless to say the consequences have been a bitter disappointment to myself and my fellow Commissioners. While the Commission was in Ceylon, the speeches of certain Sinhalese politicians calling for the solidarity of the Sinhalese and threatening the suppression of the Tamils emphasised the need for constitutional safeguards on behalf of the minorities, despite the confidence felt by the Commissioners in Mr. D. S. Senanayake and any government under his control. (Farmer 1963: ii)

The ideal normative description of democracy, according to Stanley Tambiah, is that it is a rational system of representative government in which citizens, as individuals with the vote, make rational choices according to their interests and values concerning which parties to support (Tambiah 1997: 334). In its Western European form, the nation-state was predicated on the ideals proclaimed by the French Revolution and the universalism of Enlightenment rationalism. Essential components of this nation-state were the separation of church and state, the concept of citizenship based on the formal equality of all individuals who are members of the state, and the validity of the jurisdiction of the nation-state in the territory that it covers.

Democracy in Sri Lanka, however, is also a manner of conducting mass politics. Public policies are presented through state-controlled media as though they were the outcome of rational debate. Public ritual and spectacles are made to appear as “people’s participation,” with a process of consultation of the masses, seeking their legitimacy and consent. Institutions of representative government predicated on the individual rights of citizens have not generated the expected outcomes. Instead, collectivities and ethnic groups have become political
actors, seeking affirmative action for the achievement or restoration of privileges and life chances in the name of ethnic equalization.

The Roots of Ethnonationalism

The centralized state bequeathed to the newly independent country in 1948 effectively transferred political power to the hands of the Sinhalese majority. That power was immediately used to restrict the membership of the polity by denying citizenship rights to the “Indian Tamil” population and by seeking to correct “historical wrongs” done to the majority. This followed a pattern of the politicization of ethnicity in contemporary plural societies, with claims to group entitlements in current mass politics providing the initial basis for collective identity, mobilization, and action. The demand for “Tamil homelands” has followed the claim of “Sinhaladipa” that sought to give primacy to the Sinhalese, as the true “sons of the soil.”

The skewed distribution of political power in Parliament also led to the emergence of economic disparities between the Sinhalese- and Tamil-majority parts of the country. Although social welfare benefits such as health and education were relatively equitably distributed throughout the country, the same did not hold true for large-scale economic investments. With few exceptions, these prized projects, which provided opportunities for political patronage and development, were located in Sinhalese-majority areas. Politicians of the ruling party engaged in tussles to obtain these projects for their own electorates. As the Tamils from the north, in particular, were rarely represented on the higher rungs of the government, the case went by default. The deprivation of the Tamil-majority areas has continued and has escalated as a result of the war situation. A recent study showed that the output of the northeastern region is a mere 60 percent of its level in 1983, when the war began (Marga Institute 1999).

According to Tambiah, a Sri Lanka–born Harvard anthropologist, ethnic equalization, rather than freedom and equality
of the individual, is the principal charter of participatory democracy in many of the plural and multiethnic societies of our time. He points out that mobilizing the crowds and wooing their support by means of election speeches, rallies, and dispensation of favors through party machines is the central process of persuasion and vote getting. This reliance on crowds and mass mobilization opens the door to the invention and propagation of collective slogans and collective ideologies and to the appeal for collective entitlements for groups. Where collectivities matter, ethnicity is the most potent energizer, embodying and radiating religious, linguistic, territorial, and caste identities and interests (Tambiah 1997: 261).

Ethnonationalism relates to the generation of regional or subnational reactions and resistances to what is seen as an overcentralized and hegemonic state. Four issues, says Tambiah, have posed problems with regard to nation-state making and have generated the politics of ethnonationalism in Sri Lanka and in many other countries of South Asia. They are:

- What the languages of administration and education ought to be
- The rapid increase in literacy in the context of a population explosion and the creation of large numbers of educated or semieducated youths who are unable to find employment
- Large-scale population movements and migrations that cause dramatic changes in the population ratios of regions in which ethnic groups reside
- The bringing of religion into the public domain, where multiple religions with divergent practices and agendas contest with each other (Tambiah 1997: 17–18).

Failed Negotiations

Among the main stumbling blocks to a negotiated settlement between the Sri Lankan government and the LTTE has been the lack of professionalism in the pursuit of peace. This has most commonly been seen as the lack of appropriate qualifications of those entrusted with the task of carrying on the negotiations
on behalf of the government. This concern arose particularly strongly during the 1995 peace talks, when none of the government negotiators were seen as front-line politicians with decisionmaking capabilities. The collapse of the 1990 peace talks during the Premadasa government period, however, cannot be attributed to this cause. The president of the republic and senior government ministers met regularly at the Hilton Hotel in Colombo with the LTTE delegation before the peace talks suddenly broke down. The failure of negotiations therefore cannot be blamed primarily on the lack of qualifications of the negotiators if by “qualifications” is meant having sufficient power in the political arena. The lack of professionalism needs to be seen at a more fundamental level. In fact, in all of the negotiations between the government and the militant organizations, there was never a mutually agreed framework within which the negotiations took place. This lacuna has existed from the Thimpu talks in 1985 right up to the Kumaratunga government’s peace talks with the LTTE in 1995.

During the Thimpu talks the Tamil parties jointly came up with four principles on which they sought a negotiated settlement (see “The Thimpu Principles,” below). The government rejected outright three of these principles—those pertaining to the recognition of the Tamils as a nation, the right to self-determination, and the existence of the Tamil homeland. The Tamil position was articulated at the level of principles; the government’s response—offering district councils—was at the practical level and was hardly substantive. There was no effort then, nor has there been any since, to try to reconcile the Thimpu principles with those regarded as nonnegotiable by the Sri Lankan government, in particular the unity and territorial integrity of the country.

The lack of a mutually agreed-on conceptual framework within which peace talks can take place is one of the most serious impediments to a negotiated settlement to the conflict. The contrast with the peace process in the Philippines, which recently concluded a successful negotiated political settlement of a long-standing conflict, is instructive. Within five years of the outbreak of guerrilla warfare, the two main parties to the con-
conflict, the Philippine government and the Moro National Liberation Front (MNLF), were able to reach a consensus regarding the basic framework of a future settlement. In Sri Lanka, after nearly two decades of war, there is still no agreement between the government and the main Tamil militant organization, the LTTE, as to the basic framework for a solution.

The difficulty in Sri Lanka has been the secessionist basis of the LTTE, which precludes the possibility of meeting the government’s concern about the territorial integrity of the country. In all the years of conflict, and throughout the periods of peace talks, the LTTE has never categorically disavowed secession. Apart from being a cosignatory of the Thimpu principles—which the government perceives as a secessionist platform—the furthest the LTTE has gone is to offer to negotiate on the basis of a “viable alternative” to secession.2

By contrast, in the Philippines the framework arrived at in 1976 recognized explicitly the need to respect both the territorial integrity of the Philippines and the autonomy of the Muslim-dominated areas. The aim of the Tripoli Agreement of 1976, stated in its first clause, was “the establishment of Autonomy in the Southern Philippines within the realm of the sovereignty and territorial integrity of the Republic of the Philippines.” In other clauses the basic principles of autonomy were laid out, with their practical workings to “be discussed later” (Ramos 1996: 186). The joining of the MNLF armed forces with the Philippine armed forces, education, the regional administrative system, the economic and financial system, representation of the region at the center, and the proportion of revenues designated for the region were some of the more important of these matters. The fact that the Philippine peace process is in trouble at this time does not vitiate the success of the earlier negotiation process, but it does highlight the importance of follow-up and implementation in the aftermath of a peace accord.

A Two-Pronged Strategy

The LTTE’s decision in April 1995 to end the agreement on cessation of hostilities came as a tremendous blow to the great
majority of the people, who were looking forward to a negotiated end to the war. It was clear that the negotiations were flawed, but hardly anyone, either the local population or the international community, wanted them to end. The breakdown of negotiations enabled the government to recapture Jaffna, even at the cost of displacing some 400,000 people, without coming under international pressure to end the military offensive. In capturing Jaffna, which the LTTE had sworn never to give up, the government gave notice that winning Tamil Eelam (a separate Tamil state) by military means was likely to be beyond the capacity of the LTTE.

Since the breakdown of negotiations, the government has been following a two-pronged strategy against the LTTE, with the intention of weakening and marginalizing it. The first part of the strategy is to try to weaken the LTTE militarily. The second is to offer the Tamil people a political solution. This strategy draws on what might be termed the “Indian model” of conflict resolution.

The Indian formula, in cases of ethnic conflict, is to develop a reasonable political package with or without the participation of the opposing camp. This political package would address the main issues of discontent for the people on whose behalf militancy has been raised, but it would be within the existing constitutional framework. Thus, neither the Sikh nor the Naga people have been given the independence or the radical autonomy for which the militant groups took to arms, and none of the Indian peace accords have led to a fundamental alteration of the Indian state.

The next step in the Indian model has been to hold elections under the new arrangements. The elections may be flawed by ballot stuffing and voter intimidation, and voter turnout may be low, but the very fact of even some popular participation in the election tends to confer legitimacy on the new arrangements and on those elected to power under them. An aura of normalcy and of a return to democracy is achieved. Subsequent negotiations to improve on the political package are conducted with the newly elected representatives of the people. This Indian strategy for marginalizing the more
extreme rebel groups and then eliminating them militarily has had mixed success. It appears to have succeeded in the Punjab but not yet in Kashmir. The question is whether it will work for Sri Lanka.

The most relevant example in Sri Lanka of the application of the Indian model is the North East Provincial Council of 1988–89. This semiautonomous governmental structure was set up under the Indo-Lanka Peace Accord of 1987, which summed up India's aspirations for Sri Lanka. The accord, which was more or less forced on the Sri Lankan government of the time, contained provisions pertaining to Sri Lanka's foreign relations, as well as to internal relations between the ethnic communities (Bose 1995).

In the 13th Amendment to the Sri Lanka Constitution the government met certain long-standing Tamil demands. One was the merger of the Northern and Eastern Provinces into one Tamil-dominated unit. Another was equal language rights and enhanced devolution of powers. In accordance with Indian practice, however, the basic nature of the state remained unchanged. Thus, the 13th Amendment did not require a referendum, which is necessary when any basic feature of the Constitution is altered.

The elections for the North East Provincial Council were flawed and failed to lead to a return of democratic governance. In contrast to India, the Sri Lankan state proved unable to demonstrate the flexibility needed to implement the political package. There was strong opposition to the implementation of the 13th Amendment both within the government and in the opposition. The state therefore undermined the council by starving it of funds and by failing to transfer many of the devolved powers.

Another, equally decisive, factor in the failure of the 13th Amendment was that the LTTE proved to be far too powerful and well entrenched in the northeast to be marginalized, either politically or militarily. In contrast to the situation in India, where rebel movements are small in relation to the size of the Indian state, the LTTE is large in comparison with the Sri Lankan state. Its strength and its ability to recruit soldiers indi-
cate a certain resonance of its aims with those of the Tamil community. Hence, it is logical that the government should give priority to finding ways of negotiating with the LTTE, certainly with third-party mediation, instead of trying to defeat it on the battlefield (Nesiah 1997).

The Thimpu Principles

As mentioned earlier, one of the main causes of the repeated breakdowns of negotiations in Sri Lanka is the lack of a commonly agreed framework for such a solution. Each time a unilateral solution or set of principles has been evoked, it has failed to lead to successful negotiations. In 1985 the Tamil parties, including the LTTE, met with the Sri Lankan government in Thimpu, Bhutan, set forth the Thimpu declaration, and affirmed four principles on which they wished the solution to be based (see below). The Sri Lankan government did not agree to this framework, which had been unilaterally decided on by the Tamil political parties. The Indo-Lanka Peace Accord brought together the Sri Lankan and Indian governments and all the Tamil parties, but not the LTTE. Both negotiations failed because they were unilateral impositions that did not accommodate both parties to the conflict. Now, in a continuation of past trends, the devolution package, which up to now has excluded the LTTE, represents a unilateral imposition on one party to the conflict. There is hardly any point in the government's obtaining a consensual framework with the Tamil parties that is rejected by the LTTE if a settlement with the LTTE is what is needed.

A Tamil position that is constantly reiterated, especially by LTTE spokespersons, is that of the Thimpu principles. At the Thimpu talks, the Tamil delegation, consisting of the LTTE and four other groups, issued the following statement:

It is our considered view that any meaningful solution to the Tamil national question must be based on the following four cardinal principles:

1. Recognition of the Tamils of Sri Lanka as a nation.
2. Recognition of the existence of an identified homeland for Tamils in Sri Lanka.
3. Recognition of the right of self-determination of the Tamil nation.
4. Recognition of the right to citizenship and the fundamental rights of all Tamils who look upon the island as their country.

Different countries have fashioned different systems of governments to ensure these principles.

Examples from the Spanish and South African constitutions can be useful, especially with regard to the Thimpu principles.³ The Basques of Spain wished to be designated as a “nation” with the right of “self-determination,” but a compromise was arrived at under which they were designated a “nationality” with the right of “self-government.” In Sri Lanka what is required is a new vision of a decentralized “partnership state” rather than a centralized “nation-state.” The most extreme form of the nation-state is the centralized unitary state. If a negotiated settlement is to come, the Thimpu principles, long viewed by successive Sri Lankan governments as impossible to accept and as being the equivalent of separation, may have to be seen in a new light.

Self-determination is a human right of all people, and it can be exercised within a country. It is not a recipe for the breakup of states. Interestingly, the term “self-determination” has been defined in the South African Constitution and offered to the different communities in the country. That has not made South Africa a federal state or placed it in danger of breaking up. Article 235 of the South African Constitution states, “The right of the South African people as a whole to self-determination, as manifested in this Constitution, does not preclude, within the framework of this right, recognition of the notion of the right of self-determination of any community sharing a common cultural and language heritage, within a territorial entity in the Republic or in any other way, determined by the national legislation.”
Turning to Spain, Article 2 of its Constitution states, "The constitution is based on the indissoluble unity of the Spanish nation, the common and indivisible country of all Spaniards, and recognizes and guarantees the right to self-government of the nationalities and regions of which it is composed and solidarity among them all." Certain areas, such as the Basque region, were designated as "historic regions." They were given a greater measure of devolution at the outset in the form of asymmetric devolution, as proposed for Sri Lanka some time ago by United National Party (UNP) leader Ranil Wickremesinghe.

A Challenge

In the search for a negotiated end to the ethnic conflict, the Thimpu principles put forward by the LTTE as its basic negotiating position could be reinterpreted to mean power sharing at the center and autonomy at the regional level within a united country. Power sharing at the center could include the two vice presidents and upper chamber suggested by the UNP, in addition to concepts derived from the Northern Ireland peace agreement such as "parallel consent" and "weighted majorities." These concepts are meant to prevent unilateral rule by one community, generally the ethnic majority, over the others.4

A weakness of the Westminster system, which relies on the unitary form of government, is that in ethnically divided societies it permits the largest ethnic community to obtain the largest number of seats in parliament and then take unilateral decisions that affect the smaller ethnic communities. In Northern Ireland this system enabled the Protestants to rule over and discriminate against the Catholics. In Sri Lanka, the results of the Westminster system are well known.

The framework document that led to the Northern Ireland peace agreement has several novel mechanisms to ensure that both Protestants and Catholics share equitably in the power to make decisions that will bind both communities. Certain key decisions requiring "cross-community" support (that is, from both the Protestant and Catholic sides) have been designated in
advance. They include the election of the chairman of the Assembly, the first minister, and the deputy first minister; standing orders; and budgetary allocations. In other cases such decisions can be triggered by a petition of concern brought by a significant minority (30 out of 108) of Assembly members.

In the Northern Ireland context the principle of parallel consent means that certain key decisions can only be taken if a weighted majority of both Unionists (Protestants) and Nationalists (Catholics) votes for the decision. This means that at least 60 percent of the Assembly must vote in favor of the decision, including at least 40 percent of the Unionist and 40 percent of the Nationalist members.

A further protection against the “winner-take-all” mentality that plagues Sri Lanka and that drives the opposition to despair and even revolution has been developed in the Northern Ireland peace agreement. It is to share ministerial positions in proportion to the number of seats won by each party in the Assembly. Not only does this permit the smaller communities to share executive authority; it also enables rival political parties to share power.

The challenge for Sri Lanka today is to find a suitable structure of governance in which two or more peoples can coexist, cooperate, and be partners within a single state without the members of one group being able to unilaterally impose their wishes on the members of the other groups. Regrettably, in Sri Lanka’s experience, the Westminster system of government has enabled an ethnic majority to monopolize power in a unitary framework and rule over the ethnic minorities. There is a compelling need for a decentralized and plural polity to replace the prevailing constitutional structure. Apart from addressing the grievances of the ethnic minorities, the rise of regional centers of power is likely to change the all-or-nothing nature of elections. A genuine devolution of power away from the center and its distribution among the regional and ethnic communities is the best recipe for a reduction in the level of political violence.

For many years now, community leaders and political analysts have been calling for a consensus of the two major political parties on a solution to the long-drawn-out ethnic conflict.
In doing so, however, they may have glossed over the political realities that have kept the two dominant parties apart on the issue. The hard fact is that the Sinhalese community, which forms by far the largest segment of the electorate, is still more or less evenly divided on the question of political reforms that could lead to a political settlement of the ethnic conflict.

A recent public opinion poll commissioned by the National Peace Council and carried out by Research International showed that up to 48 percent of the Sinhalese polled did not favor using the government's devolution package in negotiations with the LTTE and that only 41 percent were in favor. Although 48 percent of Sinhalese approved of negotiations between the government and the LTTE, 48 percent did not, and 37 percent favored an outright military solution.5

Certainly, these statistics do not convey an impression of dominant militarism among the Sinhalese. They are clearly divided, although perhaps those willing to accept a political solution and compromise enjoy the upper hand at this time. But the hard reality of a Sinhalese population that is not united in meeting Tamil negotiating positions cannot be ignored, especially by politicians facing elections. When politicians confront a choice between electoral victory and national peace, it seems likely that partisan politics will prevail.

### Setting Up a Framework

In spite of everything, after years of costly and brutal internal warfare, Sri Lanka may be on the doorstep of a peace process that could end in success. Two crucial changes in the aftermath of the presidential election in December 1999 have laid a strong foundation for a negotiated settlement of the ethnic conflict. The first was the pledge in January 2000 by UNP leader Ranil Wickremesinghe to give his party's support to the government's constitutional reform proposals of October 1997. In doing so, the leader of the major opposition political party was acceding to the growing opinion in the country that a government-UNP consensus was absolutely necessary to any forward movement regarding the ethnic conflict.
The second major breakthrough was President Kumara-
tunga’s invitation to Norway to act as a third-party intermedi-
ary with the LTTE. The Norwegian intervention in the Sri 
Lankan ethnic conflict would count as the most significant 
event bearing on a negotiated settlement in over a decade. The 
last such external intervention was the Indo-Lanka Peace Ac-
cord, which ended in 1990 with the withdrawal of the Indian 
Peace Keeping Force. Much more than that ill-fated accord, the 
Norwegian initiative seems to be an expression of the 
government’s and the LTTE’s willingness to bring in an inter-
mediary. Some years ago, President Kumaratunga mentioned 
that over 30 foreign governments and organizations had of-
fered to be a third party in efforts to end the Sri Lankan con-
flict. During his brief one-day visit to Sri Lanka in February 
2000, Norwegian Foreign Minister Knut Vollebæk said that 
Norway was going to play a role in the peace process “upon a 
request from the [Sri Lankan] President and the wish of the 
LTTE” (The Island, February 8, 2000: 1).

The reasons for choosing Norway as mediator have been 
much discussed in the media. Emphasis has been laid on the 
“pro-LTTE” leanings of the Norwegian government. Norway 
has a sizable Tamil population and an active LTTE office, and 
the Norwegian government would naturally come under pres-
sure from the Tamils. But there are other important reasons for 
the government’s acceptance of Norway as the third-party inter-
mediary.

It is now generally accepted that a military solution to the 
ethnic conflict is out of the question. This change in popular 
perception occurred after the “Wanni debacle” of November 
1999, when the Sri Lankan army lost in five days fighting about 
10 army camps and garrisons that it had captured over the pre-
vious two years at great cost in men and matériel.

Perhaps more than any other country, Norway has invested 
time and money in promoting the peace process in Sri Lanka, 
especially during the past five years. During this period, it has 
taken a principled stand for a peaceful settlement rather than 
for war as a means of conflict resolution.
In the immediate aftermath of the LTTE's withdrawal from the peace process in April 1995, most foreign governments did not wish to be seen as critical of the government's "war for peace" strategy. Norway, however, together with other Scandinavian countries such as lower-profile Sweden, has adopted a consistent policy of supporting Sri Lankan peace organizations.

In addition, Norway gave direct support to the government's countrywide awareness campaigns regarding the devolution proposals. When bigger and more powerful countries kept to the sidelines, Norway was a friend of the peace process. The Sri Lankan peace process will clearly benefit from having a country such as Norway, with its exceptional track record of peacemaking, backing it.

A long process seems to be the most likely scenario, although the highly publicized Norwegian visit might suggest a quick breakthrough to peace. As the Norwegian foreign minister said, the search for peace requires "courage and sacrifice." He also cautioned that it would "take time" and be "difficult." This is likely to be the case.

The Need for a Multitrack Approach to Conflict Resolution

Shortly after the announcement of the Norwegian peace initiative and the first meeting of the government and opposition leaderships in Colombo to discuss a bipartisan solution, the LTTE launched serious military attacks. The first occurred in early March, when a large LTTE suicide squad attempted to ambush parliamentarians and ministers on their way back from Parliament. The attempt took place the day after the government and the main opposition party had successfully concluded their first round of talks about a political solution to the ethnic conflict. If the attack had succeeded, a large number of politicians would have been killed. As it turned out, the LTTE squad was discovered accidentally by a civilian, and most of the victims ended up being civilians. The second LTTE attack began the day after a successful peace march took place in the
Tamil heartland of Jaffna in late March. Over 4,000 people and 60 civic and religious organizations took part in the march, which called for an end to the war, for a political solution, and for negotiations with third-party mediation.

Possibly, the LTTE felt it had valid reasons for engaging in these actions. It is reported that the Sri Lankan army was planning a military assault on the LTTE in the Jaffna Peninsula, which the LTTE preempted with its own attack. Still, the contradiction between the timing of the LTTE’s military attacks and the peace initiatives is glaring. The attacks encouraged the hardliners within the Sinhalese community to press for an abandonment of the peace process. Sinhalese organizations and religious leaders have been critical of the idea of the government and the UNP talking about constitutional change when the Sri Lankan army is hard pressed to preserve its positions in the northeast. Sinhalese hardliners are demanding that the government match the LTTE in focusing on the military track.

The importance of following a multitrack policy of conflict resolution was borne out, however, by the Colombo Declaration of the Worldwide Consultative Association of Retired Generals and Admirals. Having waged wars in their time, the retired military men had now come to mature conclusions. They were hardly soft on rebellions and insurrections, but the way in which they proposed to deal with them was not the one-track military approach being advocated by Sinhalese organizations. In addition to military action, they recommended four other tracks: political, economic, social, and international. In their statement, the former military leaders said,

We conclude that terrorism, which is a scourge and most serious challenge to our civilisation, and which is adopting all types of developing weaponry and technology, can gain ready support from people in all walks of life. Terrorism in all its various definitions has political and diverse roots and so, however intensely governments deploy military responses, its elimination will develop from initiatives which are princi-
pally political but which must take into account economic, social and international considerations. (Weerawarne 2000: 3)

Achieving an advantageous position in today’s world requires a sagacious use of all possible tracks of conflict resolution, not simply the military one. It is evident that the present government has been developing its conflict resolution skills over the past several years. Although its military performance has not been impressive since it took control of Jaffna in 1996, its performance on the political and diplomatic tracks has been positive. It has succeeded in getting the main parliamentary opposition into the political reform process, an achievement that had escaped previous governments. It has also been bold in publicly accepting Norwegian third-party mediation and disregarding protests by hardliners.

Through its very effective use of the military track, the LTTE has achieved much in terms of territory and control, but its reliance on the military track and its intolerance of the political and civil tracks caused it to fail badly in winning legitimacy for itself. For example, at the UN Human Rights Commission sessions in Geneva in March 2000, a statement by the European Union (EU) condemned the LTTE for terrorist attacks against civilian targets and for its use of child soldiers (The Island, April 2, 2000: 1). In contrast to these severe strictures, the EU “hailed” the political dialogue taking place between the Sri Lankan president and the UNP leader. A single-track military strategy is clearly not acceptable in modern global society, as the denunciation of Russian military policy on Chechnya amply demonstrates, nor will it bring success in achieving any side’s objectives.

**Civil Society Peace Activism**

Although civil society on both sides of the divide, hardliners and peaceniks, can analyze and agitate and help to create the proper climate for positive changes, it is the politicians who are the ultimate decisionmakers. At this juncture, some of the work
done by the National Peace Council (NPC), which has involved party political actors and governmental decisionmakers, may be relevant.

The NPC was established in 1995, at a time when talks were taking place between the government and the LTTE, with the objective of building a people's movement for peace. This aim was considered particularly important because successive attempts at conflict resolution in the past had concentrated almost exclusively on the top leadership. The agreements collapsed or were reneged on, since the general population was unaware and suspicious and therefore rose up against the agreements or was easily manipulated by opposition-orchestrated protests. Since the breakdown of peace talks and the resumption of hostilities, the NPC has taken on the added objective of creating an environment for resumed negotiations between the government and the LTTE (NPC 1998). These twin objectives are to be met through a three-tiered programmatic thrust that targets the grassroots, middle-level catalytic agents, and the political elite. In playing a complementary, supplementary, and catalytic role, the NPC seeks to build political will and consensus for a negotiated settlement while raising awareness among the people and giving public expression to their desire for peace.

Sri Lanka is a polarized and fragmented society with cleavages at various levels, including the economic, social, religious, and political. This has led to a lack of communication between parties on different sides of the various divides. The NPC has set itself the task of creating cross-cutting links between these groups while advocating understanding, tolerance, and inclusion to generate bridging social capital.

The World Bank–supported relief, rehabilitation, and reconciliation framework presently under preparation by the government of Sri Lanka has given the NPC an opportunity to conduct needs assessment workshops for several social sectors. Participants have included refugees, journalists, women, clergy, disabled soldiers, and representatives from trade unions, business, and NGOs. The workshop methodology has
been interactive, with opportunities for trust building and self-disclosure.

The success of the workshops can be attributed to the “safe space” provided by the NPC, at least partly on account of its transparent agenda, which promotes the peace process through an exclusive commitment to negotiations and a political solution. These workshops bring together Sinhalese, Tamils, and Muslims and, in many cases, have offered them the first opportunity in years to discuss with members of the other communities the problems and perspectives associated with the ethnic conflict.

An unexpected and positive outcome of these workshops has been the enthusiasm of many of the participants for a follow-up program, for which purpose they have set up committees. An example is the formation of the association of Journalists for Ethnic Understanding, with Sinhalese, Tamil, and Muslim representation. This fledgling organization has made connections with journalists in the northeastern part of the country and has embarked on a program of joint action with them.

The NPC’s Program

One of the key factors in the Sri Lankan ethnic conflict has been the unwillingness of the major political parties to enter into a bipartisan consensus on a solution to the ethnic conflict. This has been the case with the 1957 Bandaranaike-Chelvanayakam Pact, the 1987 Indo-Lanka Peace Accord, and the devolution package of today. The question that civic organizations have been asking themselves is, how to build such a consensus.

An often antagonistic and highly confrontational electoral politics pervades the Sri Lankan system of governance. A hallmark of attempts at conflict resolution has been the lack of bipartisan consensus among the two main Sinhalese-dominated parties in the south, coupled with a unilateralist approach toward the minorities. Political will has often been channeled
into unilateralist attempts rather than providing leadership for the formation of a national agenda. Processes that were mediated in an attempt to build a southern consensus on the national issue were politicized and exploited for narrow political gain. Given this scenario, it was clear that the objective of the NPC’s intervention would be to help catalyze political will and consensus for negotiations (European Centre for Conflict Prevention 1999: 170–74).

Since late 1995, the NPC has worked cooperatively with politicians. Its main program in this area has been to take groups of up to 22 politicians from different political parties to foreign countries to study how other countries that are experiencing conflict deal with their situations. Since 1996, such study tours for members of Parliament (MPs) and local-level politicians have been held on South Africa, Northern Ireland, the Philippines, and Bangladesh.

A feature of the tours is that they are organized informally and are devoid of protocol. This has helped generate new thinking and new relationships that do not end with the visit abroad. Some of the MPs have become resource persons in grassroots workshops on conflict resolution in various districts.

The NPC has followed two important principles in this activity. The first is to make sure that both sides of the divide are represented in any work that is done with politicians. Given the highly polarized nature of Sri Lankan politics, any indication that a civic organization might be politically partisan could be fatal to its efforts to influence one or the other side.

Early in its engagement with key political forces in Sri Lanka, the NPC realized that its advocacy among the political elites had to be conducted through the process of political empowerment. This approach effectively addressed the apparent contradiction of playing a peace or antiwar advocacy role and a conflict resolution role at the same time. In practical terms it has meant carrying out public, mass campaigns to raise awareness among the people and give public expression to their desire for peace. The NPC sought to assist in risk management among political elites by demonstrating that peaceful change
through negotiations was possible and preferable and, at the same time, complementary or even helpful to their own political projects.

This work with politicians has been going on at both the local and national levels since December 1995. Programs for parliamentarians have been held in Crete (sharing experiences on South Africa), Northern Ireland, the Philippines, and the Chittagong Hill Tracts in Bangladesh. The international component of the program was initially implemented jointly with International Alert, a London-based conflict resolution NGO, but has subsequently been carried forward by the NPC on its own. The program for local political representatives has covered the southern district of Matara.

For the first study tour, 20 MPs, selected so as to reflect party representation in Parliament, attended a five-day residential program held on the Greek island of Crete. The formal objective of the seminar was to provide MPs with an opportunity to consider in depth the active steps being taken to bring peace to South Africa. This exposed them to both the successes and the failures of the South African peace process and the possible applications to the situation in Sri Lanka. Although participants felt that the South African constitutional reforms had little relevance for Sri Lanka, valuable lessons were learned concerning the engineering of the peace process, the political will that was generated and sustained, and subjects such as anticipating breakthroughs in a process. (Often, violence was at its worst when the negotiation process seemed to be making headway or was at a crucial stage.)

Informally the seminar served as an introduction to the concept of conflict resolution and to modern negotiating techniques and methods. The visit also gave parliamentarians the opportunity to spend time together and develop personal relationships across ethnic and political divides.

In September 1996, 23 MPs from nine political parties visited Northern Ireland and met with leaders and representatives of all political parties, paramilitary groups, and the British (Northern Ireland Office) and Irish governments. The significance of the Conservative-Labour consensus on the issue; the
importance of the framework document and of the secret contacts between the Sein Fein/Irish Republican Army and the British, which were facilitated by the Social Democratic and Labour Party; and the manner in which decommissioning was being addressed were among the lessons drawn by the participants. The MPs were moved to issue a joint statement calling for an all-party consensus and talks with the LTTE. This was the first time a group of MPs from different parties had issued a joint appeal, and it turned out to be far ahead of their own party positions. Predictably, the statement became a contentious issue that led to much intraparty debate.

In April 1997, 22 MPs visited the Philippines to study the 25-year-old conflict that centered on the separatist movement in Muslim-dominated Mindanao. Lessons from this case included the manner in which the 1975 framework agreement was reached, through the mediation of Islamic states and the establishment of a National Unification Commission that fashioned a political consensus and negotiated with the rebel groups until an agreement was reached almost 20 years later.

In December 1998 a mixed group of MPs, representatives from local government bodies, and Buddhist monks visited the Chittagong Hill Tracts in Bangladesh. There was a reverse parallel with Sri Lanka; in Bangladesh a Buddhist minority had taken up arms against a Muslim-dominated state and, after 25 years of conflict, had recently entered into a peace agreement. This case was thought to be extremely relevant, especially since it was in the South Asian context.

The positive effect of the program with parliamentarians led the NPC to introduce a similar program among local-level politicians. Three-day residential workshops held in all 13 local government bodies (Pradeshiya Sabhas) in the southern, Sinhalese-majority district of Matara have reached elected members representing four political parties active in the area. These programs have included an introduction to understanding conflict and conflict resolution, training in basic conflict resolution skills, evaluation of past failed peace processes, and lessons from the experiences of peace processes in other countries. MPs
who have attended exposure programs abroad act as resource persons, along with professional facilitators from the NPC.

A joint delegation from Matara composed of members of the governing People's Alliance (PA) and the opposition UNP has visited the Batticaloa and Mannar districts in the northeastern conflict zone, with return visits planned for the future. The program is being expanded to other districts, with additional local political representatives being trained as facilitators.

Benefits from the Program

Many lessons were drawn from other conflict situations across the world, but of equal importance have been the dynamics set off by the process of traveling, living, and learning together. Parliamentarians and local government representatives who had only known each other through the verbal battles they fought in Parliament and on the political stage found themselves compelled to interact with each other, building new personal relationships across party lines. These experiences have led to ongoing discussions about the need for a new political culture of cooperation to overcome the current impasse brought about by confrontational politics. Interactive workshop-style and role-playing exercises in an atmosphere far removed from the demands of constituencies helped catalyze new thinking.

Most important, the process has given state-level actors the opportunity to interact with their counterparts from other conflict situations in a nonformal or informal setting. Freed of the protocol demanded by official programs and the positions such responsibility entails, politicians were able to consider otherwise unthinkable options, which were sometimes surprisingly adopted as the creative way forward.

A crucial factor in the viability of the program was probably the NPC's position as a broad coalition of individuals which reflects the diverse ethnic, religious, and political groups that make up Sri Lanka. The NPC could not and did not subscribe to any single political ideology. This probably helped in
gaining general acceptance and the subsequent cooperation of political parties. It is also probably the reason why no other civil society group has been able to conduct such a program in Sri Lanka in the past and why many that have attempted to replicate the process have not succeeded.

The NPC's understanding of itself as a civil society, conflict resolution organization that limits itself to playing a complementary, supplementary, and catalytic role—rather than as a protest movement—has led it to concentrate on simply facilitating the process of building politicians' resources and capacities for dealing with issues of conflict and conflict resolution. The NPC has taken special care not to give the appearance of favoring one political party over another and has ensured that all its work with politicians is either bipartisan or multiparty.

Central to successful critical collaboration has been the ability to facilitate a process among politicians—a process which, in microcosm, has been able to demonstrate that what civil society claims to be preferable is also possible. The NCP demonstrates these possibilities on a micro scale in its own practice, through, for example, facilitation of bipartisan activities and programs. It has managed to maintain its independence from petty politics, its relevance to the political and peace process, and its credibility within the political establishment and among the general public.

**Rights, or Peace?**

The NPC-sponsored encounter between local Sinhalese politicians from the Matara district and their Tamil counterparts in the Batticaloa district revealed one of the main problems the NPC has to address in its work for peace: the different notions of peace and of what comes first. At the very outset of the first meeting one of the Sinhalese, in a spirit of good will, told a Tamil counterpart that the group had come to talk peace. The response was a biting one: “Before we talk peace, let us talk about our rights.” This exchange suggests that Sinhalese and Tamils have different expectations for the peace process. The
Sinhalese focus on political compromises for peace; the Tamils focus first on normalization of their lives and on equal rights.

An increasingly self-critical attitude among the larger Sinhalese population provides a secure foundation for conflict resolution. Unless there is a spirit of self-criticism, it is impossible to negotiate any sort of solution. Negotiations are only possible between opponents who are aware that they do not possess the fullness of justice and truth in themselves.

In the absence of political leadership and willingness to take risks that could solve problems, it becomes incumbent on the other sectors of society to fill the leadership vacuum, especially in the case of this protracted ethnic conflict. In any war or major conflict, those working for peace and reconciliation are not going to be the only actors. Nationalist feelings, intolerance, and hatred for the other side are likely to be aroused in the process. Peripheral actors, too, join in whipping up nationalism.

Something noticeable in peace-oriented civic activity is the relative absence, or sparse representation, of Tamils among those who decide on those events and who attend them. This is not to say that there are no Tamils at all, or that the Tamils are deliberately boycotting those events, or even that they are afraid, although there is considerable evidence to back that interpretation. There appears to be something deeper at work. There is, it seems, a deep divide that keeps the Tamils away from peace-oriented events, even in the south.

In the northeast it would be easy to say that fear of getting into trouble by engaging in independent-minded peace work would be uppermost in the minds of Tamils. In that part of the country there is no democracy at all, only rule by armed men and women. It is unlikely that those who wield arms and are fighting for their very lives will be tolerant of civilian groups and peace lobbies working independently of them. In fact, on one occasion when a peace group from the south went to the northeast to organize a mass peace activity, the LTTE made it clear that the group could engage in development and relief work but not in peace work.
Perhaps there is something missing in the peace movement in the south that keeps the Tamils away (apart from the omnipresent reluctance to tempt fate with the LTTE). It seems that the peace movement has been unable to prove relevant to Tamils’ needs, even in the south, and has been unable to excite the imagination of the Tamil people. It would appear that Tamils are unwilling to take a stand for a type of peace that would entrench a status quo in which they feel that they are treated like second-class citizens.

Conventionally speaking, a peace organization should have the following three goals:

- The first is to try to raise consciousness and increase the awareness of the people with whom it works about the feelings, aspirations, and realities on the other side of the divide. Because of the difficulties of travel to and from the northeast and the military-imposed and self-imposed media censorship, people are more or less in the dark about the other side. The lack of knowledge is an important barrier for an organization committed to peace to overcome.

- The second is to win the trust and confidence of the people with whom the organization works and to urge them to be prepared for compromise and mutual accommodation in the interests of peace. There is a price to be paid for peace, whether in territory, in pride, or in giving up dearly held prejudices and beliefs.

- The third is, obviously, to urge that peace talks be held between the two main combatants—the government and the LTTE. Unless these two parties agree, there can be no end to violent conflict.

Across the divide, however, we do not find a similar acceptance of these three goals of peace work. Certainly, we would find a wholehearted and very strong acceptance of the need for peace talks between the government and the LTTE, but not a similar positive response to the first two criteria. Why is that?

Most southern-based peace organizations would uphold the three tasks of a peace organization, although some may be
less up-front on one or more of them. But when they agree with
the need to raise consciousness and to work for compromise,
they do so from the position of enjoying basic security as Sin-
halese and as people whose fundamental rights are recognized.
It is from this secure position that they advocate compromise
and the benefits of showing the other side’s point of view to
their constituents.

For Tamils, even those in the south, the situation is entirely
different. They are not secure, and the basic rights of large
numbers of them are not ensured. They must first achieve
those rights before they can be willing to compromise and see
the other side’s point of view. In particular, after experiencing a
long period of bitter struggle and loss, they would not wish to
agitate for a peace which would restore the earlier situation
that caused the militancy in the first place.

This may explain the dichotomy between peace organiza-
tions in the south, which are Sinhalese dominated, and civic or-
ganizations composed of Tamils such as the Action Group of
Tamils in Colombo (AGOTIC). The first type calls for peace and
compromise; the second calls for basic rights and correction of
wrongs before peace and compromise. The mistrust arising
from differences in expectations for the peace process tends to
solidify social capital into an instrument of bonding, exclusion,
and, ultimately, violent conflict in which development goals
cannot be met. It is clear that peacebuilding in Sri Lanka calls
for the generation of more “bridging” social capital for healing
and reconciliation. Without an understanding of the dissimilar
perceptions and sensitivities of the communities caught in con-
lict, any peace process is likely to get derailed on the diverging
tracks of differing expectations and the mistrust this generates.

It would not be unfair to generalize and say that most
economists, especially those from the international financial in-
stitutions such as the World Bank, the Asian Development
Bank (ADB), and the International Monetary Fund, have by and
large tended to look at narrow economic solutions to the prob-
lems of low growth, poverty, and underdevelopment. The
World Bank, the ADB, and Japan, which account for about 85
percent of Sri Lanka’s present aid flows, are regarded as being
“conflict insensitive” and as not taking the ongoing ethnic conflict into account in their development objectives. Nevertheless, unexpected events such as the Asian economic crisis of the late 1990s, which sparked social destabilization and acute conflict especially in Indonesia, have pointed to the need for a broader analysis. It is significant that the World Bank’s Post-Conflict Unit is today spearheading the development of new concepts such as social cohesion, bridging social capital, and integration as essential aspects of the development process. It has come to this point after undertaking studies that have shown how ethnic and regional conflicts have retarded efforts to improve the quality of life of the people. Although Sri Lanka was not part of the studies, it is clear that those general lessons are applicable to it as well.

Notes


References

Social-Cultural Cleavages 
and the Peace Process in the 
Southern Philippines 

_Eliseo R. Mercado, Jr._

Over 500 years ago, Islamic missionaries first arrived on 
the shores of the Philippine archipelago. Today, on the 
country's southernmost island, Mindanao, more than 5 
million people and approximately a dozen tribes acknowledge 
Islam as their faith. During the past 100 years, Mindanao has 
seen a dramatic shift in population and landownership that has 
contributed to the beginning of the modern conflict. In 1900 the 
Muslim people in Mindanao (who are generally known as Moro, a word brought to the Philippines by the Spanish) made up more than 90 percent of the island's population, but by 1970 the share was less than 20 percent. The population shift came about through policies that gave Christian populations from the northern provinces of the Philippines incentives to migrate to Mindanao. The new immigrants, with legal land titles issued by the government, claimed large tracts of land traditionally owned by Muslims and other indigenous peoples.

_Resentment, Poverty, and Rebellion in Muslim Mindanao_

By the late 1960s resentment of the use of Philippine law to dispossess the Muslim population—now in a minority—of its
land, and the growing tension caused by religion-based cultural differences, combined to fuel open conflict. In the early 1970s the inability of the Philippine government to deliver basic services contributed to the root causes of the conflict. Today the Muslim areas of Mindanao have the highest poverty rates (over 50 percent) and the lowest literacy rates in the Philippines. In 1973 the Moro National Liberation Front (MNLF), led by Nur Misuari, was born. It launched an open rebellion against the Philippine government, calling for an independent state. As a result of the conflict, Mindanao continued to fall behind the other provinces of the Philippines in economic development and basic quality of life.

Attempts at Reconciliation: The Tripoli Agreement

In 1976 the Marcos government and the MNLF signed the Tripoli Agreement, the goal of which was to bring peace and create an autonomous Muslim region within Mindanao. Soon after the signing, it was evident that the agreement would not be fully honored by the Marcos government, and the conflict resumed. Before the ink dried in Tripoli, the once-unified MNLF movement began to show signs of factionalism. Differing political goals, traditional tribal rivalries, and competition among Muslim leaders started to undermine the unity of the Moro movement. A fundamental philosophical debate surfaced over the question of whether the Moro people of the southern Philippines should continue their quest for an independent Muslim state or settle for the creation of a Muslim autonomous region within Mindanao. In 1977 Salamat Hashim, a founding member of the MNLF, separated from the movement and formed the Moro Islamic Liberation Front (MILF). From its inception until today, the MILF has stated that it is a revolutionary organization fighting for the restoration of the usurped freedom and self-determination of the united Muslim people (Bangsamoro). It continues to pursue secession from the Philippines and the creation of an Islamic state within Mindanao.
The 1996 Agreement

Throughout the 1980s and early 1990s, a low-intensity conflict simmered within Mindanao. After several years at the negotiating table, on September 2, 1996, the government of the Philippines and the MNLF signed a new peace agreement largely based on the original Tripoli Agreement. The September 1996 agreement ended hostilities and set the stage for peace and development in the southern Philippines. In addition to providing a political formula for Muslim autonomy, it emphasized the social and economic improvement of 14 provinces and 9 cities with significant Muslim populations.

It is important to note that the MILF and other smaller Muslim rebel organizations such as Abu Sayyaf did not participate in the peace negotiations that led to the September 1996 agreement and still seek independence from the Philippines. The MILF continued to battle government forces while at the same time pursuing peace negotiations with the government. When in 1997 the Philippine government requested the international donor community to develop activities to support the peace agreement, it was hoped that a rapid implementation of economic and social development programs would induce the other rebel groups to buy into the peace process and establish a broader peace in Mindanao.

The political, social, cultural, and religious cleavages underlying the conflict in the southern Philippines were not automatically resolved by the signing of the final peace accord between the government of the Philippines and the MNLF. After several years of implementation of the accord, the cleavages are still there. What everybody hopes is that the accord will hold notwithstanding the many vagaries and ambiguities in its implementation. As a United Nations Development Programme (UNDP) analyst observed, there is always the possibility of the resumption of hostilities between the government and the MNLF. This is tragic when a cost-effective solution has already been peacefully negotiated. It is important that the parties concerned find a mutually acceptable formula for the second phase of implementation.
Some Conditions for Peacebuilding

Building on the concrete experiences of the southern Philippines, we can draw 10 lessons to guide us further in the journey toward peace.

1. Making a start: The “tablet.” On September 2, 1996, the government of the Republic of the Philippines and the MNLF signed the final peace accord under the auspices of the Organization of the Islamic Conference and its Committee of the Six under the leadership of Indonesia. The accord (the new “tablet of the law,” so to speak) is a significant breakthrough in the peace process. To begin with, it “settles” a Muslim separatist movement that raged in the southern Philippines for more than two decades. By conservative estimates, the war in Mindanao killed about 100,000 combatants and civilians.

The final peace accord seeks to address the political, social, cultural, and religious underpinnings of the conflict in the southern Philippines “within the sovereignty and the territorial integrity of the Republic of the Philippines.” The first lesson to be learned from the peace process in the southern Philippines is that a peaceful settlement is possible even given the deep cleavages in a community such as Mindanao.

2. Commitment to a long and difficult journey. The final peace accord is not the end of the long journey toward peace and development. Ali Alatas, then Indonesia’s foreign minister, said, after the signing of the accord, “the more difficult journey for peace now begins.” Signing the accord and implementing it are two different realities. The devil is not only in the details but, even more so, in their implementation. Many thought that the signing of the accord would automatically herald an era of peace in which all the cleavages would be resolved. The second lesson is that the peace process does not end with the signing of the “final settlement.” Achieving peace and development and, particularly, reconciliation and the resolution of deep-seated cleavages in society is a long, difficult, and multilevel process. There are no quick fixes. We learn as we journey along.
3. Ownership. One of the first things to undertake in that long journey is the ownership of the peace accord by all the major stakeholders in the community. No settlement of political, social, cultural, and religious cleavages is possible when major parties and stakeholders in the community are alienated. Although the government and the MNLF claim to represent their respective constituents, the owning process involves more than the leaderships of the two parties. The final peace accord (or any settlement, for that matter) needs to find a home in the hearts and minds of people in the community. Involvement and participation of the people, including local government units and the civil society, in the owning process is a conditio sine qua non for achieving social cohesion.

4. The right information. Elementary to the owning process is a drive to make basic information available among the peoples of the southern Philippines. People in the government and in the MNLF apparently have differing understandings of the accord. Bureaucrats in government line agencies and MNLF field commanders are alike in the dark on the details of the transitional phase of implementation. Worse, the general public in the southern Philippines does not have proper information on the peace accord. People are divided on the issue of the Special Zone for Peace and Development (SZOPAD) and the Southern Philippines Council for Peace and Development (SPCPD) without fully understanding their meaning.¹

This basic lack of information and the proliferation of wild notions about the final peace accord and its transitional mechanisms have exacerbated the cleavages in the southern Philippines. It is tragic that in an age characterized by major advances in information technology, little time and few resources have been invested in an information campaign about the accord among the stakeholders in the southern Philippines and in the national government. It is tragic and revealing that, several years after the historic signing of the final peace accord, the country’s legislators confess that they have yet to read it.
5. The big picture. The "troubled transition" has manifested itself because the government and the MNLF seemingly have not fully grasped the extent and breadth of the integration and demobilization processes for MNLF combatants and their dependents. The "small" picture that the government continues to concentrate on is the actual process of integrating 7,000 or so MNLF combatants into the Armed Forces of the Philippines and the Philippine National Police. The bigger picture of integrating and demobilizing the larger MNLF, estimated at 40,000, and their dependents into the larger community has not been addressed fully. Assistance from the UN system and international financial institutions to the MNLF and their dependents during this troubled time has not achieved the intended integration. The assistance has accidentally fueled the politics of separatism of the MNLF vis-à-vis the larger community and has further widened the cleavages already haunting the community. This is a clear case of why it is so essential that assistance and aid be not only responsive but also politically, socially, culturally, and religiously sensitive.

6. Inclusivity. During the troubled transition, the MNLF had to manage, administer, and supervise both the Autonomous Region of Muslim Mindanao (ARMM) and the SPCPD. Crucial to this new reality is the capacity-building program for the MNLF leaders who have been appointed or elected to these sensitive governing positions. Managing and administering a bureaucracy is foreign to the MNLF. The skills for conducting a rebellion are not the same as those needed to run a government bureaucracy, especially when dealing with the delivery of basic social services, and governing is proving to be more difficult than waging revolution. The failure of governance and the perceived "incompetence" and "corruption" of the new stewards of the ARMM and the SZOPAD further isolate the MNLF from the mainstream. There is a need to focus on the development of human resources—on building MNLF capacity to meet the challenge of leadership and governance that includes rather than excludes the MNLF.
7. **Bridges.** The cleavages in the southern Philippines are not only very real but also emotional and passionate. The divide is historical as well as real. There is an urgent need to "bridge" the communities through programs of rehabilitation, reconstruction, and healing. Here I do not simply refer to material rehabilitation, indemnification, reconstruction, and healing of physical wounds. What runs deeper is the psychological, emotional, cultural, and religious woundedness and alienation brought about by war traumas and the politics of separatism. Unless this divide is squarely addressed, the integration process will always fall short. There is no way of shoving the dirt under the rug.

There is no mythical *in illo tempore* in our relationships. The suspicion, fear, and even hostility are deeply rooted in history. The roots of misunderstanding are also found in the very psyches of our two faith cultures and worlds. This legacy is still very much alive, and it continues to enslave present-day consciousness that prevents Christians and Muslims from embarking on a new relationship of trust and friendship.

The Catholic Church recognizes the quarrels and dissension between Christians and Muslims over the centuries. She "now pleads with all to forget the past, and urges that a sincere effort be made to achieve mutual understanding for the benefit of all, let them together preserve and promote peace, liberty, social justice and moral values" (Second Vatican Council, *Nostra Aetate*, 1965: para. 3).

8. **Stakeholders.** Peacemaking, peacekeeping, and peacebuilding constitute a process. That process must continue, for the sake of peace, and it must involve all stakeholders. The key words for stakeholders are involvement, participation, responsibility, accountability, and transparency. As stakeholders, the peoples in the southern Philippines need to be involved in the peace process. They must be responsible for, or at least feel responsible for, charting the peace journey. Above all, their demands for accountability and transparency in both governance and the stewardship of the assistance funds must be addressed.
9. **Peace dividends.** It is true that the first peace dividend is the cessation of hostilities between the government and the MNLF. The termination of hostilities, however, is not an end in itself; it is a means by which the causes of the conflict and the deep social cleavages are resolved. One tangible indicator of an era of peace is investment, both public and private. Another is the restoration of public and social services.

For all practical purposes, investment means confidence in the peace process. More investment means more jobs and development. More investment means more infrastructure, both social and physical—more farm-to-market roads, more bridges, more schools and clinics, more shelters, more irrigation and postharvest facilities, expansion of credit facilities, and access to credit facilities, particularly by micro and medium-scale entrepreneurs.

10. **Visionary leadership.** Resources will always be limited. The journey will always be difficult. Casting off old paradigms is not easy. When everything is said and done, the peace process needs visionary leaders and stewards who can lead and inspire. It is a shared vision for all, not exclusively for one group or sector. It is a vision that can be a basis for a new pact (a “tablet”)—a real partnership working toward rehabilitation and reconstruction not only of the economy and the physical infrastructure but also of communities.

Even Moses heard complaints and faced rebellion among his people while he was leading them to the Promised Land. Moses and, after him, Joshua never wavered. They went on and on until the 40 years of journey finally came to an end. But as in the case even of Joshua, the end of the journey heralds only a new beginning. The peace process in the southern Philippines continues. It has just begun!

**Notes**

Paul Randolph contributed the first part of this paper. His permission to use this material is greatly appreciated.

1. International development agencies are supporting reconstruction of basic infrastructure in war-affected communities in the SZOPAD area.
Part 3
Development Perspectives: From the Outside Looking In

The chapters in this part take up the role of international development agencies in social cohesion and conflict prevention. At the consultation, it was recognized that international development assistance has generally done too little, too late, in the important areas of developing institutions, building social cohesion, and managing conflict. Shinsuke Horiuchi, in the keynote address, described the tragic consequences and outlined Japan’s guidelines for sensitively providing development assistance in conflict-fraught situations.

Various reasons were advanced as to why development assistance has been slow to play a bigger role in this field, which is often at the heart of sustainable development for countries in the region. The factors, well captured in the chapter by Khin-Sandi Lwin, include a narrow interpretation of mandates; concern that donors might be seen as interfering in the internal affairs of countries (the sovereignty question); lack of knowledge and experience; and a perception of poverty, the environment, and economic development as separate issues from conflict management. As a result, development assistance has often been left reacting to conflict situations and dealing with the fallout by providing humanitarian assistance and postconflict reconstruction rather than taking a lead in mitigating conditions that threaten to turn into violent conflicts. The
author outlines a number of possible areas for action: (a) building modern, accountable institutions through participatory development; (b) recognizing the potential of women and youths as agents for social cohesion; (c) using education in its broadest sense as a channel for promoting values of tolerance and understanding and for breaking down gender and ethnic stereotypes; and (d) using development agencies as brokers for bringing diverse groups together in development programs that help build bridging social capital while meeting basic needs for education, health, and sanitation.

In his chapter, Paul Randolph discusses how the Office of Transition Initiatives at the U.S. Agency for International Development is seeking to blend immediate actions to meet urgent relief needs with long-term sustainable development in postconflict or crisis situations. Among the key lessons cited were the following: (1) Although there are common issues, each country is unique; (2) rapidly moving situations and systems are often not adequately monitored; (3) implementation mechanisms must be flexible; (4) the timing of delivery of assistance is critical; (5) the low absorptive capacity of recipient groups must be taken into account; (6) smaller-scale, tangible projects are desirable; (7) field presence is essential—not in the country capital, but in the area to be assisted; and (8) investment in the capacity of local staff is critical. Randolph and other participants noted that although much depends on the attitudes of the staff and the organization in dealing with conflict situations (which may be viewed as great opportunities or as insurmountable obstacles), what is needed, ultimately, is ownership by the local community of social cohesion and conflict avoidance activities and a sustainable political dialogue in the country. Community empowerment programs lie at the heart of social cohesion building and conflict management.
Diversity, Stability, and Order in Asia

Shinsuke Horiuchi

I believe it is most appropriate that we are holding this consultation on social cohesion and conflict management at the start of a new millennium. Violent conflicts symbolize setbacks in the twentieth century, even though it was an era of unprecedented technological advances and high standards of living.

As a child, I lived through World War II. I have also seen the wars in neighboring Korea and Vietnam, and I worked in Cambodian refugee camps in Thailand. In Africa I saw the civil wars and the negotiation processes in Angola, Mozambique, and Uganda. More recently, I witnessed the misery and the disintegration of societies in Rwanda and Burundi in my capacity as ambassador of Japan to those nations. I saw the birth of the Democratic Republic of Congo and the tragedies and distractions involved in that conflict. In this light, I ask you in advance to forgive me if my observations and analyses of Asia seem to be tinted somewhat by my experiences in Africa.

The causes of conflict have become complex. Today, I would like to focus on governance and the political structure of power. I emphasize these issues because we need to ensure that the diversity of Asia does not become a cause of conflict but a source of regional vitality and development.
Characteristics of Recent Violent Conflicts

Regional conflicts have broken out in every corner of the world since the collapse of the Cold War structure. These frequent conflicts have drained nations of funds and energy that should have been devoted to the improvement of public welfare and economic development. As such, they have been major impediments to the promotion of development. The majority of the 48 countries designated as “least developed” are currently in conflict, are receiving refugees from neighboring nations in conflict, or have experienced violent conflict in the past. As of January 1998, the United Nations High Commissioner for Refugees (UNHCR) was supporting a total of about 22.4 million refugees, displaced persons, returned refugees, and internally displaced persons around the world.

A characteristic of post–Cold War conflicts is that most are intrastate rather than interstate conflicts. According to the International Institute for Democracy and Electoral Assistance, 95 of the 101 military conflicts that occurred between 1989 and 1996 were existing intrastate conflicts.

The increasing involvement of ordinary citizens either as victims of or participants in violent conflict could be described as another characteristic of regional conflicts in recent years. Civilian casualties accounted for a mere 5 percent of total casualties in World War I. This share soared to about 50 percent in World War II and to 80 percent in the 1990s.

Violent Conflicts in Asia

Asia is a large region with vast differences as regards history, culture, ethnicity, and natural conditions. Reflecting this diversity, government institutions, policies, values, and economic growth also vary. Asia experienced numerous conflicts even after World War II—in, for example, Cambodia, Korea, and Vietnam—and after the Cold War, as in East Timor. These conflicts sent shock waves through the international community.

Often, conflicts are explained by referring to ethnic groups or regional identities or religious differences. In Rwanda, for
example, the Tutsi and the Hutu were fighting. It is so simple and clear. Is it true? It is definitely not. Within the individual countries of Asia, minority ethnic groups and different religions coexist. It seems that at the bottom of conflicts there are serious clashes of vested interests. This is not to say that ethnic identity is only a pretext for struggles between vested interests; there are cases in which conflicts derive from a sense of impending crisis about the loss of a certain group’s traditions, beliefs, language, and social values and the efforts to preserve them. However, the identity of a social group, whether it be ethnic, religious, or something else, is not fixed. Until the 1860s, Japan was divided into more than 200 territories of feudal lords claiming different regional identities. It is essential to remember that within a diverse society, there is always the possibility of dynamic change.

There are also cases in which protracted conflicts create internal rifts as a result of war strategy, ideological differences, and power struggles. The inability to sustain claims to legitimacy is another factor behind internal rifts. There are other cases in which the desire for survival turns into fanatical behavior involving all the people within a country. Conflicts that have ideological and ethnic roots draw interventions from groups residing outside the country. Political order collapses, and neighboring countries see an inflow of refugees, reduced trade, and cutbacks in foreign investment, to name just a few of the many ways in which the region as a whole is directly or indirectly affected.

**Causes of Violent Conflict**

The list of causes behind conflicts—not only in Asia but in other regions as well—is long and is widely debated. The roots of conflict are multifaceted and complex, involving not only ethnic and religious opposition, cultural differences, colonial history, and ideology but also economic factors such as poverty and issues of governance stemming from inexperienced or distorted administrative and judicial institutions. Recently, new factors such as globalization and mass migration have also
been identified. In other words, the coals of conflict smolder in the form of social discrimination based on economic disparities, discrimination, and prejudice. These, in turn, are related to ethnic and religious identities, hostility between groups with special privileges and those without such privileges, the abuse of authority, corruption, clashes between vested interests, fears about loss of identity as a result of globalization, and antagonism between ethnic minorities or regions due to unrestricted development of resources.

The irony of violent conflict is that the most visible outcome is the destruction of what the fighting groups have tried to win or preserve. Thus, poverty is a cause of conflict, but conflict only exacerbates that poverty. Ethnic identity is a cause of conflict, but it collapses when conflict is protracted.

In a bid to claim legitimacy, warring parties may take on ethnic traits and pay lip service to certain ideologies in order to carve out clear identities on the basis of ethnic, religious, and regional differences. Although conflicts stem from diverse and complex factors—that is, from a complex interlocking of all human workings—they are often defined simply as identity crises. In my conversations with the Tutsi and Hutu people in Rwanda and Burundi, I felt that while some believed in the legitimacy of ethnic and religious opposition, many followed their groups out of fear of alienation.

The leaders of opposing groups do not easily compromise. One reason is that they are not in full command of their respective groups. The main reason, however, is that they have tremendous power, or at least some degree of power, that they are not ready and willing to give up. (Some may think this view sounds a bit too cynical.)

Society is made up of people with differing values and interests, and it is only natural that we find inequality and discontent, opposition and controversy. At the stage at which these hostilities turn into conflicts, the institutions of the state—legislatures, political parties, civic organizations, and others—must function as mediators. Despite the existence of various social mechanisms to resolve hostilities peacefully, we often witness an escalation into violent conflict. The question
is, what triggers this escalation? The problem is not the clash of social groups itself but its deterioration into violent conflict. Just because there are differences between people does not mean that those differences have to evolve in that way. One could argue that in the long history of mankind there have been only a few cases when differences between groups have escalated into violent conflict or war involving the use of military force.

We all want a vibrant society with stability and order. I believe, however, that the most desirable society is not one that rejects diversity but one that preserves diversity and uses it as a source of vitality. The history of Japan includes long civil wars and division, but diversity also gave rise to a dynamic process of change and adaptation.

**Relationships between Violent Conflict, Poverty, and Economic Growth**

Economics teaches us that a high level of national economic growth alleviates poverty. Poverty has been drastically reduced in the Southeast Asian countries that have achieved rapid growth. In other parts of the world, however, we witness many cases in which strong growth has not necessarily alleviated poverty or eliminated income disparities. Yet, the countries that have succeeded in reducing poverty seem to have achieved economic growth. One might say that poverty alleviation puts an economy on the growth path.

Urbanization is advancing at a rapid pace in the countries of Asia and Africa, but much of the population still depends on agriculture and related industries for income and employment. It is also clear that rural poverty forces an unsustainable population into cities and spawns urban slums. If widening economic disparities, rising unemployment, and growing poor populations can be cited as factors behind conflict, the alleviation of poverty in rural areas should contribute to the prevention of conflict.

I would like to add that poverty does not merely mean low levels of consumption and income or the small size of farm-
land; it is also a problem of social discrimination, exploitation, and alienation and lack of the right to speak freely on decisions affecting one's own life. Like conflict, poverty is a social phenomenon with various dimensions, including political structures, economic policy, social institutions, traditions, and values. In this sense, many Asian countries have serious poverty issues. And in this light, one might say that we sit on a powder keg.

**Conflict and Governance**

Most Asian countries experienced colonization before independence, Japan and Thailand being the exceptions. Management of these nations and the structures of power following independence seem to be linked to the causes of conflict.

Independence did not bring the establishment of a democratic administration in every country. The transfer of authority did not necessarily bring about the political and economic reforms expected by the masses; in many cases the colonial authority was merely replaced by a new, privileged, ruling class. The groups that seized authority formed modern states, secured a single national economy, and controlled wealth, resources, prestige, patronage, and social mobility. It was quite literally a situation of "winner take all." What we see here is the establishment not of an ethnic group that shares a common culture and tradition but of a group that monopolizes new privileges. It pushes systems and economic policies that benefit it at the cost of other groups. In other words, its interest is not in expanding the size of the pie but in maximizing its own share of that pie. Its social policy does not use the diversity of culture and tradition as a source of vitality for growth but rejects it as a threat. This is how I see the situation in many countries after independence. It is no wonder that other groups would object to the ruling groups' making a claim to administrative legitimacy and protecting the rights and interests that come with that power.

Governance by the groups in power has two other characteristics: the use of violence, and arbitrary decisionmaking.
Under such a structure, it is unreasonable to expect constructive social cohesion. It is clear what outcomes will be produced.

Political, civic, and religious leaders have a profound responsibility because they are able to motivate and lead (or mislead) the masses. The masses are not foolish, but they often follow their leaders either because they fear being ostracized from their groups and losing their identities or because they see it in their own interest not to miss out when benefits are allocated.

In the political reforms following conflict, including the process of democratization, transparency is often not achieved, and accountability in the event of failed reforms is often not identified. These are issues where improvement is needed.

Support for Postconflict Reconstruction

Even if the violence of a conflict comes to an end, it still produces a winner and a loser and, in this sense, does not constitute a true resolution. There has to be lasting peace that leads to sustained development. With the conclusion of a conflict, there is a concentration of efforts, both internally and from outside sources, to rebuild the nation. Third countries or international organizations frequently become the mediators of the conflict, although they often step in too late. It is important to remember, however, that a conflict is an issue that directly concerns the parties to the conflict and that they must assume “ownership” of its resolution. A third party can help, but it cannot resolve the conflict. The fear and hatred felt by hostile parties have to be overcome by those parties alone.

One of the main goals of postconflict reconstruction is to reduce the factors that could lead to the recurrence of conflict. The conditions that lead to the resolution of a conflict are hidden in the causes and process of conflict. While it is easy to talk about taking effective measures, it is not so easy to implement them. In a number of cases of reconstruction in Africa, we made efforts to reach a resolution through dialogue with the parties involved, but it was extremely difficult. We were unable to win the trust of the people. After seeing members of the
same family killing one another, people were not about to trust foreigners, no matter how good their intentions. The depth of mistrust was so great that I failed to see how one could resolve the differences among hostile parties.

Healing trauma is essential in preventing the recurrence of conflict. Eliminating ingrained prejudices is not easy, but it is vital to remove deeply rooted mutual mistrust. Over the long term, political education is important. I have great expectations for education about democracy.

When a country is in a fragile state following a conflict, foreign assistance often fulfills a major role in reconstruction. On these occasions, it is important to contribute to the reconciliation and integration of hostile groups, returning civilians, and discharged soldiers and to support the reconciliation process so that hostile factions do not initiate military action but instead participate in the reconstruction process. Another priority area is the strengthening of institution building, flexibility, and absorptive capacity. Biased implementation of aid that excludes the defeated party or other specific groups could be a factor leading to the recurrence of conflict. To improve peace and order and prevent the conflict from flaring up again, it is essential to implement a program of disarmament, demobilization, and reintegration (DDR). In carrying out a DDR program, it is important for the building of a stable society to maintain a long-term, sustained vision that promotes the reintegration of discharged soldiers into society.

Another important topic is “continuum support”—that is, how to fill the gaps in humanitarian aid and development assistance and to extend continuing cooperation. The failure to promote a smooth transition from emergency humanitarian aid immediately after a conflict to revival, reconstruction, and development assistance following the conclusion of the conflict and the return home of the refugees is one of the major impediments to future sustainable development. At the Brookings Institution and in various other forums in the international community, many countries and aid agencies have debated this issue and are trying to improve the situation. Continued efforts
are needed both in analysis and in the implementation of concrete responses.

The exploitation of natural resources by multinational corporations and the issue of child soldiers are among important new topics in the area of support for postconflict reconstruction.

**Conflict and Development Assistance**

As I have said, conflict is an issue closely linked not only to poverty but also to development. We are starting to see support for an overall approach that adds a third pillar, development assistance, to the conventional military and political frameworks, in light of the numerous and diversifying nature of conflicts. This approach covers the entire process, from conflict prevention to conflict resolution and support for reconstruction.

In this approach, prior to the outbreak of conflict, political frameworks are used to regulate the manufacture, export, and import of weapons and promote preventive diplomacy, while development assistance frameworks are employed to support conflict prevention and economic development. Once a conflict has occurred, development assistance frameworks provide emergency humanitarian aid, military frameworks dispatch multinational armed forces to keep peace and order, and political frameworks are tapped for mediation and negotiation purposes. Immediately following the conclusion of a conflict, emergency humanitarian aid for refugee support and repatriation is resumed. After that, support for reconstruction and development is implemented.

Japan is actively involved in the area of conflict and development, proceeding from the recognition that official development assistance (ODA) has a role in preventing violent conflicts in developing countries and regions and in promoting emergency humanitarian assistance, restoration, and reconstruction if such conflicts do occur. Japan also recognizes that support for conflict prevention, reconstruction, and other peacebuilding efforts is essential if development assistance is to be efficient and effective.
The ODA Charter adopted by Japan’s cabinet in 1992 advocates four principles that Japan should consider when implementing aid:

- Environmental conservation and development should be pursued in tandem.
- Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
- Full attention should be paid to trends in recipient countries’ military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms, and the like.
- Full attention should be paid to efforts to promote democratization and introduce a market-oriented economy and to the situation regarding basic human rights and freedoms.

On the basis of these principles, Japan supports state and government institutional functions with the aim of improving the management capacity of governments and thereby providing support for democratization and sustainable economic development. Japan also actively supports postconflict reconstruction and addresses the issue of governance. In line with these principles, Japan pays full attention to trends in military expenditure when extending such assistance.

“Conflict and development” is also taken up as one of the priority issues in the new medium-term ODA policy announced in August 1999. This emphasis points to the need for Japan to take an active role in the promotion of conflict prevention and postconflict reconstruction in the future as well.

Development assistance can have positive or negative effects on conflicts, whether intentionally or unintentionally. How development assistance is used is important in ensuring that it contributes to the reduction of conflicts and of the causes of conflict. By the same token, it is important to recognize that various domestic, international, public, and private forces are at work and that development assistance by itself has only a limited impact on the conflict situation.

Development assistance plays a major role in conflict prevention, emergency aid during and immediately following
conflict, and support for reconstruction and development. At the same time, regular development assistance that is thought to have no relation to conflict can very well affect the factors that underlie and fuel conflicts. It is necessary to take fully into account this duality of development assistance and not only support "direct" peacebuilding but also consider "indirect" peacebuilding in all assistance in order to ensure that ordinary aid does not support the causes of conflict or otherwise impact negatively on them.

The Importance of Civic Participation and a Checks-and-Balances System

In the conflicts I have witnessed, it was difficult for all the hostile groups to participate in conflict resolution. Most leaders do not act unless doing so brings self-gain. There is a lack of political will to resolve conflicts. This is something that is always latent in the reconciliation process, even after violence has come to an end. But exclusion of certain groups or civil society from participating in development cooperation can become a factor leading to the recurrence of conflict. The participation of civil society at various levels—for example, women's groups and religious groups—is important in peacebuilding, as is the strengthening of their capacity to participate. Civil society has the information and the capacity to make peace between warring parties. When aid is provided in times of emergency, donors often draft programs unilaterally, but it is necessary to consider approaches aimed at the development of recipient governments and civil society, including returnees. There is also a need, before, during, and after conflicts, to examine ways of utilizing the media so as to disseminate information that citizens will find reliable. In order to restore peace and order, ensure the safety of citizens, and promote security sector reform—a key task in the aftermath of conflict—it is important to strengthen capacities for maintaining peace and order and for resolving problems, not just within the military, the police, intelligence agencies, and the judiciary but also within civil society.
A sustainable reconciliation mechanism requires a process whereby all the people of the nation are able to participate in political decisionmaking without fear. In short, democratic procedures are needed. Each person has to have the perception that he or she is participating in the political process and is involved in reform. Systems, organizations, and elections do not make democracy; we have seen autocratic governments emerge even out of free and fair elections. The reconciliation process takes a long time, and it is important not to create fuses or triggers for new conflicts. The protection of minorities, fair regional representation, and the correction of economic disparities are policies that can be enforced. Democracy must be premised on the establishment of identity, individual freedom, and mutual respect. But democracy cannot be built overnight. The minimum requirement is to establish checks-and-balances systems within and among government organizations and other institutions, although this is not an easy task.

**Concluding Thoughts**

We must learn from Asia's long history. Even if the histories of conflict, war, peace, religion, and philosophy differ within the region, there is a common tradition of tolerance, acceptance, and respect for other cultures and communities. The modern notion of human rights was not born in Asia, but the protection of human rights can be understood in terms of the profound respect for life there. I have said that there are no winners in internal conflicts, but true resolution cannot be achieved unless it is directed toward a "win-win" situation.

Asia is a region of great diversity. When this diversity provides a basis for constructive dialogues and synergy among people and nations, I believe we will be on the way to eliminating conflicts in Asia. If modernization and globalization mean building a uniform world, I do not want to live in such a world. We must learn from our long history of successes and failures and strive to build nations that are stable and orderly, as well as nations that derive their vitality from diversity. Conflict prevention and postconflict reconstruction are long-term
propositions, and I believe they have to start with eliminating deeply rooted mistrust. Conflict prevention demands unremitting efforts by each nation and by the international community, but it has to start with truly democratic governance and the structure of power.

Peacebuilding should be promoted not by individual nations but through regional frameworks in order to cope with important transnational issues such as refugees and the integration of internally displaced persons. Another important dimension is the strengthening of the capacities and mutual relations of regional and subregional organizations for conflict prevention and rapid response to conflicts.
Experiences of International and Regional Organizations with Conflict Management

Khin-Sandi Lwin

The idea that the United Nations Children's Fund (UNICEF), an international organization working for the welfare and rights of children and women through social development programs, has a "conflict management" role in the internal affairs of countries with social and political problems may seem incongruous. To the direct question posed at this regional consultation—"Does UNICEF have experience with conflict management involving the type of social cleavages caused by differences in religion, ethnicity, political ideology, and economic status?"—the simple, straightforward answer would be, "No, not directly." UNICEF does, however, have considerable experience in working to build social cohesion that can be used to address social conflict situations.

I would like to put forward four issues, mainly from UNICEF's perspective but with applicability for other agencies:

1. Until now, UNICEF, like most international agencies, has reacted to conflict situations; it has dealt with the "fall-out," with humanitarian assistance and reconstruction. In our social development programs, however, structures or systems are in place that have the potential for more proactive or preventive interventions. As a devel-
opment or humanitarian assistance organization with an "apolitical" stance, should we, and can we, move in the direction of proactive and preventive interventions?

2. For UNICEF and all other international agencies working with governments that are involved in conflict or are repressive violators of human rights, the perennial question is, do we engage, or disengage? In engaging, do we look the other way for the sake of maintaining smooth relations and fulfilling development aims? Do we focus only on protecting our presence in the country for the sake of children and women? If we take a political stand of disengagement, are we getting farther away from the overall aims of social development?

3. In having "development" as our primary purpose or mandate, have we tended to avoid potential or existing conflict regions or localities in the pursuit of "successful" development programs? Since internal organizational mechanisms demand timely and smooth disbursement and utilization of funds and "successful" implementation, selection of project sites tends to avoid "difficult" or "insecure" locations. Can or should this be corrected? If so, how?

4. With child rights taking center stage in UNICEF's mandate, we have entered a new era of proactive advocacy that is at times confrontational. To pursue fully the fundamental principles of nondiscrimination and universality of rights implies tremendous risks to UNICEF's presence in some countries, as well as potential for building on a mandate for work in conflict management. But the question that is still unanswered is, just how far should we go? And, in this context, how can we better link up with other agencies to address social conflict management more actively and collectively as an integral part of programming for social development?

There are no easy answers to these questions, but we can at least make a start toward addressing them.
Needless to say, the ability of an international organization to be involved in conflict management, or the way it can be involved, depends on the type of social cleavage and conflict situation. National sovereignty reigns high above all other considerations when it comes to an external actor’s involvement. There is a vast difference between limited-scale conflicts (whether for religious, ethnic, or economic reasons) among local communities in project areas and conflicts in which the government is directly involved.

Civil wars, secessionist movements, or purely political opposition to repressive regimes are all in the political realm, where external actors have to tread with care if they are to be able to carry out the development mandate. For situations such as Myanmar, or Aceh and Irian Jaya in Indonesia, the question of involvement in conflict management enters a gray zone. With conflicts that are nonpolitical, be they ethnic or religious, as in Maluku and Kalimantan in Indonesia, the issue of involvement is more straightforward, and we certainly can and should address these conflicts. But when conflicts are political, involving regional, separatist movements, it becomes a different matter.

International development organizations are normally already working in countries with historical tensions, where the likelihood of violent conflicts can often be easily anticipated (as in East Timor). Normally, the interventions are basically for emergency preparedness. In such situations, the tendency is to feel that international development or humanitarian organizations have no role in the internal affairs of countries; we can only wait for the possible outbreak and prepare to respond.

In many countries in the region UNICEF walks a tightrope in doing what is politically acceptable. These situations include Myanmar, China, the Democratic People’s Republic of Korea, the Lao People’s Democratic Republic, and, previously, Cambodia, East Timor, and Vietnam. We do, however, push the boundaries to varying degrees for the sake of protecting children’s and women’s rights.

This leads to the question, to engage, or not to engage? A case that readily comes to mind is that of Myanmar. When the
Association of Southeast Asian Nations (ASEAN) declared a policy of “constructive engagement” with Myanmar, rejecting Western countries’ call for disengagement, my personal reaction was that the ASEAN countries were doing it out of pure self- or economic interest, not to effect change within Myanmar. But from a different perspective, that of social development assistance, especially for children and women, the positive side of constructive engagement must be considered, since the pullout of aid agencies affects only the people. In fact, UNICEF’s continued presence, especially in the remote tribal minority areas, can have a “protective” effect, apart from the social benefits of the programs.

In Indonesia UNICEF’s responses to conflicts have been purely humanitarian. For many years, UNICEF was the only UN agency operating in East Timor. Its presence was based on its apolitical mandate for children and women and was hence not in accordance with the United Nations’ nonrecognition of Indonesia’s annexation of East Timor. UNICEF had severe constraints; the government decided which nongovernmental organizations (NGOs) could be supported, and staff had been declared persona non grata for stepping over the boundaries. In hindsight, there were opportunities that could have been explored to facilitate social cohesion, especially building on the “safe” or “innocent” subject of children’s needs. In early 1999, when the tensions increased, UNICEF worked with the Catholic Church to call a “Truce for Children” so that an immunization drive could be carried out. This could be seen as the kind of intervention that can bring different sides in a conflict together on a common platform. At that point, however, it was too late for such an effort to bring the different sides to the table and go beyond the limited agreement for the safe implementation of the immunization drive.

I would like to share some thoughts on possible actions. They are mainly from UNICEF’s perspective but can be extended to others. As a start, I believe, we must maintain engagement. Unless we have a foot in the door, we cannot lever it wider. We must start by mapping, monitoring, and understanding social conflicts, realizing that they are not static but dynamic and
fluid. On the basis of that analysis, we should strive to work in
the difficult areas rather than avoid them—to help create or
build on existing mechanisms for social cohesion. Although
UNICEF has no political role and should not enter that arena, the
mandate to reach the unreached and to ensure universal fulfill-
ment of child rights demands a more proactive effort in conflict
management.

The following are five possible areas of action.

*Build on the concept of development as constructing modern ins-
stitutions.* Participatory development processes promoted by
international development organizations, especially commu-
nity capacity-building efforts, are the building blocks of good
governance and democratic processes. UNICEF already works
with development management structures at the community
and local government levels. As we work to modernize tradi-
tional village leadership in the direction of a collective, trans-
parent, accountable leadership chosen by the people—at first,
to address “safe” topics such as managing health care—we are
establishing mechanisms for building social cohesion.

Development projects with community and local govern-
ment capacity-building or participatory planning and program
management approaches are ways of constructing the kinds of
cross-cutting mechanism that are essential for fostering link-
ages among groups in conflict. With greater attention to ensur-
ing representation of various cleavages, community-based local
project management groups can serve as an important forum
for dialogue among differing groups and in localized conflict
management.

Through the development process, much can be done to
foster democratic institutions at the grassroots level. Unless
social accountability and responsible democratic institutions
take root at the bottom, introducing democratic systems at the
top end of society in the aftermath of strong and con-
trolled government will only lead to anarchy and unleash
underlying social conflicts. This effect has been evident most
recently in Indonesia, as well as in Eastern Europe and the
former Soviet Union.
Although the range of what is and is not possible depends on the degree of governmental repression or control, the fundamentals of participatory social development can still be applied, introducing slivers that make it possible to wedge greater leverage over time. With nonpolitical implementing partners such as the ministries of health and education, even in the most politically controlled countries participatory mechanisms at the community level can be introduced, building the foundations for greater participation in decisionmaking and self-determination.

Like nation building, social cohesion has to be built steadily, brick by brick—first horizontally, to lay the foundation, and then vertically. By overtly addressing "safe" subjects such as community management of services, we can address social cohesion institution building and can introduce democratic systems by stealth.

Work with women as agents for social cohesion. On hearing that the root causes of social conflict are exclusion, inequity, and indignity, I was struck by a thought: why have women all over the world not actively entered into social conflict to achieve gender equality? As we work with women's groups—be they literacy organizations or mass women's movements—we need to ensure that they cut across social segments. As in the case of the Acehnese women's convention held in February 2000 that included women from different political groups, there is great potential in building on the common ground among women that stems from generations of exclusion, inequity, and indignity.

Although women of different ethnic, religious, and economic groups are certainly part of social cleavages and conflict situations, they are often most victimized as women. Gender analyses of conflict situations have often pointed out this victimization and the severity of the impact on women. This victimization as women and the shared status of inequality can be and have been effectively used as a common platform for women from different groups in conflict. For example, in the aftermath of the 1998 riots in Jakarta, Muslim and Christian women came forward to decry the rape of ethnic Chinese
women and support those who were victims of crowd abuse. Here is an area for further exploration.

Again, as in working through participatory social development, programs for women and children are nonpolitical and thus provide a safe channel for building cross-cutting institutions for conflict management. Given the extent of social inequality suffered by women in their respective cultures and ethnic backgrounds, it would be naïve to expect that individual women could take a lead in ethnic or religious conflicts. By building cross-cutting women's organizations, however, the collective voice of women can be better heard, and in numbers lies the power needed to represent not only the interests of women but also the common interest of directing conflict toward nonviolent outlets and solutions.

*Focus on children and child rights*, both as the bridge to generations free of their parents' biases and as a toehold for edging toward addressing human rights. It will take more than a generation to overcome deep-seated distrust and hate and the urge for revenge—to learn to forget and forgive. By investing in shaping children's intellects and social identities, much can be done toward creating future societies more tolerant of differences among peoples. Some of this work is already being done through postconflict peace education and psychosocial counseling services. In areas or groups identified as at high risk for conflict, such work can be initiated as a preemptive measure.

Peace education programs are being introduced before outbreaks of violence occur and before the damage has been done and has scarred yet another generation. Although such programs for children (before or after violent outbreaks) may not have much immediate bearing on preventing conflicts, they can help soften the lasting psychological impact of violence.

As in working from the perspective of women's rights and gender equality, dialogues on child rights and social obligations to meet those universal rights, irrespective of ethnicity, religion, class, or gender, have opened up a powerful forum for cutting across social cleavages. The urge to protect a child bridges all ethnic, religious, and political divides. This mandate
has been the most powerful tool in UNICEF’s work over the decades and can be more intensively used in institutional development for social cohesion and in conflict management.

Sensitivities regarding child rights have been encountered in many countries where the mention of the word “rights” is viewed as a threat to national sovereignty. Even in such difficult political environments, however, the concept of societal and governmental obligations to meet the basic needs and rights of children is beginning to take root.

UNICEF’s efforts to promote the Convention on Rights of the Child can be more closely linked to efforts by other agencies promoting human rights. In some countries these linkages can be openly promoted; in others, overt partnerships may not be possible. Whether child rights can better open up doors for the broader context of human rights, when promoted in concert by different international and local actors at varying degrees of intensity and openness and through different channels, is an area of work yet to be explored.

*Use education as a channel.* Although education systems have been used to perpetuate societal cleavages and maintain inequalities in the name of social order, they are still critical channels for positive changes in future generations. Much more can be done with curriculum cleansing and reshaping to foster social cohesion. This channel requires the full cooperation of sovereign governments, but it is still the most powerful single means of shaping future generations.

This tool has been applied in forward-looking Asian countries such as Malaysia, Singapore, and Thailand. In Indonesia it has been used to maintain social order. More often than not, the messages in the curriculum on national “unity in diversity” are overtly portrayed in slogans (for example, the five principles of Pancasila, Indonesia’s state philosophy) and propagandist terms and thus influence children’s views only superficially.

When both direct and indirect means are applied in a systemwide and pervasive manner, the influence on children’s psyches goes far deeper. For example, in the United States
traditional gender roles and biases have been systematically removed from the curriculum. These gender-cleansing efforts, reinforced by teachers and the education system, are inculcating gender equality and shaping new generations to regard the concept as a norm. The challenge is to apply this kind of effort more pervasively and systematically to ethnicity and race. Needless to say, using the education system is a long-term, slow-moving mechanism, with change taking place incrementally over several generations as teachers of an earlier generation continue to pass on their inherent biases despite the goals of the curriculum.

Serve as facilitators and brokers for change. UNICEF already has a niche and an expected role as a facilitator in bringing divergent groups together to act on a common platform for children. This brokerage role is central to UNICEF’s country programs, in which the organization is expected to take on the orchestral function in social mobilization and in building civil society partnerships for children’s issues.

In conflict situations this brokerage role has been used to negotiate initiatives such as “corridors of peace” and “days of tranquility” so that humanitarian assistance or immunization activities can take place. These approaches can be more actively used in conflict resolution and reconciliation. Especially in large countries such as Bangladesh, India, Indonesia, Nigeria, and Sudan, where UNICEF has a subnational presence and more hands-on programming with local governments and civil society groups, there is a strong potential for an active and proactive role.

All social development organizations have a clear mandate to “reach the unreached,” and in many cases those unreached by development are the victims of social tension and violence. One or two agencies cannot make a dent in tackling such complex and deeply rooted problems. Within the UN system, the Common Country Assessment and UN Development Assistance Framework (CCA-UNDAF) provide the opportunity to work in unison. UNICEF has no role in political interventions to
prevent wars, but the United Nations as a whole does. By combining our mandates, we can better complement each other.

Last and most important, I would hope that the two giants, the World Bank and the Asian Development Bank, that took the lead in organizing the regional consultation on conflict management, will be putting the full weight of their coffers behind this critical issue.

Since UNDAF is supposed to be part of the bigger process of a country's Comprehensive Development Framework (CDF), I have to end with a question: how can the issues and the interventions on social cohesion in countries in conflict be addressed through the process of developing a CDF?

**Note**

This chapter reflects the views of the writer, not that of the United Nations Children's Fund.
The Red Zone: Transition Programming from Conflict to Peace

Paul F. Randolph

This chapter provides a field practitioner’s view of the implementation of postconflict and crisis-country programs. It draws primarily on experiences gained in designing, implementing, and evolving programs of the United States Agency for International Development’s Office of Transition Initiatives (USAID/OTI) in Bosnia and Herzegovina and in Mindanao, Philippines, from 1995 to the present.

During the first 18 to 24 months of the transition from conflict to peace—the “Red Zone”—donors have traditionally struggled with how to provide adequate assistance. The challenge is to deliver timely and flexible assistance that maximizes the opportunities offered in the transition period.

When implementing programs in the Red Zone, there are 12 characteristics that have to be kept in mind. These are outlined below. The description takes the intellectual discussion of root causes and the breakdown of social cohesion to the natural next step: designing and implementing transition activities. In this chapter I assert that the creation of new transition program offices within international donor organizations is not sufficient. Donors need to create new institutional delivery mechanisms, policies, and procedures to accommodate the rapidly
changing field context in crisis countries. The creation of these policies and tools will enable donor organizations to implement future transition programs more effectively.

**Transition Assistance Structures**

In 1989, when the Berlin Wall was torn down, the gap between the mandates guiding humanitarian relief organizations and sustainable development programs was significant. Since the end of the Cold War, international donors have responded to an increasing number of intrastate conflicts characterized by internal armed hostility, political upheaval, or social unrest. The international donor community began to recognize in the early 1990s that the existing institutional structures for providing humanitarian relief and development assistance were unable to respond adequately to the unique needs of countries emerging from intrastate conflict. In the mid-1990s several donor organizations created new offices to begin filling the institutional need. USAID established the OTI in 1994; the United Nations Development Programme (UNDP) established its Emergency Response Division; and the World Bank created the Post-Conflict Unit. In order to be effective, these new offices must challenge old approaches, evolve new philosophies, and apply new delivery systems for implementing transition programs. The art of blending the urgency of relief assistance and the foresight of sustainable development programs is the challenge for the emerging transition institutions and the transition specialists whom they employ.

**The Transition Red Zone**

The transition from violent conflict begins during the period leading up to and immediately following an event such as the cessation of hostilities, the advent of significant political change, or an opportunity for progressive social reform. Often, a pivotal event such as the signing of a cease-fire, a peace agreement, or calls for a free and fair election signals the beginning of a transition. To determine the exact length of a tran-
tion period would require the skills of a sorcerer and his crystal ball. The length of the transition period varies, depending on the unique political and social structures existing in the country. An indicator that the transition period is ending is the establishment of adequate stability within the country and the initiation of long-term development aid programs focused on the root causes of the conflict.

If donors are able to provide timely and flexible assistance during the transition period—the Red Zone—they can better maximize the opportunities for fundamental change created by the pivotal event. Donor limitations in operating in the Red Zone are attributable to their reliance on traditional institutional policies, procedures, and funding supply mechanisms designed to deliver risk-averse, long-term development assistance. In the Red Zone, taking program risks is sometimes essential.

**Twelve Characteristics of Red Zone Programs**

Over the past decade, many scholars and international development specialists have researched and written on the root causes of conflict and breakdown of social cohesion. This chapter does not attempt to analyze further those root causes; rather, it discusses 12 common characteristics found in transition programs that donor organizations should consider when designing and implementing their projects. Because each country has its own unique history and culture or cultures, each transition program should be custom-tailored for that specific country. Nevertheless, there do exist some common approaches with regard to delivering tangible, targeted, and timely transition programs that can facilitate or maintain stability within the transition Red Zone. The characteristics of these approaches are described next, with examples from experience in Bosnia and Herzegovina and in the Philippines.

1. **The Need to Anticipate Transition**

In order to be effective in the Red Zone, donor and implementing organizations must anticipate and forecast impending
changes that may lead to the need for a transition program. By anticipating the request for assistance, transition institutions can collect and analyze specific data in advance of the call for donor assistance. If the data are not collected and analyzed beforehand, it is likely that the firefighting approach will be used in program design.

*Bosnia and Herzegovina.* Bosnia in 1995 offers a good example of how anticipating the transition Red Zone can shape not only Red Zone program design but also the design of long-term development programs. By January 1995, the war in Bosnia had been raging for over three years. Peace negotiations were stymied, and little progress was being made toward an agreement. Only humanitarian organizations were operating in the country. Sustainable development organizations were not allocating staff resources to develop contingency plans for a postconflict program, and many were actively avoiding Bosnia for fear that their development budgets for the entire region would be digested by operations there. In January 1995 the OTI initiated its first activities in Bosnia to explore what opportunities existed on the ground. This was the field testing of the Rick Barton “venture capital” model.1 Between January and December 1995, approximately 40 small-grant projects were funded in various parts of Bosnia. When the Dayton Peace Accords brought an end to the fighting in November 1995, the OTI was prepared to contribute to the strategic focus of USAID’s and other donors’ program design.

Analysis of the impact of the initial investment in small grants led to the following conclusions, which contributed significantly to future program design:

- Support for all forms of alternative media was critical for countering state-sponsored hate radio. Alternative media in Bosnia could be supported at a relatively low cost, in comparison with international standards.
- As a result of the conflict, Bosnia was factionalized and exhibited unique regional and local political and social climates. Governance and economic development
programs would have to tailor their approaches to these microclimates.

- Significant opportunities existed to support a decentralized development approach that focused on civil society groups willing to challenge oppressive governance and support reconciliation. Their identification allowed the Red Zone program in Bosnia to immediately surge support for these project areas.

2. A Volatile Environment

Postconflict and crisis countries experience perpetual changes in their political, economic, and social environments. What is relevant today may no longer be relevant 2, 6, or 12 weeks later.

Mindanao. Before March 2000, the negative biases and prejudices held by the Christian majority and the Muslim minority constituted a significant issue that required a long-term effort if lasting social cohesion was to be achieved in Mindanao. The situation was not, however, seen as an immediate threat to stability. The events that began in March 2000 caused a rethinking of the immediate importance of these biases and prejudices. March 2000 saw (a) renewed fighting between the Philippine government and the Moro Islamic Liberation Front (MILF); (b) the kidnapping of foreign tourists by the Abu Sayyaf Muslim terrorist group; (c) a series of bombings in civilian centers across Mindanao and in Manila; (d) increased use of belligerent language about Muslims in official government statements and local press reports; (d) evidence of the inability of the press and government leaders to differentiate between the various Muslim communities such as the MILF, Abu Sayyaf, the Moro National Liberation Front (MNLF), and civilians; and (f) a resurgence in Christian vigilant groups calling for a Muslim-free Mindanao. All these events and factors contributed to a breakdown in trust and an increase in tensions between Christian and Muslim populations in Mindanao. The potential for a major anti-Muslim backlash that would draw support from the endemic negative Christian biases against
Muslims was increasing. Such a backlash would undermine all the good faith gained under the 1996 peace agreement between the government and the MNLF.

By May, it was clear that the village-based projects implemented by donors were helping to maintain MNLF neutrality in the conflict between the MILF and the government. If, however, innocent Muslim civilians or former MNLF combatants began to be subjected to vigilante attacks, the situation could rapidly spin out of control, and the strides made toward peace would be lost for another generation. Therefore, in May the OTI made the following modifications in its existing program strategy:

- Staff members were requested to spend 20 to 40 percent of their time developing new projects that would provide immediate support to civil society groups promoting tolerance, understanding, and the use of negotiations to resolve the conflict.
- A media campaign designed to raise social awareness of the need to maintain tolerance and trust between the Christian and Muslim communities was developed.
- Development and delivery of tangible village-based projects to groups of former MNLF combatants were continued so that the MNLF would not lose faith in the 1996 peace agreement.

3. Evolving Programs

A program has to evolve with the rapidly changing field situation, or it may soon be operating on the margins.

Mindanao. In August 1997 USAID launched the Emergency Livelihood Assistance Program (ELAP), which directly targeted former MNLF combatants and their families in support of the 1996 peace agreement. By August 1997, nearly a year after the signing of the peace agreement, little or no economic development assistance had reached rank-and-file former MNLF combatants, and their initial euphoric support for the agreement was rapidly fading. If the former combatants did not begin to
receive tangible economic benefits from the agreement, many might defect to the MILF or other rebel groups or resort to criminal activities. It was essential to stabilize the community of former combatants by providing tangible assistance directly to a critical mass of this group.

ELAP targeted approximately 2,000 former combatants (5 percent of the total number) located in 10 of the 16 MILF geographic command areas. It delivered agricultural production inputs, production training, and some marketing assistance directly to individual former combatants. High-yielding corn and seaweed were selected because of the short growing season and because of their relative simplicity of production. A shortage of postharvest facilities and the predicted El Niño climatic conditions were potential limiting factors on the program, but the cost of delaying implementation until these two issues were resolved was higher than that of a possible crop failure. Local and provincial government officials were generally notified of the program in their jurisdictions but were not directly involved in implementing it. The main objective of the program was to demonstrate to an initial set of former MILF combatants that a sincere effort was being made to implement the economic development component of the peace agreement. From August 1997 to March 1998, the selected former combatants received and planted production inputs. The impact of the program extended far beyond the 2,000 direct beneficiaries, since many people living near the ELAP participants saw assistance starting to arrive. By the end of September 1998, six months later, another 2,000 former combatants were receiving the same package of assistance.

By the second anniversary of the peace agreement, in September 1998, the situation in the field had changed. The threat of large-scale defections by MILF combatants appeared to have diminished as a result of the delivery of USAID, UN, and other assistance. The MILF leadership and former combatants continued to call for additional economic assistance and clearly differentiated between activities assisted by international donors and those directly implemented by government offices. In general, the MILF and the Muslim communities did not view the
international donor assistance as steps toward meeting the promises made by the government within the peace agreement. For example, during an ELAP harvest ceremony, a senior MNLF commander commented that of all the organizations he thought would provide the first livelihood assistance to his men, he would never have guessed it would be USAID. "Thank you, USAID! However, I have to ask. Where is our own government? It appears the international donors care more about us than our own government." On the surface, such statements of appreciation should be seen positively. One of the root causes of the conflict in Mindanao, however, was not lack of assistance from USAID or other donors but the failure of the Philippine government to deliver basic services to the Muslim population.

By October 1998, it was clear that the OTI needed to make changes in the original ELAP program design. The new design factored in the need for more direct involvement by Philippine government offices in implementing the program, as well as several other lessons learned from ELAP. The redesigned program, Support With Implementing Fast Transition (SWIFT), included the following design changes:

- Small transition assistance grants (TAGs) would be used to target natural groups of former combatants, their families, and other residents of the village, rather than individuals, in a village-based approach.
- The village-based grants would promote self-help concepts and enhance the agricultural economic and social well-being of the MNLF former combatants, their families, and other members of their community.
- TAGs would focus on tangible village-based micro-infrastructure projects (for example, small water systems); postharvest facilities projects such as grain dryers, corn shelters, and rice mills; and village-based capacity-building activities to help the target villages become more productive and profitable.
- Each grant would have to have a minimum of three contributing partners: the MNLF group, SWIFT, and at least one Philippine government office.
• SWIFT staff would facilitate direct linkages between all levels of the Philippine government (local, provincial, and national) and the identified MNLF groups, to ensure Philippine government matching.

ELAP and other donor programs had contributed significantly to stabilizing the peace process in Mindanao. To continue using the same delivery mechanism after 1998, however, would have meant a diminishing impact for the program.

4. A Climate of Risk

Crisis countries present two types of risk: precarious security situations for field staff, and unstable political, economic, and social environments. Most development assistance programs are risk averse and have traditionally avoided operating under Red Zone conditions. Yet personnel risk in the Red Zone is manageable and programs can be safely implemented if certain precautions are taken. Program risks require the donor organization to accept the probability of partial or complete program failure. If the donor organization cannot accept this basic fact, it should reconsider funding transition programs.

Mindanao. Transition specialists have much to learn from their humanitarian relief counterparts regarding safety of personnel. Humanitarian officers have effectively operated within war situations in numerous countries and have developed standard operating procedures for safe operations. In Mindanao potential security concerns for field staff include proliferation of weapons among the population, ongoing vendetta attacks and family feuds, periodic outbreaks of fighting between the military forces and rebel groups, traffic accidents, robberies, and kidnapping threats. There are ways to operate safely and effectively within this type of security environment. Standard security procedures must be established and must be adhered to by field staff. In Mindanao the best security measure has been the sincere delivery of projects, which has created an informal network of village groups that actively monitor the security situation and keep field staff out of harm’s way.
Transition specialists must be willing to initiate implementation of transition programs even if not all the questions have been answered. There is more uncertainty in setting out basic design assumptions, and a "rolling design" philosophy is required. This philosophy calls for tactical program modifications to be made instantaneously as field staff identify project adjustments that are needed because initial design assumptions were faulty or because of unique local situations. Rather than wait for the final evaluation of the program to discover that the design was faulty, minor yet critical program adjustments can be made during implementation. As mentioned, at the beginning of the ELAP program the lack of postharvest facilities was identified as an issue. How to resolve the problem took nearly 12 months to work out.

5. Field Presence

A Red Zone transition program requires an extensive field presence, which involves a sizable investment in administrative cost by the donor. The establishment of well-placed regional field offices, the decentralization of program decisionmaking to field managers, and the recruitment of qualified local professional staff can give the transition program the ability to:

- Keep pace with the rapidly changing security, political, economic, and social environments
- Tailor program strategies and approaches to fit a unique regional opportunity or challenge
- Ensure regular monitoring and evaluation of individual projects that determine the impact of the project
- Create a daily feedback loop that will allow tactical program modifications (a "rolling design" model)
- Establish a first line of defense against endemic corruption
- Evolve the transition program so that the focus of the program remains centered on the root causes of the conflict.

Field presence does not mean establishing an office solely in the country's capital city. Generally, the communities or
groups that are the "spoilers" of stability are not in the capital cities but are in or draw their support from areas outside the capital. Often, the political dynamics in regional capitals or rural areas have their own unique character that requires a variant of the general program strategy to maximize the impact of the assistance. Regional offices, staffed primarily by local nationals, enhance the ability of the Red Zone program to target assistance. National staff provide the necessary language skills, cultural sensitivity, historical foundations, and commitment to bring about lasting change.

Mindanao: Monitoring implementation. By the end of 1999, SWIFT had delivered dozens of pieces of agricultural equipment to MNLF groups. As part of the original program design, the local equipment vendor was to provide training to the MNLF group under the equipment purchase agreement. The field staff discovered several problems within the first three months of deliveries. First, some vendors were not providing the training as agreed in the purchase agreement. Second, some vendors that did provide training shortened it because they feared being in the rural areas late in the day. Third, because of the excitement within the MNLF group on the day of delivery of equipment, there was some question as to whether the target audience was fully absorbing the training. The regular presence of SWIFT field staff in the area meant that the problems were discovered within weeks of the first field deliveries, and corrective actions were taken. Vendors that did not provide training had payments withheld until they fulfilled the requirement. Those unable to deliver were no longer used as vendors. A separate arrangement was negotiated, at no cost to SWIFT, for Kubota Corporation, whose small engines powered most of the equipment being delivered, to provide a full day of hands-on repair and maintenance training to the equipment operators.

Mindanao: Evaluating security and corruption problems. Manila is 1,000 kilometers from the program sites in Mindanao. The security situation in Mindanao changes daily. Without a field presence, it would be difficult to calibrate program implemen-
tation decisions. SWIFT therefore maintains three field offices in Mindanao.

The MNLF has divided the province of Lanao del Sur in Mindanao into two MNLF commands. In one of them, all donor programs have experienced major problems in trying to implement programs—threats, corruption, and apparent lack of commitment to the peace process on the part of the commanders in the area. Of the seven MNLF command areas in which SWIFT operates, this was the only one that lacked the vision for implementing the peace agreement.

Both SWIFT and another international donor, which had its field office in Manila, received a serious threat from people in the problem area who claimed to be MNLF. The two organizations’ reactions were significantly different. The other donor suspended all MNLF program activities in Mindanao. SWIFT had a field office within the region and had established credible working relationships with all MNLF groups surrounding the problem area. It suspended all activities for that MNLF command and forwarded its concerns to the MNLF leadership to resolve. To suspend all the programs would have undermined the positive actions of the six MNLF commands that were implementing projects in good faith. Thanks to its field presence, SWIFT was able to calibrate its suspension to affect only the immediate area controlled by the problem commanders. One may as well be in Washington or Paris as try to make daily implementation decisions from Manila. Outside Mindanao, access to the information needed to understand local intrigues is limited, leading to misguided and sometimes damaging decisions.

Endemic corruption within crisis countries can challenge field operations daily. Corruption at various levels often negates the impact of well-meaning but loosely monitored development assistance programs. Because of the threat of corruption, long-term development programs tend to impose anticorruption measures that either prevent program implementation during the transition period or cause programs to become so risk averse that they focus on peripheral issues, negating their impact. Where there is a viable regional office structure, daily contact between field staff and the target
beneficiary groups can minimize some of the fears about corruption. In Mindanao the SWIFT field offices use the following procedures to reduce the threat from corruption:

- Cash grants are not given to groups. All SWIFT support is provided in the form of in-kind equipment, materials, or training.
- Procurement is conducted locally by SWIFT staff.
- Field staff spend five out of six days in rural former-combatant villages carrying out proposal development, project delivery, and monitoring.
- SWIFT staff develop grant proposals on the basis of one-on-one group field assessments rather than through the traditional request-for-proposal process. This approach has three advantages: it allows SWIFT to determine whether a group is committed to the implementation of a project before developing the proposal; it offers control over the volume of grant proposals received; and it permits better management of target group expectations.
- Real-time feedback on attempts at corruption allows immediate action that minimizes similar attempts in the future.

6. The Need for Tangible Results

In today's world of shrinking long-term development dollars, many international donor organizations find themselves funding technical assistance to ministries or departments. This assistance typically provides broadly based policy reform over the next 5 to 20 years. These measures propose to bring about reform that will allow the government to deliver assistance to its citizens more effectively. Strategically, this will benefit the entire country and establish foundations for future development. Unfortunately, in the Red Zone former combatants and the civilian populations neither understand nor appreciate this type of assistance.

Mindanao. Reform of Philippine laws affecting the control of port facilities could make a profound difference in shipping
costs for all products entering and leaving Mindanao. That could, in turn, increase the prices for agriculture products received by the small farmers of Mindanao. Such reform and its benefits, however, are not perceived by the former combatants as part of the economic development assistance they thought they would receive from the peace agreement. In the Red Zone the target population needs to see, feel, and benefit directly from a project for it to register as a benefit of the end of the crisis. Bringing relative peace to a country will not make a lasting impact unless it is followed up by tangible projects giving the message that "this project is here because of the peace." In addition, tangible projects offer opportunities to leverage local resources in support of confidence-building activities relevant to the peace process.

A perfect example of a tangible project is a micro water system project. In Mindanao an international donor can deliver a basic water system to a village of 150 to 200 families for approximately US$5,000. SWIFT has funded several water system projects that had the practical benefit of reducing the incidence of waterborne disease and allowing the women of the village to spend less time carrying water and more on productive activities. The projects benefited not only the primary beneficiary group, MNLF former-combatant families, but also other Muslim and Christian residents. Each project requires that MNLF group members, as well as the other residents of the village, provide the labor for construction, thus promoting positive interaction within the entire community. Given the real possibility of tangible and immediate funding, it is likely that the local government will be more inclined to provide the necessary matching. Finally, all water taps and reservoirs constructed under the project are marked with plaques acknowledging that the project supports the peace agreement. Each time the residents of the village use the water taps, they are reminded of the benefits of peace.

7. The Need for Targeting

In the Red Zone the transition specialist should give priority to those areas where the seeds of future conflict will most likely
germinate. The first priority is to identify the operational areas and target populations. The second is to identify, within those areas and populations, key “change agents” who will become the transition specialist’s chief liaison within the target population for promoting constructive dialogue on project development and implementation. In the Red Zone limitations of time and funding allow only the most needy individuals or groups to be assisted. If not assisted, they could bring the peace process to a standstill. Staying focused on the target populations is fundamental.

Mindanao. Almost every rural village could benefit from some form of assistance. Within the various layers of the MNLF command, different degrees of need exist. The field officers are in the best position to analyze the local situation and set priorities so that assistance can be given to those MNLF groups closest to abandoning the peace process.

8. The Crucial Importance of Timeliness

Because a transition period involves volatile environments, the ability to deliver timely assistance is one of the most critical elements in success. Unique one-time windows of opportunity open during the Red Zone period. These opportunities must be acted on immediately, or they may be forever lost.

Mindanao. Following an MILF attack on the municipality of Kauswagan, several municipal buildings were damaged. More important, distrust between the local Muslim and Christian populations was growing. Several Muslim homes were burned by local residents in response to the attack. Within days of the attack, it was clear that immediate action had to be taken to prevent further deterioration of trust between the Muslim and Christian communities. A symbolic measure was needed to help counter the divisive local press reports that were fueling distrust. An NGO was recruited to develop a response that called for identifying a group of Muslims and Christians willing to work together to repair the minor damage to the public
buildings. If this could be done within 10 days of the attack, a symbolic yet powerful image could be projected, challenging the divisive voices and mitigating the distrust. Unfortunately, 30 days passed, the NGO had not followed through with the effort, and the idea was no longer viable.

The other aspect of timing is the recognition that several phases of assistance are needed to build the conditions for implementing a more sustainable approach. The transition specialist needs to determine what must be put in place to create the conditions for design and implementation of the longer-term program. The example given earlier of how a USAID program had to evolve from 1997 to 1999 highlights this issue. First, stability had to be attained within the former combatant community; only then would there be an opportunity to focus on other activities that addressed the root causes of conflict.

9. Limited Absorptive Capacity

Countries emerging from war and political conflict also suffer from economic crisis. Humanitarian organizations learned long ago about the dangers of creating dependency. Spending hundreds of millions of dollars on a transition problem is more than likely to overwhelm and distort the local economy. The absorptive capacity of transition countries is extremely low. During the first 18 months of a transition program, it is important to establish a field presence that can rapidly deliver small, targeted, and tangible venture capital projects. These venture capital projects can create stability and space for other programs. Red Zone transition projects can test several sectors and areas that may warrant larger investments and create the stability that traditional programs will need in order to finalize program design. By using some of the Red Zone programs as venture capital, there is a potential for shortening the design phase of traditional longer-term programs. This may lead to improved delivery times and ultimately shorten the transition period.
10. Opportunities in Chaos

The transition specialist’s attitude can profoundly affect the impact of Red Zone programs. A transition specialist needs to be an idealistic realist. Many people perceive the crisis country as presenting insurmountable challenges. In truth, there are great opportunities for bringing fundamental change to a society. The clay for molding a new reality within a country in transition is wet—but it may dry quickly.

Mindanao. The MNLF’s authoritarian military command structure could be seen as an impediment to progressive change. Actually, however, it offers an organized and disciplined framework that facilitates program implementation. Once the structure was understood, it was used to help implement the transition program. The following are examples of how this structure assisted in implementing SWIFT.

- The existing MNLF command structure was used to identify MNLF groups and to assist in prioritizing geographic areas of operation.
- The command structure of the MNLF prevented combatant groups from devolving into uncontrollable, armed small groups.
- Security provided by the MNLF allowed field staff to penetrate areas that had not been reached in years.
- Village-based program development meetings were arranged using the MNLF’s radio and communication networks.
- Program implementation issues were resolved rapidly by senior MNLF leadership.
- Senior MNLF leaders endorsed a decentralized delivery system that provided the foundation for less-authoritarian civilian organizations to emerge.

11. The Need for Bottom-Up and Top-Down Approaches

In the Red Zone a two-pronged approach is needed to bring about change. First, field activities should focus on establishing
a broadly based grassroots approach that can help stabilize the situation. Senior government officials and decisionmakers must demonstrate the political will to support the required change. Equally important, senior diplomatic representatives must back the transition program in the event that host government leaders begin to waver in their support or are at the heart of the crisis.

_Bosnia and Herzegovina._ The media programs supported by the transition program were under attack by the government of the Republic of Šerbska, which was actively trying to close down the alternative media operations. Senior UN officials and bilateral donor governments had to intervene on numerous occasions to ensure the survival of the media outlets. Without the diplomatic support, all the funding and energy invested in establishing alternative media would have been lost.

### 12. The Need for Mechanism Flexibility

The first 11 characteristics for operating in the Red Zone can be implemented only if significant flexibility is built into the delivery mechanism. A common shortcoming among donor organizations is the inflexibility of their policies, procedures, and systems for releasing and using funds. Flexibility in implementation should include the following guidelines:

- Empower field staff to make important strategic program decisions.
- Devolve funding approval to field offices (not just offices in the capital city).
- Allow in-country procurement of materials needed to implement projects.
- Be willing to absorb and internalize project failure.
- Promote open and critical reporting on project activities so that mistakes in implementation are rapidly identified and adjustments to programs are made immediately.

If the decisionmaking and funding approval processes remain centralized at donor headquarters or the resident mission in the capital of the host country, it is unlikely that Red Zone
programs will be able to evolve and adapt to the changing environment. The key to mechanism flexibility is to devolve critical decisionmaking to field staff who completely focus on one program, the transition program.

Conclusion

Few donors currently have the systems, policies, and procedures needed to adapt to the 12 characteristics of a transition period. The creation of new offices to focus on transition issues within international donor organizations is not enough. Donors need to create new institutional delivery mechanisms, policies, and procedures to accommodate the rapidly changing field context in crisis countries. The international donor community has seen a trend of shrinking budgets, reduced staff, and increasing demand for accountability of programs. Insufficient human resources are devoted to the design, management, and monitoring of programs or portfolios. This has resulted in the creation of programs that are even more risk averse than in the past.

Analysis of the 12 characteristics for operating in the Red Zone shows that the trend in development assistance diametrically opposes the necessary elements for conducting transition programs. Donor organizations have attempted over the past 10 years to adapt traditional delivery systems and institutional mechanisms to their work within crisis countries. Those same systems, meanwhile, were changing in ways that further inhibited the flexibility needed for an effective transition program. For the field of transition assistance to mature, there is a need for new institutional systems that accommodate the 12 characteristics. At present, donor programs continue to allow their existing systems to dictate the design of programs rather than recognize what is needed to deliver transition programs and then change the systems accordingly.

Whether an assistance organization requires evolutionary or revolutionary reform will depend on the organization. To start the process, all donors need to create new institutional delivery mechanisms, policies, and procedures. They will also
have to institutionalize the new breed of development officer, the transition specialist. By better understanding the 12 characteristics for operating in the Red Zone, donor organizations may become more efficient in establishing new mechanisms that deliver more-effective transition programs.

Notes

The discussion in this chapter represents the author's personal views, not those of the United States Agency for International Development.

1. Rick Barton was the first director of OTI and, at the time of writing, is deputy high commissioner for refugees with the United Nations High Commissioner for Refugees (UNHCR). The "venture capital" model involves the funding of several small, high-risk projects. The hope is that 100 percent of the projects will work, but realistically, it is expected that only 30 to 40 percent will. On the basis of critical and rapid analysis of the initial investment, new funding is then surged to expand support for the winning projects.
Social Cohesion: Consensus and Challenges

The regional consultation on social cohesion and conflict management gave experts and practitioners in key fields of economic, social, and political development an opportunity to exchange views on fault lines in societies, the root causes of violent conflict, and the lessons to be drawn from past policies and programs for managing diversity. The papers included in this volume, and the discussions at the consultation, identified a variety of traditional obstacles to social cohesion and integration in the region, ranging from xenophobic nationalism to deep-seated poverty, socioeconomic disparities, gender inequality, and ethnic, religious, and cultural discrimination and exclusion. Among the topics explored were the need for new early-warning indicators and development responses to problems of social cohesion and conflict prevention.

Modernization and globalization, as manifested in state formation, urbanization, rising literacy and educational levels, and increasing economic interdependence and social complexity, have not counteracted or eroded communal, religious, and cultural identities and sentiments. On the contrary, religious and ethnic consciousness has been heightened. The outcomes include social polarization (rather than integration or convergence), increased insecurity and violent conflict, a consequent weakening of the state, and an intensified critique of the globalization process and its institutional face—whether Exxon, McDonalds, the World Bank and the International Monetary Fund, or the World Trade Organization.
The coming years are likely to see sharp disjunctions in the prospects for social cohesion as a result of developments outside national and regional boundaries. How will old and new ethnic, religious, and cultural divisions be affected by the regional and global economic and technological forces that appear to be the main engines of change? No clear, generally applicable, answers emerged at the consultation. Many of these forces—for example, migration, globalization, and technological advances such as instant media coverage of major events—are seen as being, for the most part, outside government control. Whether they advance or obstruct social cohesion depends on the context. Country case studies on the various forms of civil strife that have emerged nationally or have drawn on transnational and cross-border dynamics may provide a clearer understanding of how major conflict situations could arise and develop in the region.

Some participants took the optimistic view that rising ethnic and religious sentiments have not fundamentally challenged trends toward improved governance and a market-oriented economic order and observed that globalization could be a positive force for balancing state excesses. They agreed, however, that modernization and globalization have led to increased disparities between the rich and the poor and the growing exclusion and marginalization of certain groups, making the prospects for peaceful development less predictable.

**Learning from Country Experiences**

Local and national experiences provide important insights for analyzing the major national and regional forces for change and their impacts on social processes and social cohesion. The evidence on how ethnic, religious, and cultural cleavages have become entrenched or have been blurred or reduced by policy choices indicates a need to learn from the outcomes of reforms in education, economic management, the military, the civil service, and governance and from the history of policies regarding social and cultural organization. Lessons can be drawn from
the colonial period, when managing race relations was a preoccupation of the regimes, and from the impacts these efforts had on social cohesion and the management of diversity.

Some countries in the region—Malaysia is a well-known example—have put in place affirmative action policies and programs, on the assumption that the elimination or reduction of economic inequality will eventually reduce ethnic tensions. Several participants argued that these policies could have a backlash effect by increasing tensions and rivalries among competing ethnic groups and creating frustration and alienation among those excluded. Others pointed out that such factors as group solidarity, leaders' strategies and tactics, political ideology, the dominant ethnic group's ability and willingness to use repression, and external encouragement or support for ethnically based movements have a strong influence on whether intergroup inequality will lead to enduring peace or to large-scale violence.

Consensus and Caveats

Participants generally agreed that the consultation offered a fresh and promising perspective deserving of more attention and further work. In particular, in-depth studies of experiences with ethnically driven economic strategies, the effectiveness of these strategies in reducing racial tensions, and ways of moderating the strategies to reduce distortions and withstand the pressure of less-buoyant economic cycles were seen as deserving some priority. Concrete future work that was considered worth pursuing included support for cross-border workshops to facilitate horizontal diffusion of experience at both the community and state levels. Areas of interest would include minority inclusion and affirmative action strategies, compensatory programs to close gaps between communal groups, the promotion of interfaith dialogue, conscious efforts to bridge the gender and generation gaps, and community-based programs to build bridging social capital across communal groups while addressing priority livelihood and cultural needs.
Exploration of the effective management and prevention of violent conflict in Asia highlights the importance of early-warning systems and commensurate early action. More important, it points to the need to deal more urgently and effectively with the underlying causes of marginalization, exclusion, and violent conflict. Conflicts have often been exacerbated by deficiencies in governance, corrupt and unresponsive political and bureaucratic elites, lack of power sharing among competing groups, insensitivity within the business and private sector regarding matters other than the pursuit of profits, and inadequate participation by the population.

Participants felt that there was much scope for donors to focus on the social dimensions of development and conflict and to move upstream toward more proactive and preventive interventions in many parts of the region. In particular, UN organizations should maintain a more vigilant regional watch to detect threats to international peace and security, with the objective of supporting the efforts of the Security Council and the Secretary General to deter conflict. The United Nations and regional organizations must increasingly become a focus of preventive measures. To this end, it was felt to be important to strengthen the professional capabilities and skills of staff for identifying the underlying causes, triggers, and stages of conflict, structuring systematic early-warning analysis, identifying preventive measures, and integrating these measures into their work. Fundamentally, this means that development cannot be seen as business as usual.

There was consensus on the legitimacy of using aid as an incentive in conflict prevention work and to foster best practices for building social cohesion. Some precedents already exist in the developmental activities carried out in countries caught in the transition between war and peace, as well as in activities focusing on internally displaced persons and efforts for arms sales embargoes and arms reduction. Work is also needed on mounting quicker responses to emergency situations in cases when governments appear incapable of moving effectively (as in Maluku); sustaining areas in the postconflict
stage through long-term assistance to prevent the recurrence of violent conflict; and fostering capacity building at the local and national levels with the aim of building social cohesion and bringing about peace and reconciliation.

Participants believed that there was scope for mobilizing existing mechanisms for greater donor coordination and for improving the quality and effectiveness of work. For example, efforts by development institutions such as the United Nations Development Programme, the World Bank, and the Asian Development Bank to coordinate among UN agencies and donors could improve programs designed to reach the target groups, including combatants; ensure better use of scarce resources; and create a framework that integrates military, political, and social dimensions. Linkages between donors undertaking development activities, emergency relief, postconflict reconstruction, and conflict prevention, in particular, need to be substantially improved.

There was general agreement on the need to make the development process more inclusive and more sensitive to cleavages at local and national levels. In addition to economic instruments and measures, policies that promote stable ethnic relations through proportionality and affirmative action, devolution of power, power-sharing arrangements, and policy reforms in public education and culture were proposed. The role of international development actors in fostering better management policies and best practices and in building tolerant and socially robust societies was also examined.

Several participants pointed to the important role of the international media in facilitating social cohesion efforts in countries in the region. Although media activities are not commonly regarded as a standard part of donor aid, the media can lead efforts toward confidence building among rival or conflicting parties, as well as provide support through objective news and analysis on good governance, conflict resolution, the promotion of mutual understanding, and appreciation of and tolerance for diversity. Participants also noted the potential for use of the new communications technology and for partnerships with the private sector in conflict management.
To sum up, the great majority of participants agreed that the timing is right to bring issues of social cohesion to the development table, especially in conflict-affected countries and, at the regional level, through ASEAN and other regional forums. The subject of social cohesion needs to be carefully addressed, especially as it pertains to ethnic, religious, and cultural differences and how these are related to widening socioeconomic and political inequalities. For a number of countries, and for the region as a whole, these concerns pose a challenge of the first magnitude, calling for policies and practices to prevent and resolve violent conflict and promote social cohesion by improving national and local capacities for conflict mitigation. There was unanimity that these sensitive (and at times taboo) issues should not be swept under the carpet but need to be addressed more widely, analytically, and transparently and that a comparison of national and international experiences such as took place during the consultation is useful.

**Outstanding Issues**

In the discussion of the country and thematic papers, a number of potentially important areas were identified as follow-up issues that would interest both countries in the region and international development agencies. These included:

- The role of ethically oriented affirmative action policies and programs such as Malaysia's New Economic Policy in helping address economic disparities and build social cohesion
- The institutional ambivalence of international and regional development agencies in taking proactive steps on social cohesion issues, especially in conflict-ridden situations
- The disproportionate impact of violence and social conflict on women and the potential role of women in facilitating reconciliation and peacebuilding efforts
- The role of various actors such as the state and the mass media in manipulating ethnic and religious identity and fostering social conflict
• The tension between pushing for open and participatory systems in previously authoritarian states and, potentially, creating the conditions for the development of fissures along crude racial, religious, age, or other lines
• The importance of taking into account relevant local cultural values and forms in the establishment of mechanisms and processes for preventing conflicts.

More generally, as indicated by participants’ comments, the consultation helped to identify with greater precision key issues related to inclusion (for example, equality of opportunity, participation, and social integration) that need to be addressed in the course of countries’ and the region’s development.

Next Steps

For the World Bank and the Asian Development Bank, a number of actions were identified as important follow-up work:

2. Work with various national and regional partners on follow-up consultations, workshops, and other activities. These might include:
   • A seminar on affirmative action and other economic tools for management of ethnic and religious conflicts. This could be a major cross-cutting economic and social policy initiative of interest to a number of countries with deeply rooted social cohesion problems. The Sri Lankan participants have already expressed interest in organizing such an exchange with participants from Indonesia, Malaysia, and Singapore.
   • An interfaith dialogue on values and development among Muslims, Buddhists, and Christians. This would build on the World Bank’s World Faiths Development Dialogue Initiative and would form an integral part of the Conflict Engagement Group’s program.
- A workshop among key country implementing actors, representing a variety of community-driven reconstruction and reconciliation initiatives, to share experiences and develop a toolkit of best practices for addressing social cohesion issues. Examples of such initiatives are the Timor Community Empowerment and Local Governance Program, the Mindanao Southern Zone for Peace and Development Social Fund Project, and the Northeast Cambodia Village Development Project.

- A regional workshop focusing on the gender dimensions of conflict and on the analysis of gender roles in conflict prevention and reconciliation.

For all the countries and organizations represented, the consultation highlighted and clarified present and emerging challenges to building social cohesion and managing diversity. It is becoming increasingly clear that the propensity for violent conflict in much of Asia is unlikely to decline unless there is better understanding of social as well as economic fault lines—at the level of communities and society, and at the level of state and market forces—and unless the resulting conflicts are acted on and defused. The injurious consequences of failure to act, for development and for people’s lives, make it imperative that the countries of the region accord a more central place to this work. Addressing the legacy of violent conflict is necessary, but it is not sufficient. The costs of dealing with conflict and its aftermath are far higher than the costs of attacking the underlying causes of violent conflict through inclusive social and economic policies and practices, the promotion of opportunity, and the promise of hope.
Appendix A
Participants

All affiliations are as of the date of the Regional Consultation.

Contributors to This Volume

Sharon Bessell
Executive Officer, Centre for Democratic Institutions, Research School for Social Sciences, Australian National University, Canberra

Nat J. Colletta
Manager, Post-Conflict Unit, Social Development Department, World Bank, Washington, D.C.

Harold Crouch
Senior Fellow, Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University, Canberra; Director, Indonesia Project, International Crisis Group, March 2000–February 2100

Teck Ghee Lim
Senior Social Sector Specialist, Environment and Social Development Sector Unit, East Asia Region, World Bank, Washington, D.C.

Shinsuke Horiuchi
Special Assistant to the Minister of Foreign Affairs, Japan
James V. Jesudason  
Senior Lecturer, Department of Sociology, National University of Singapore

Anita Kelles-Viitanen  
Manager, Social Development Division, Asian Development Bank, Manila, Philippines

Khin-Sandi Lwin  
Senior Programme Coordinator, United Nations Children's Fund, Jakarta, Indonesia

Jaime C. Laya  
Chairman, National Commission for Culture and the Arts, Manila, Philippines

Michael Malley  
Department of Political Science, Ohio University, Athens, Ohio

Jacob Meerman  
Visiting Scholar, Nitze School of Advanced International Studies, Johns Hopkins University, Washington, D.C.

Eliseo R. Mercado, Jr., OMI  
President, Notre Dame University, Cotabato City, Philippines

Moazam Mahmood  
Labour Market Policies Specialist, International Labour Organization Dhaka, East Asia Multidisciplinary Advisory Team, Bangkok, Thailand

Nee Meas  
Department of Social Work and Social Policy, Faculty of Health Sciences, La Trobe University, Melbourne, Australia

Jehan Perera  
Media Director, National Peace Council of Sri Lanka, Colombo
Paul Randolph
Asia Regional Manager, Office of Transition Initiatives, U.S. Agency for International Development, Manila, Philippines

Sharon Siddique
Director, Sreekumar, Siddique & Co. Pte. Ltd., Singapore

David I. Steinberg
Director of Asian Studies, Georgetown University, Washington, D.C.; Senior Consultant to the Asia Foundation.

Other Participants

Naihuwo Garry Ahai
Senior Research Fellow, National Research Institute, Boroko, Papua New Guinea

Yuko Arimoto
Assistant Resident Representative, Japan International Cooperation Agency, Manila, Philippines

Beno Boeha
Director, National Research Institute, Boroko, Papua New Guinea

Elawat Chandraprasert
Director-General, Department of Public Welfare, Ministry of Labour and Social Welfare, Bangkok, Thailand

Phan Ngoc Chien
Researcher, Institute of Social Sciences, Ho Chi Minh City, Vietnam

Anne Dawson-Sheperd
Observer, United Nations High Commissioner for Refugees, Jakarta, Indonesia
Antonio Donini
Deputy UN Coordinator for Afghanistan, United Nations Office for the Coordination of Human Affairs (UNOCHA), Islamabad, Pakistan

Jon Ebersole
Coordinator and Special Advisor, Task Force on Conflict, Peace and Development Cooperation, Development Cooperation Directorate, Organisation for Economic Co-operation and Development, Paris

Tyrol Ferdinands
General Secretary, National Peace Council of Sri Lanka, Colombo

Ben Fisher
Deputy Director, World Bank Office, Jakarta, Indonesia

Maria Lina Fernandez-Litton
Commissioner on Culture, National Commission on the Role of Filipino Women, Office of the President, Manila, Philippines

Gelek
Professor and Director, National Center for Tibetan Studies, Beijing, China

Felicidade Guterres
Timorese Woman Organization; Member, National Consultative Council of the East Timorese Transitional Administration, Dili, East Timor

Masaru Harada
Economic Cooperation Bureau, Ministry of Foreign Affairs, Tokyo, Japan
Kazi F. Jalal  
Chief, Office of Environment and Social Development, Asian Development Bank, Manila, Philippines

Yang Razali Kassim  
Regional Editor (Analysis), The Business Times, Singapore

Eri Komukai  
Global Issues Division, Planning and Evaluation Department, Japan International Cooperation Agency

Jayasankar Krishnamurty  
Senior Economist, Infocus Programme on Crisis Response and Reconstruction, Employment Sector, International Labour Organization, Geneva

Kazuhide Kuroda  
Knowledge Management and Partnership Coordinator, Post-Conflict Unit, Social Development Department, World Bank, Washington, D.C.

Falur Rate Laek (Domingos Raoul)  
Commandant, Region III, FALINTIL, Aileu, East Timor

Ith Loeur  
Director, Department of Rural Development, Banteay Mean Chey Province, Sisophon Town, Cambodia

Colin Lonergan  
Assistant Director General, Sectoral and Advisory Services Group, International Program Branch, Australian Agency for International Development (AusAID), Canberra

Arun Mahizhnan  
Deputy Director, Institute of Policy Studies, Singapore
Michael John Manning
Director, Institute of National Affairs, Port Moresby, Papua New Guinea

Maria Genoveva da Costa Martins
Timorese Woman Organization; Member, National Consultative Committee of the East Timorese Transitional Administration, Dili, East Timor

Hiroko Miyamura
Political Affairs Officer, Asia and the Pacific Division, United Nations Department of Political Affairs, New York

Sean Nolan
Senior Resident Representative, International Monetary Fund, Manila, Philippines

Otto Ondawame
Department of Political and Social Change, Research School of Pacific and Asian Studies, Australian National University, Canberra, Free Papua Organization (OPM)

Randolph Parcasio
Executive Secretary, Office of the Regional Governor, Autonomous Region of Muslim Mindanao, Davao City, Philippines

Hans-Peter Paulenz
Director, Manila Office, German Agency for Technical Cooperation, Philippines

Jacqueline Pomeroy
Economist, World Bank Office, Jakarta, Indonesia

P. Ramasamy
Professor, Department of Political Science, National University of Malaysia, Selangor
Diane Lynn C. Respall  
Programme Officer, International Labour Organization, Manila, Philippines

Jana Ricasio  
Assistant Resident Representative, Unit Head, Human Development and Poverty Alleviation, United Nations Development Programme, Makati, Philippines

Rene van Rooyen  
Regional Representative, UNHCR Regional Office for Indonesia, Singapore, Malaysia, Brunei and the Philippines, United Nations High Commissioner for Refugees, Jakarta, Indonesia

Karti Sandilya  
Manager, Poverty Reduction Unit, Strategy and Policy Department, Asian Development Bank, Manila, Philippines

Wiryono Sastrohandoyo  
Centre for Strategic and International Studies, Jakarta, Indonesia

Shamsul Amri Baharuddin  
Professor of Social Anthropology and Director, Institute of the Malay World and Civilization, National University of Malaysia, Selangor

Clark Soriano  
Advisor, Program Support to the Resident Coordinator, United Nations Development Programme, Makati, Philippines

William J. Staub  
Senior Social Development Specialist, Social Development Division, Asian Development Bank, Manila, Philippines

Meinrad Studer  
Head of Sector, International Organization Division, International Red Cross Committee, Geneva
Joseph Sukwianomb
Secretary for Department of Home Affairs, Boroko, Papua New Guinea

Peter H. Sullivan
Vice President (East), Asian Development Bank, Manila, Philippines

Jeevan Thiagarajah
Executive Director, Consortium of Humanitarian Agencies, Colombo, Sri Lanka

Seija Tyrmänioksa
Head of Delegation (Cambodia), International Federation of Red Cross and Red Crescent Societies, Phnom Penh

Chao-Tzang Yawnghwe
Coordinator-Consultant, National Reconciliation Program, The Burma Democratic Movement and the Burma Fund, Coquitlam, Canada

Haydee Yorac
Chairperson, National Peace Forum; Senior Partner, Azcuna, Yorac, Arroyo & Chua Law Office, Manila, Philippines

Zaw Oo
Director, Policy and Research, The Burma Fund, Washington, D.C.
Appendix B
Agenda

Thursday, March 16, 2000

OPENING SESSION

Welcoming Remarks
Kazi F. Jalal, Asian Development Bank
Peter H. Sullivan, Asian Development Bank

Keynote Address
Ambassador Shinsuke Horiuchi, Ministry of Foreign Affairs, Japan

Introduction: The Challenge of Social Cohesion in the Region’s Development Agenda
Nat J. Colletta, World Bank

SESSION 1 ANALYSIS OF ECONOMIC, SOCIAL, POLITICAL, AND CULTURAL CHANGES AND TRENDS

Chair: Anita Kelles-Viitanen, Asian Development Bank
Rapporteur: Michael Malley

Social Cohesion and Conflict
Sharon Siddique, Sreekumar, Siddique & Co., Singapore
Economic Underpinnings of Conflict  
James V. Jesudason, National University of Singapore

Public Sector Policies and Conflict  
Jacob Meerman, Nitze School of Advanced International Studies, Johns Hopkins University

Cultural Factors and Social Cohesion  
Jaime C. Laya, National Commission for Culture and the Arts, Philippines

Education, Gender, and Social Cohesion  
Sharon Bessell, Australian National University

SESSION 2  MAPPING AND ANALYSIS OF SOCIAL COHESION CLEAVAGES

Chair: Teck Ghee Lim, World Bank  
Rapporteur: Jehan Perera

Indonesia  
Michael Malley, Ohio University

Malaysia  
Harold Crouch, Australian National University

Philippines  
Eliseo R. Mercado, Jr., Notre Dame University, Cotabato City

East Timor  
Falur Rate Laek, FALINTIL  
Felicidade Guterres, National Consultative Council of the East Timorese Transitional Administration
CONTINUATION OF SESSION 2

Chair: Rene van Rooyen, Regional Representative, United Nations High Commissioner for Refugees, Jakarta
Rapporteur: Jacob Meerman

Cambodia
Nee Meas, La Trobe University, Australia

Myanmar
David I. Steinberg, Georgetown University, Washington, D.C.

Sri Lanka
Jehan Perera, National Peace Council

Friday, March 17

SESSION 3 (Concurrent Panels)

Panel 1: Unraveling Social and Cultural Cleavages and the Underpinnings of Conflict

Chair: Joseph Sukwianomb, Department of Home Affairs, Papua New Guinea
Rapporteur: Sharon Siddique

Panelists: Moazam Mahmood, International Labour Organization, Bangkok
Naihuwo Garry Ahai, National Research Institute, Papua New Guinea
Beno Boeua, National Research Institute, Papua New Guinea
Shamsul Amri Baharuddin, National University of Malaysia
Haydee Yorac, National Peace Forum, Philippines
Panel 2  Economic and Affirmative Action Programs as Conflict Management Tools

Chair: Jeevan Thiagarajah, Consortium of Humanitarian Agencies, Sri Lanka
Rapporteur: James V. Jesudason

Panelists: Harold Crouch, Australian National University
Jacob Meerman, Nitze Johns School of Advanced International Studies, Johns Hopkins University
P. Ramasamy, National University of Malaysia
Yang Razali Kassim, The Business Times, Singapore

CONTINUATION OF SESSION 3 (in Plenary)

Panel 3  Conflict Management: Experiences of International and Regional Organizations

Chair: Karti Sandilya, Asian Development Bank
Rapporteur: Clark Soriano, United Nations Development Programme, Manila

Panelists: Antonio Donini, United Nations Office for the Coordination of Human Affairs, Islamabad
Rene van Rooyen, United Nations High Commissioner for Refugees, Jakarta
Khin-Sandi Lwin, United Nations Children’s Fund
Jayasankar Krishnamurty, International Labour Organization
Meinrad Studer, International Red Cross Committee
Seija Tyrinoksa, International Federation of Red Cross and Red Crescent Societies, Phnom Penh
Jacqueline Pomeroy, World Bank, Jakarta
Panel 4: Lessons, Capacity Building, and Partnerships

Chair: Ben Fisher, World Bank, Jakarta
Rapporteur: David I. Steinberg

Panelists: Wiryono Sastrohandoyo, Center for Strategic and International Studies, Jakarta
Arun Mahizman, Institute of Policy Studies, Singapore
Colin Lonergan, AusAID
Eri Komukai, Japan International Cooperation Agency
Jon Ebersole, Organisation for Economic Co-operation and Development
Otto Ondawame, Australian National University; Free Papua Organization (OPM)
Paul Randolph, U.S. Agency for International Development
Jana Ricasio, United Nations Development Programme, Philippines
Randolph Parcasio, Office of the Regional Governor, Autonomous Region of Muslim Mindanao

Closing Session Conflict Prevention and Management: Making Development Responsive to Social Cohesion Challenges

Rapporteur: Harold Crouch

Rapporteurs’ Summaries
Capacity building
Research and training
Best practices and lessons
Partnerships and action outputs