

## **Developmental States and Hybrid Regimes in South-east Asia: The Socio-economic and Political Challenges of Global Crises (1998-2008)**

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### **Summary**

This article presents a critical review of socio-economic and political development in South-east Asia (1998-2008) and promotes the hypothesis that there is little linkage, if any, between economic growth, social change and democracy in this region. The economic success of East/South-east Asia was primarily due to good governance by neo-authoritarian developmental states born in the context of "cold" and "hot" wars during the 1950s-70s. Since the East Asian financial crisis of 1997-98 and beyond the global depression of 2008-9, South-east Asian developmental regimes have shifted into various forms of hybridization combining state and market forces on the economic front, authoritarianism and democratization in politics. Such pragmatic hybridization has met with little opposition from civil society, except in Thailand, despite the severe impacts of two successive economic crises and an increase in social inequality. The hybridization of economics and politics may keep most South-east Asian regimes away from the Western type of liberal democracy and thus challenge its universal validity.

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### **Introduction**

The question of linkages between democracy and development has been intensely discussed among historians, philosophers, economists, political scientists and sociologists, but no definite and universal answer has been found as yet. The "East Asian developmental state" model and the Asian values debate during the late 1980s and early 1990s coincided with Huntington's concept of the third wave of democracy and with Fukuyama's "end of history". These concepts challenged the universal validity of liberal democracy and market economics, especially from an Oriental viewpoint (Diamond 1997, 1999). The Asian financial crisis of 1997-98, the global economic crisis of 2008-9 and their economic and social impacts in South-east Asia may have pointed further in this direction.

Interestingly enough, back in the 1950s the United Nations predicted some bright prospects for development and democracy for a number of newly independent nations in South-east Asia, targeting Burma and the Philippines in particular. In

retrospect, such predictions call for analytical humility when exploring the absence or existence of linkages between rapid economic and socio-political transformation in South-east Asia and some attempts at democratization in the region, but not everywhere.

This article suggests that there are few correlations, if any, between socio-economic development and political democratization in developing countries, and in South-east Asia in particular. The hypothesis is not to revisit developmental state regimes, which have served most of the region well since its economic take-off in the late 1960s, but to envisage how they have gradually or more dramatically shifted to hybrid if not democratic regimes since the turn of the century. The economic and financial crises of globalization in 1997-98 and again in 2008-9 may have affected their political evolution as developmental states and/or hybrid regimes, with or without any further democratization processes. Whether under rapid development growth until 1996 or under repeated external shocks due to economic globalization between 1997-98 and 2008-9, most analysts' attention should concentrate on the political conditions of social inclusion and wealth distribution.

The perspective taken in this article is based on a socio-economic analysis of development, which is a component of development studies conceived as an interdisciplinary corpus of scientific knowledge. Contrary to a pure disciplinary approach, which would apply economics – and macro- and micro-econometric models in particular – to the study of economic growth, this article borrows from the corpus of interdisciplinary political economy and socio-economics applied to the study of international development. Additional ingredients are also inspired from economic and human geography, economic and social history, history of the industrial revolution, political science and international relations. It should be noted here that the pure scientific production dealing with South-east Asian economies, especially at domestic level, has been rather limited compared with the abundant number of publications by historians, political scientists and anthropologists (Booth 2004).

### **Development and/or democracy in South-east Asia**

Unlike the virtuous equation that development favours democracy, South-east Asian elites and large proportions of the citizens in this region of the world perceive that democracy can actually impeach or delay development. This is a belief that has not been the subject of much study as yet, but which is gaining new interest in the context of the global economic and financial melt-down of 2008 initiated by the United States in its role as the leading democracy and superpower. Another question is not so much whether democracy is a pre-condition or a handicap for development – as none of the South-east Asian nations have been democracies except in their constitutional documents since independence – but whether economic and political

liberalization suggested by the West to the region after the Asian financial crisis of 1997-98 can enable strong and sustainable growth to take place.

Several authors contest the isolation of the economic variable in the discussion of democracy (Hobsbawm 1990, Jaffrelot 2000, Schmiegelow 1997). To take a historical example, in the case of the United States of America, building a new nation took some time before the Bostonians established a clear linkage between tax payment (to the British colonial masters) and lack of political representation, leading to the beginnings of the American revolution. Historically, the identification of individuals, households and communities with the “state” was never automatic. It required collective recognition of its utility and gradual ownership, meaning the construction of governance and legitimacy for the public at large.

Among other types of democratic linkages, the fiscal one has been absent in most East Asian developing countries, with the exception of Japan after 1945. Democracy is embedded in a plurality of causal factors including culture and values, identity and citizenship, education, and in a diversity of political, religious and social actors (Pye 1985). Since the 1950s-60s, various authors have tried with limited success to establish quantitative correlations between levels of development and income in East Asia and the establishment of democracy (Wade 1990). In a similar way to high-income Arab countries, East Asia’s “economic miracle” has seldom challenged authoritarian developmental states in that region, at least until the financial crisis of 1997-98. Therefore, most advocates of links between development and democracy retracted their views or faded away during the 1990s.<sup>1</sup>

In the late 1990s, a substantial contribution by the United Nations University looked at the issue of democratic governance and economic performance in developing North-east and South-east Asia in a relatively comprehensive and systematic way (Marsch 1999). On the one hand, some segments of this study underline that premature and dysfunctional democracies can be detrimental to macro-economic stability and development. Well-established democracies like India’s or those in the West can be inefficient or not pro-active enough for rapid economic decision-making and social response. On the other hand, no universal correlation can be established between authoritarianism and development, and the opposite is actually the most frequent phenomenon. Stable democracy can provide development and welfare and can solve most economic difficulties through political participation and social consultation. However, a number of North-east and South-east East Asian developmental states have been able to achieve rapid growth and significant social change without much participation of civil society, and despite high levels of “crony relations” and red tape (which are not absent from democratic regimes either). In

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<sup>1</sup> Lipset, S. M. (1994), “The social requisites of democracy revisited”, *The American Sociological Review*, vol. 59, 3. In comparison, see the same author’s 1959 article entitled “Some social requisites of democracy: economic development and political legitimacy”, *American Political Science Review*, vol. 53, no. 2, 69-105.

that sense, they have not copied the post-1945 Japanese economic miracle, which combined imported democracy and the continuation of a strong state bureaucracy.

Finally, the study produced by the United Nations University concludes that the correlation between democratic governance and economic performance is a neutral one, as follows:

- a) There is no verification that the rapid socio-economic development seen in the 1970s, 80s and 90s has produced political liberalization, with noticeable exceptions in North-east Asia (South Korea and Taiwan). In South-east Asia, Indonesia, the Philippines and Thailand have all moved in this direction, but with stops and back-lashes being suffered on the way, particularly illustrated in Thailand's case between 1998 and 2008. Many other countries have kept strong guidance regimes like Brunei, Cambodia, Laos, Myanmar, Malaysia, Singapore and Vietnam despite experiencing domestic crises or upheavals (as in Malaysia and Myanmar).
- b) Democratization attempts in South-east Asia have not killed off economic development; this has also been observed in North-east Asia, in fact (in South Korea and Taiwan). Yet the continuation of developmental states like Singapore or Malaysia, or the setting-up of new ones, as in Vietnam, has also led to success on the economic front, as it also has in North-east Asia (take China, for instance).

### **Beyond developmental states and economic liberalization: the rise of hybrid regimes in South-east Asia**

The debate on the development foundations of political regimes in South-east Asia has been oversimplified, making it seem as if economic and social coherence have prevailed in most countries in the region up to this day. Most analyses have referred to quantitative and qualitative indicators shown in national and international statistics, based on the performance of East Asian economies and their increasing ties with regional and global markets (Booth 2004, Rigg 2003). However, local economies and social realities are heterogeneous in many ways, with limited convergence and hybrid overlaps between different socio-economic systems at national and especially sub-national levels (Régnier 2006).

### **A variety of development patterns**

Even a superficial observation of the economic scenery is sufficient to realize that a wide diversity of development patterns have divided South-east Asia since the 1970s (Chowdhury 2007):

- the rapid take-off and catching-up of industrialization have succeeded in Singapore, Peninsular Malaysia and Thailand, with various types of regional and sector imbalances occurring, except in the island city-state,

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- most economies can still be classified as developing countries (Indonesia, the Philippines, Vietnam) and some of them are even countries with low development (like Cambodia, Laos and Myanmar),
- some small economies are essentially oil and gas producers (Brunei, East Timor),
- since the Doi Moi reform of 1986, Vietnam has also been considered one of the most interesting transition economies after the Eastern European and Chinese examples.

Up until the Asian financial crisis of 1997-98, the most frequent questions addressed to the South-east Asian economies focused on their capacity to absorb previous and new waves of globalization. A further question concerned whether they would be resilient on a national or collective/regional basis, depending on the regional framework to be considered, such as ASEAN, ASEAN +1 or ASEAN +3 (Rigg 2003; Régnier 2006). However, beyond commodity markets and some segments in manufacturing, the internationalization and global outreach of most ASEAN economies is still relative. Many other economic and social dimensions have to be identified at sub-national, provincial and local levels (Booth 2004, McVey 2000).

### **Divides and linkages among various economic systems**

South-east Asia is divided into several economic systems, which are either partially linked to globalization (inclusion argument) or hardly related to it at all (the exclusion argument). Non-inclusion may differ from exclusion, as exclusion has a rather pejorative meaning, at least from the viewpoint of neo-liberals perceived as strong supporters of market-driven globalization.

Three distinct yet inter-penetrating economic systems prevail in South-east Asia:

- **subsistence economics**, if not survival economics in remote areas frequently affected by natural hazards, continue to dominate in most countries. These can range from survival endeavours by large segments of the rural and urban poor to the subsistence of other segments of rural and semi-urban populations, consuming most of their production themselves. These people may produce a limited surplus in cash or kind, going for barter trade or other forms of very localized commerce mostly isolated from the major flows and routes of the formal domestic economy;
- **market economics**, which does not necessarily refer to pure, indigenous capitalism, has emerged in most ASEAN countries, with the exception of Myanmar, East Timor, Laos and most of Cambodia, and is a recent phenomenon (absence of any pre-industrial heritage). In each national context, this system implies different territorialities and types of actors (with a limited number of indigenous private industrialists) and various intensities of capital formation and economic transactions. The domestic market place has to cope with sharp asymmetries and imbalances between local demand and supply, which are both highly constrained by limited access to resources and low mobilization capacity regarding factors of production.

Public authorities and ethnic minorities (local and overseas Chinese in particular) tend to dominate formal and informal trade and the financial institutions at play. The sensitive multi-ethnic and multi-cultural composition of most South-east Asian nations explains why the political hegemony of majority ethnic groups was installed under authoritarian developmental states. The New Economic Policy set up in Malaysia after 1971 is one of the best illustrations of this (Schmiegelow 1997);

- **export-led industrialization and foreign-market-induced growth** have both emerged since the late 1970s as a third economic system introduced from outside the region (Deyo 1987). Foreign trade, foreign direct investment and international credit have been the driving engines here. These drivers have been identified as “ersatz” capitalism (Kunio 1988), further induced by global market forces before and after the Asian financial crisis. South-east Asian industrial capitalism has relied primarily on Asian, European and North American investors interacting with strong developmental states and local business elites (predominantly Chinese ones) highly active in trade and finance, which started during the colonial era. This system was abandoned in Vietnam in 1975, but was gradually re-introduced later, especially in the South following the Doi Moi reform of 1986. Korean, Japanese, Taiwanese and Singaporean investors rank among the first foreign players in present-day Vietnam.

The hybrid co-existence of these three systems explains the inclusion, semi-inclusion or exclusion of the South-east Asian economies from various local, sub-national, national, intra-regional, extra-regional, inter-regional and global territorialities (Booth 2004). The most sensitive challenge facing public and private actors, both indigenous and foreign ones, is to address unequal access to capital and resources among different economic and social agents, which occupy various informal and formal positions under the three different economic systems, as identified above. Sharp unequal redistribution of growth and wealth prevails. Domestic and global markets generate few linkages with local economic subsistence systems, in particular in marginalized poor rural and urban areas.

### **Global, regional and national economic convergence**

The intrusive and challenging progress of neo-liberal globalization has taken inter-regional, regional and national routes in a particularly clear way in the case of East/South-east Asia (Dobson 1997). International chains of production in manufacturing and services have been on the rise, but with limited added-value generation and therefore benefit for most South-east Asian economies (except Singapore, Peninsular Malaysia and the Greater Bangkok region). This trend occurred in sharp contrast with their North-east Asian neighbours (UNCTAD, World Investment Report 2006).

The agents of such globalization have been foreign operators (from North America, Japan, Western Europe, China/Hong Kong, Korea, Taiwan and India), transnational business networks (Chinese, Indian, Eurasian, Jewish and Persian diasporas) and

some national/local business circles enjoying government patronage. Among these, various types of non-transparent alliances have taken place between public and private actors, which have resisted and survived the post-East Asian financial crisis deregulation and liberalization agenda (Backman 2004, Gomez 2002). These hybrid forms of capitalism and public-private partnerships are neither liberal nor neo-liberal.

The increasing number of linkages between the global, regional and national economic scenes, which are by far the most documented nowadays, should not create the illusion that global export-led industrialization – namely led by foreign capitalism, possibly transforming itself progressively into genuine indigenous capitalism – is submerging South-east Asia. As underlined, other socio-economic systems continue to co-exist and even grow in times of regional/global financial crises in a region still dominated by large, highly populated developing and least-developed countries.

Therefore, the political governance and representation under such a variety of socio-economic systems cannot be analysed using the predominant Western concepts of capitalist development and liberal democracy, as adopted by the Bretton Woods international institutions and by most United Nations agencies since the end of the Cold War. Market economy has been more or less accepted as the only viable model of development since the Asian financial crisis of 1997-98. It is based on the principle of free convergence between demand and supply of goods or services. In the same vein, liberal democracy – based on the free election of candidates by voters – has been associated with the only “correct” political system embracing affinities with the global market economy (Schmiegelow 1997). Under the International Monetary Fund and World Bank predicaments, post-1998 South-east Asia has been submerged by a new wave of global capitalism (through FDI, corporate mergers and banking acquisitions), combined with a tentative expansion of democracy in a few cases such as Indonesia and Thailand.

### **Beyond subsistence economics – as if people matter!**

Subsistence economics still prevail in many parts of South-east Asia, especially in developing and least-developed economies. There is ample scope for further research on how highly localized embryonic and petty economic transactions among large segments of populations could be promoted to effectively address the satisfaction of their basic needs, the recognition of their social dignity and the respect of their political and legal rights. Ways and means to facilitate access to minimum capital resources in order to set up micro- and small-scale production activities generating employment and income would help achieve poverty reduction in line with the Millennium Development Goals. They would establish or reinforce community development as the nucleus of local participative democracy, depending on local specificities.

Renewed attention should be devoted to agriculture and the rural world, where the majority of the population still lives outside Singapore, Western Peninsular Malaysia and the Greater Bangkok area. Land reform and especially the implementation of property rights both in villages and in urban peripheries remain high on the agenda and could represent new avenues for minimum political recognition and social justice. An urban land reform is important, but is usually forgotten: it should be kept in mind that subsistence production is not limited to rural areas. In cities, it can play a crucial role in household livelihoods and offer a collective base for providing local economic, social and even political infrastructure. The global food crises in 2008 and 2011 have shown how far the rural and suburban sectors should be given priority.

### **Hybrid political regimes in the mirror of hybrid economic systems**

Formal and informal arrangements of mediating economic and social power relations and conflicts continue to shape the boundaries of national and local politics within and in between the three socio-economic systems co-existing in South-east Asia. This might encourage the exploration of possible correlations with the concept of hybrid political regimes, even though this idea has only designated political regimes at the macro-national level so far. This concept has been elaborated in the discussion of democracy in the developing world in general (Diamond 1989, 1993) and in various developing regions like South-east Asia (Croissant 2004, Rodan 2001, Hewison and Rodan 1993).

Hybrid regimes include elements of authoritarianism and democracy, meaning that they are deficient of certain institutional components inherent in liberal democracies. This is why various authors describe them as delegative democracies, pseudo-democracies, defective democracies or semi- or competitive authoritarianisms. In the context of South-east Asia, authors like Alagappa (2004), Case (2001, 1993), Croissant (2004) and Crouch (1993) have widely used such denominations. As underlined by Rodan and Jayasuriya (2007), the literature on hybrid regimes has advanced on the formulation of a linear transition – throughout a development process – from authoritarianism to liberal democracy.

This discussion can be partly related to the earlier discussion conducted in the 1970s and 80s regarding the pragmatic ideological combination of capitalism and socialism in the first wave of new East Asian industrialization (Lee 1993, Haggard 1990, White 1988, Régnier 1987). The decline of Chinese or Soviet communism as a model of industrialization led to the rising legitimacy of guided democracies in East/South-east Asia combining social authoritarianism with a certain degree of market economics, in particular in their external trade and financial relations with OECD countries (Schmiegelow 1997).

All these observations militate in favour of an analysis of South-east Asian political regimes in their own right and with their proper dynamics and institutional

arrangements. They appear to be distinct from liberal democracies, which were set up in different cultural and historical contexts and whose “models” are not automatically replicable or transferable.

### **From one global crisis to another (1998-2008): political prospects in South-east Asia**

South-east Asian nation-building has doubtless been facilitated in several cases by rather successful developmental states, which forged their own public capacity to perform a wide range of economic and social functions in order to address basic needs by supplying essential public goods. The Asian financial crisis produced various pull and push factors. Social demands became so high that renewed control and regulation of the economy seemed necessary even though it was discouraged by the international donor community. On the other hand, further deregulation, liberalization and privatization of national economies meant less public governance and more social vulnerabilities at various levels of civil society.

Regional and global capitalist crises over a time span of ten years (1998-2008) have led to political and social contest in South-east Asia within the existing institutions and also at the extra-institutional level, as shown in the case of Thailand, for example. What is even more critical, though, is that such economic and financial crises have additionally created crises of national governance. In some cases, this led to the incapacity of the national state regarding governance, and even brought about a systemic collapse. This is a very rare phenomenon observed in Indonesia in 1997-98 with the sudden fall of Suharto’s regime induced by a severe crisis on the economic, political and social fronts simultaneously. Some other countries facing massive financial crises such as Argentina in the early 2000s were also on the verge of systemic collapse.

### **Beyond the Asian financial crisis**

The Asian financial crisis and its dramatic economic and social impacts have hit both authoritarian and democratizing regimes. Their developmental pro-active grip on the economy and their preoccupation with social guidance have been considerably reduced.

On the surface, the resumption of economic growth in a matter of a few years (2000-03) has been attributed to a new boom in exports of natural resources and industrial components in high demand by North-east Asian and other international value chains. Export-oriented industries have contributed to renewed expansion, but in rather isolated enclaves, which have had little or no effect on society as a whole. The full dichotomy between external market penetration and the domestic economy without a serious evaluation of concrete interlinkages, multiplier effects, and spill-over benefits into the social sphere may prove to be unsustainable in the long term. Economic asymmetries and social inequalities – which were already rising sharply

before the crisis – have widened and not been part of the neo-liberal remedies prescribed by the international donor community (Chowdhury 2007, Booth 2004).

On the political front, the impacts of the crisis have been diverse: a return to fragile democracy in Thailand, semi-democratization in Indonesia, political and ethno-social instability in Malaysia and the Philippines, and continued authoritarian governance in Myanmar, Singapore and Indochina (Bertrand and Laliberté 2010). Political business malpractices have generally continued (Backman 2004, Gomez 2002, Hefner 1998) and have even amplified in Thailand, Vietnam and elsewhere (Ronnas 2001, McVey 2000). As the number of the excluded and sidelined has grown since the Asian financial crisis, a major paradox has emerged with an increase in political participation (democratization attempts), but with reduced channels of political and social contest (exclusion or marginalization of individuals and civil-society groups).

### **Democratization receding: the case of Thailand**

Ever since its first constitution put an end to absolute monarchy in 1932, Thailand's political scene has been agitated by a long series of military coups and constitutional revisions. This explains why it was often described as a semi-democracy when the army was not in power. The Thai economy has been vibrant since the 1980s, however. An affluent urban middle class and pro-active civil-society organizations emerged up to the 1994 elections, classifying Thailand among third-wave democracies (Huntington 1996).

Born in the immediate aftermath of the Asian financial crisis, the Thai constitution of 1997 showed the limits of an institutional approach to understanding the evolution of domestic politics in relation with the economic and social capital of the country (McCargo 2002). The new post-1997 institutions and the Democrat government were subverted by the creation and election in 2001 of Thaksin's Thai Rak Thai party (TRT). TRT's strong links with the new rich class were deliberately covered by the adoption of populist rule, which put aside most checks and balances written in the constitution of 1997 (McCargo 2005). This led to the extra-parliamentary opposition and various civil-society actors rising up against the Bangkok aristocratic, business and military elites close to the monarchy. The process demonstrated the absence of linkages between formal political representation and intermediary organizations (such as political parties, trade unions and other NGOs) in the governance of the domestic economy and the distribution of social benefits and welfare. The coup of September-October 2006 against democratically elected Thaksin was deemed “the latest event to raise serious questions about the extent and nature of democratic transitions and their possibilities in Southeast Asia” (Rodan and Jayasuriya 2007, 767).

The military coup of 2006 scrapped the 1997 constitution, even though the latter had been developed after a long process of consultation among various social actors,

mainly as broad-based opposition to military rule. The army leaders established a highly controlled process to draft a new basic law (2007) limiting political participation to the elite and carefully selected civil-society groups from the middle class (Hewison 2007).

The political crisis remained unresolved until late 2008 – and re-occurred again in 2010-11 – due to the escalation of further extra-parliamentary contestation, leading to the paralysis of key government buildings and the new international airport. Two radically different and conflicting views of the future of Thai society became apparent, reflecting a profound divide between the various regions and social classes.

The political economy of Thailand has permitted a political process to take place, which has marginalized the representative institutions of a fragile democracy. It has influenced the nature and expression of socio-economic conflicts, which have bypassed limited representative institutions, and led to new modes of extra-parliamentary movements. It remains to be seen whether such movements can open any new political spaces on the occasion of the 2011 general election and reshape public governance gradually or more radically in a highly hierarchical society such as Thailand's. The crucial question is still whether Thai politicians represent the real features of civil society, as the major aristocratic, business and military elites pull the strings behind the scene and may thus prevent the advancement of any sustainable democratization.

### **The paradox of more political participation and less contestation**

The unequal distribution of strong economic growth benefits during the 1980s and early 1990s and the deepening of social exclusion and marginalization since the Asian financial crisis have produced highly divided, multi-tier societies in already sensitive multi-cultural and multi-ethnic environments. Local politicians have mainly tried to surf on such divisions, leading to instability, as in Thailand, or to the rise of socio-political tensions, as in Malaysia and the Philippines.

The confirmation of imported global neo-liberalism since 1997-98 has reinforced patronage structures despite the apparent liberal democratization observed on the political surface. For instance, the analysis of post-Suharto Indonesia's democratization has shown that the powerful corporate oligarchy closely associated with the former president has been able to interfere in invest in a reformed parliamentary system to maintain money politics and other forms of political intimidation and control (Ziegenhain 2007). Such forces can be formidable barriers to the development of intermediary organizations linking social divides to formal democratizing institutions (Rodan and Jayasuriya 2007, 777).

It is no wonder that local forms of capitalist accumulation and political clienteles produce new social forces, which are combined with old and new forms of opposition and find rising expression in extra-parliamentary participation. Even in

liberal democracies nowadays, the progress of global neo-liberalism has been of such a magnitude since the year 2000 that the very idea of classic political and social representation through political parties and trade unions mediating socio-economic interests and conflicts is at risk (Erdmann 2011).

In South-east Asia, political and social contest, which was already controlled or repressed prior to the Asian financial crisis, has further weakened and left the arena of formal institutions because of widening economic and social inequalities, and the growing exclusion or marginalization of various segments of society compared to the previous period. At the same time, power politics and government institutions have enabled more political participation, albeit among those already included in it (i.e. the elites and middle classes). As Rodan and Jayasuriya (2007) suggest, new modes of participation have been forged by various modes, viz.:

- “societal incorporation” (state and/or international donor agencies sponsored)
- “civil-society-controlled expression” (spaces for expression opened up by governments and agencies)
- “administrative/technocratic incorporation” (accountability of central government, state decentralization).

No society remains static, and social and political adjustments are moving in South-east Asia, even if they are still in great confusion. Modifications of political rule are on the way, but the directions are still unclear. The concept of liberal democracy, forged in Europe and North America in different historical circumstances, may not be of great help because it is unique and not universal (Huntington 1996).

### **South-east Asia facing a post-2008 rise in global crises**

Liberal democracies are not felt to be well-equipped to cope with major economic, financial and social crises. This was particularly true of fragile or non-consolidated democracies such as the Weimar Republic in Germany (1919-1929), and it has possibly also been the case for democratizing Indonesia or Thailand since 1997-98. The major problem here relates to the inability of liberal/weak states to distance themselves from particular interests, especially those of business circles, and focus on the public good instead (Backman 2004, Bertrand and Laliberté 2010, Gomez 2002, Friedmann 1994, MacIntyre 1994).

Democratic institutions are supposed to avoid any concentration of power, which also includes the business world, and to prevent arbitrary decisions from being made. Facing the challenges of domestic and external crises, they are normally well-prepared when it comes to preventing violence and promoting peaceful conflict-resolution, unlike authoritarian regimes, which aggravate economic instability and social unrest in most cases.

However, globalization and its neo-liberal agenda have eroded this divide: the awareness and value of collective and public responsibility have diminished, both in

liberal democracies and in Asian developmental states, due to rising links and dependencies vis-à-vis private vested interests, which are stronger at home and internationally compared to most governments' governments'. This tends to produce a gap between political elites and civil society. It disables the imperative condition of coping collectively with global risks that are on the rise in both developed and developing countries and on all kinds of cultural, economic, environmental, political and social fronts simultaneously (Schmiegelow 1997).

Like other developing regions, South-east Asia has been confronted with an unprecedented series of global crises on various fronts since early 2008: food security, climate change and natural disasters, commodity and energy price inflation, financial depression and economic slump. As yet, there are no comprehensive analyses of the differentiated impacts of these crises on the region as a whole or on individual countries, but the economic and social perspectives were still rather bleak in 2009 (Asian Development Bank Outlook 2009). For example, the world food and energy crises encountered during the first half of 2008 have badly affected South-east Asian countries in various ways due to a deficit or surplus of rice and/or oil. The most vulnerable segments of their national populations were unable to cope with the sharp rises in the price of basic commodities. During the second half of 2008, the financial and subsequent economic crisis in the OECD countries produced a domino effect not only in terms of reduced demand for natural commodities and manufactured goods from South-east Asia, but also in terms of a slow-down in rapidly emerging giant economies like China's and India's. This negative evolution has not only put similar economies at risk, but also more recently recent export-oriented emerging economies like Vietnam's.

A number of South-east Asian leaders have preached in favour of more regional autonomy for East Asia due to the rising shift in economic power away from the West (Mahbunani 2008). These voices have echoed a substantial body of literature dealing with so-called new East Asian regionalism published during the 2000s (Liu and Régnier 2001). With the recent adoption of the ASEAN Charter, it remains to be seen whether it will be sufficient to deepen and democratize the ASEAN regional process itself or whether other regional frameworks like ASEAN +1, ASEAN +3 or the re-emerging concept of an East Asian Community (since 2005) will be more relevant to engage the economic and political challenges that lie ahead (Dosch 2008, Emmerson 2007, Marsch 2006 and Rüland 2008).

The relative decline in global and regional leadership by the USA during the 2000s, which has become more obvious since 2008, has been met in South-east Asia by the re-emergence of cultural, ethnic and political identity issues, including a certain rise in Islamic fundamentalism in Malaysia, western Indonesia, the southern Philippines and Thailand. The US financial crisis of 2008 and its infection of other national economies around the world have dramatically eroded the attractiveness, if not the validity, of OECD/G8 pure market economics and liberal/weak democracies, at least

from a South-east Asian viewpoint, possibly forcing them to move back to Keynesian economic policies and direct state intervention! The inclusion of emerging economies like China's and India's (and even Indonesia's) in an emergency G20 summit at the White House, Washington D.C., in late November 2008 may not prove to be enough to convince South-east Asian leaders and public opinion of the real inclusion of their economic, financial and social concerns in the treatment of a global crisis depicted by many observers as the worst since 1929.

The various risks derived from the recent global crisis may or may not lead to a drastic contest of liberal democracy and its representative institutions in the medium term. However, the hybrid political features of South-east Asia are now at stake due to the sharp negative impacts of the global crisis on the domestic and regional economic and social fronts. This dangerous process may delay and shake the emergence of new political spaces and regimes in the region. It could also lead to the return of old developmental state practices here and there, which have not completely disappeared. The rise of new forms of competitive authoritarianism is another possibility among North-east and South-east Asian nations as a way of addressing the economic, social and even environmental challenges of the global crisis (Levitsky and Way 2002).

## Conclusion

This article has suggested various neutral linkages between economic development and democratization in South-east Asia, possibly like those in other parts of Asia and the rest of the world. It has shown possible correlations between hybrid national/sub-national socio-economic systems and hybrid political regimes, however. Although the concept of hybrid regimes has mainly been applied at the macro-political level so far, the literature on hybrid regimes has advanced on a dual formulation of a linear transition from authoritarianism to liberal democracy throughout a development process.

The low capacity of a few semi-democratic regimes (notably Indonesia, the Philippines and Thailand) to effectively address a wide range of old and new socio-economic challenges since the Asian financial crisis of 1997-98 does not augur well – as we have seen in Thailand in recent years – in view of the need to tackle a new series of global economic and financial challenges emerging since the outbreak of the global crisis in 2008. Previous attempts at political democratization may recede, and most countries in the region may be inclined either to continue hybrid and pragmatic political experiences of their own or to return to authoritarian and developmental state rule, or even to invent new modes of strongly guided governance.

The analysis of the period between 1998 and 2008 underlines the evolutions of South-east Asian political regimes in their own rights. These evolutions contain their proper dynamics and institutional arrangements, as distinct from liberal

democracies, which were set up in different cultural and historical contexts, and whose “models” are not necessarily replicable or transferable. The very concept of liberal democracy, forged in Western Europe and North America, may not be of great help because it is unique and not universal.

More specific conclusions can be summarized as follows:

First, there is no evidence of any universal linkages between democracy and development. Like their North-east Asian counterparts, South-east Asian developmental state regimes have shown that authoritarian and disciplined public governance can deliver development leading to a certain degree of political legitimacy, even though most regimes were originally illegitimate.

Second, the delivery of rapid economic growth and global market orientation with significant social change has not led to fully fledged capitalist regimes with the corresponding installation of democracies and redistributive fiscal policies – not even in the most advanced economies of South-east Asia. Divides have not only remained between different levels of development among South-east Asian countries, but also domestically with the co-existence of various socio-economic systems and low or slow convergence among hybrid modes of economic and social inclusion. Subsistence economics and highly localized markets continue to predominate in most countries, with little emergence of local political participation so far.

Thirdly, the regional financial crisis of 1997-98 led to national crises of governance and even to systemic collapse (as in Indonesia). It revealed the limits of developmental states’ capacity. It produced just a few democratization attempts, which were not particularly well-equipped to address the rapid increase in economic gaps and social inequality. Between 1998 and 2008, global market-oriented deregulation and liberalization led neither to more economic and social participation, nor paradoxically to more political and social contest within civil society. This paradox has emerged through a relative increase in political participation (especially in countries experiencing democratization attempts), but with reduced channels of political and social contestation (exclusion or marginalization of individuals and communities). Some explanations can be derived from two main factors:

- a) the evolution of the post-1998 political economy – well-illustrated in the recent crisis in Thailand, for instance – has influenced the nature and expression of domestic socio-economic conflicts, which have bypassed limited representative institutions and led to new forms of extra-institutional movements;
- b) It remains to be seen whether such movements could possibly open new political spaces and reshape public governance. The import of global neo-liberalism has reinforced patronage structures, and not the opposite despite the apparent liberal democratization process observed on the political surface. Such forces have been

formidable barriers to the development of intermediary organizations linking social divides to formal democratizing institutions.

Fourthly, the increase in global food, energy, financial and economic crises since early 2008 may result in further challenges arising in the future and erode hybrid political fluidity in South-east Asia. So far, most regimes liberalized since the Asian financial crisis of 1997-98 have proved their incapacity to distance themselves from vested business and patronage interests at home and overseas and to focus on the general public good instead. They may distance themselves further from the very idea of civil-society representation through political parties, trade unions and other types of non-governmental organizations. However, such channels have become even more necessary to mediate socio-economic conflicts, which have increased since the economic recession of 2008-9, and have been well-illustrated in Thailand's, for instance.

Fifthly, if democratization of South-east Asian developmental regimes cannot be envisaged under rapid growth (1976-1996) or under the constraints of regional and global financial crises (1997-98 and 2008-09), it militates in favour of revisiting the national and local conditions of economic participation, social inclusion and wealth distribution in South-east Asia. It may indicate that the growing economic autonomy of South-east Asia (a segment of the East Asia power house) is connected with the converging political process of regional autonomy, especially vis-à-vis the West as the traditional power house. The 2008-09 global crisis may reinforce the desire to return to previous developmental state regimes or to forge some new adaptations of the hybrid modes of governance shaped during the last decade.

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