

Teaching About Southeast Asian Transition Economies Burma (Myanmar), Cambodia, Laos, Vietnam and East Timor

By R. L. Curry, Jr.

Most transition economies are countries that are in the process of reforming their institutional structures that rely extensively upon centralized government planning agencies and state-owned enterprises to allocate scarce national resources and distribute the resulting output. These countries are in the midst of shifting responsibilities for allocating and distributing resources to institutions that feature decentralized markets, private business enterprises and a supportive legal system that protects private property rights, enforces contracts and protects consumers. In Southeast Asia, Burma (Myanmar), Cambodia, Laos and Vietnam are in the process of this type of transition because market oriented economic structures are deemed to be more efficient. However, institutional change within them is extremely difficult because of economic, political and administrative constraints. East Timor, on the other hand, is in the process of transition from being part of Indonesia to a sovereign, newly independent nation-state that features market-based economic institutions and faces constraints identical to those that constrain economic development in the four other countries.

On the economic side, each country suffers from a low level of per capita income, slow economic growth, inadequate social and physical infrastructures, and weak policy development and implementation in the areas of monetary and fiscal economic management. Each country is becoming progressively more open to external trade, investment, capital flows, and transfers of official development assistance (although East Timor had been open as part of Indonesia). The results of low levels of development are annual trade deficits, worsening terms of trade, debt accumulation, foreign exchange depreciation and external dependency. With the current exception of East Timor, the countries are trying to offset these constraints via regional linkages to the Association of Southeast Asian Nations (ASEAN) and their broader affiliations with the Asia Pacific Economic Cooperation (APEC) group.

ASEAN and APEC provide the transitional economies with *improved access* to markets of export destination and sources of imports. The associations also enhance direct foreign investment and financial flows, acquisitions of productive technology from private sources, and transfers of technical and financial assistance from foreign donors. At an appropriate time East Timor will face the decision of whether to seek accession to ASEAN and APEC. For descriptions and analyses of ASEAN and APEC, see R. L. Curry, Jr., "Teaching About Southeast Asian Economics" and David McClain, "Essential Features of APEC's Evolution and Future Prospects" in *Education About Asia*, Vol. 5, No. 1 (Spring 2000).

With these points in mind, the purpose herein is to provide secondary and college social science teachers with ideas, concepts, and sources of data and information about the countries' experiences in, and prospects for, economic transition. On the administrative and political sides, the need for transition goes beyond economics to include strengthening the public agencies whose task is to confront the array of common economic problems that the countries face. Generating and implementing sound policies will not be easy in the wake of weak administrative structures, vague and contradictory regulatory and legal systems, inadequate pools of qualified technical and professional personnel, and inadequate institutional vehicles via which to resolve conflicts and settle disputes. The current levels of bureaucratic red tape, high and growing levels of public corruption and abuses of power make true adventures of trying to do business in the countries—and often financially hazardous ones. Haphazard taxation systems are constantly in a state of flux, banking decisions proceed without sufficient concern for either prudential lending or transparency, and inadequate oversight contributes to both environmental degradation and urban pollution.

While East Timor suffers from the same problems as the other four countries, it differs from them in one fundamental way: it is a newly created sovereign nation-state. As such, it must deal with these transition issues; what currency shall it use—the Indonesia Rupiah, a solid regional currency such as the Singapore dollar, or the United States dollar? If its national currency is not soon forthcoming, for how long should it use another country's currency, and what should be the evolutionary transition to a local unit of account?

In addition to economic and administrative institutions that require fundamental transition to more efficient ways of doing things, another enormous challenge persists in each of the five countries. This has to do with their currently nondemocratic forms of government that must also be transformed if people are to live in safe and free environments. In addition to this primary consideration, open political systems are essential if economic transition is going to be successful both in its design and implementation. But *fundamentally* the successful pursuit of democracy means halting the state's harassment of persons, thereby assuring them of human and civil rights on ethnic, religious, and other grounds including matters of conscience. Pursuing democracy also means (a) making a commitment to permit freedom of the press to flourish, something that is all but nonexistent in some of the countries, and (b) making a commitment to the rule of law that is now systematically absent in the conduct of daily life. Clearly the pursuit of democracy requires enormous institutional transition, and the essence of this point is beginning to gain some awareness throughout the five countries where entrenched interests stall warranted reforms and institutional changes.

The appalling conditions under which too many people live in the five countries justify substantial institutional transition both to efficient market systems and to procedural democracies. The conditions that prevail in the countries offer students and teachers a

stark set of case studies from which to learn about the variables that are involved in national development and transition in Southeast Asia. Two excellent sources of information about Southeast Asia's transitional economies and societies are publications of the Institute of Southeast Asian Studies (ISEAS) in Singapore and reports of the Asian Development Bank (ADB) in Manila. ISEAS' annual publications that cover countries in economic as well as administrative and political transition include *Southeast Asian Affairs* and *Regional Outlook*, and selected articles in three of its journals: *ASEAN Economic Bulletin*; *Contemporary Southeast Asia*; and *Journal of Social Issues in Southeast Asia*. Useful Asian Development Bank publications include *Country Assistance Plans* and *Key Indicators of Developing Asia and Pacific Countries*. The reader's attention is also called to the enclosed set of references that were selected for inclusion because of the high quality of scholarship that they contain and the topics that they cover. ■

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