

Emerging Asian Growth Circles: An example in between Southeast Asia and China

Lim Joo-Jock

The region between Southeast Asia and China has been a forgotten backwater in the swift movement to economic uplift in many parts of Asia. It has remained in the boondocks; its development stymied and marred by armed dissent and sometimes by repression of civilian populations that gives impetus to a further spiral downwards of an already deprived region.

The Highlands of Continental Southeast Asia

The broad highland zone that separates China from mainland Southeast Asia, and divides the states of mainland Southeast Asia, has been described as a classic type of a border zone or march-land with a buffering function. The highland belt stretches from Tibet to Assam, through northern Myanmar (Burma), the Chinese provinces of Sichuan, Yunnan, Guangxi and Guizhou and to northern Thailand and spills over into Laos and the hills of northern Vietnam.

The Growth Quadrilateral is envisaged here involving the abutting mountain regions of four countries: Thailand, Myanmar, China and Laos.

The 'Repellent' Nature of the Mountain Zone

Rough terrain, steep mountain ridges interspersed among plateau-like features and deep river gorges make for an inhospitable region. Uncooperative, or often hostile, indigenous ethnic groups have rendered this entire region (equivalent to twice the size of France) 'repellent', to the lowland-based cultures and to the states surrounding the highlands. Over long periods in the past its unattractive features have led to it being largely left alone to its own devices. In development terms, the highland zone for long remained very low down the list of the various national economic priorities. Most times they did not figure at all in national development plans. Its function was mainly geo-strategic and military. This broad zone served as a convenient screen between the sometimes mutually abrasive

interests and aspirations of the various lowland states.

There has been considerable strategic interest in this zone especially with the departure of the colonial powers in the period after World War II and the rise of the People's Republic of China (PRC). This interest was however largely limited to maintaining the generalised and often diluted authority of the capital cities over the hill tracts and their residents.

Modern Boundaries Criss-Cross the Zone

During the period of western, i.e. British and French, dominance the salient geo-political features of the precisely-defined territorial nation-state of Europe were transplanted to this broad march-land. This led to trigonometrically surveyed and delineated boundaries, with markers wherever possible, being imposed on this previously politically fluid zone of interlocking and often overlapping allegiances.

These western initiated, and colonially enforced boundary lines, divided up the large and often amorphous buffer tract into the various territories that now appear on maps of the region. Thailand, however, has had its core territory preserved more or less intact during the colonial intrusion, but was compelled to give up outlying territory and to accept precise boundary lines as dictated by the British and the French.

Mountain Boundaries and Colonial Autarchy

The very existence of these lines precluded the fluidity of movement of people and goods, that is, of a freer economic linkage, that had been a prominent feature of this zone before the Anglo-French advances. The British moved northwards, and eastwards across the Shan highlands while the French encroached from the Tonkin delta to annex what is now Laos. This two pronged advance effectively cut off direct land access between Thailand and China.

At that time among the newly introduced criteria on state relationships upheld by the west, control of crossborder trade, dictated by the mercantilist economies and policies of the metropolitan colonial powers was introduced. Cross border or cross buffer trade had been a feature of this region.

The installation of precise borders was a western innovation in this mountain buffer land. It replaced the more flexible march-land arrangement, which was more consistent with the region's cultural mores, where negotiation, compromise and consensus took precedence over legalistic definitions and confrontation.

Movement and Diffusion: Trade, Migration and Technology

Despite the lack of reliable communications in the mountain zone, this tract has never completely excluded movement of people, goods, technologies and ideas. For, in fact, mountains are barriers to lowland peoples but are regarded as traversible by mountain-based cultures. There has always been considerable movement in people and goods, at times entire ethnic groups, numbering tens of thousands like the H'mongs who have moved chiefly southwards, through the zone in fairly recent times. After the Civil War, or Revolution, in China, an entire Kuomintang (KMT) army was able to find sanctuary in these highlands.

The Porosity of the New Enclosures

The western colonial dominance brought in a period of comparative enclosure but movement never stopped. For example, in 1917, at the height of the British Raj, a caravan or mule train was recorded on the Chinese side to have travelled from a village in Yunnan right to the outskirts of Rangoon. Its commodities for trade or barter included raw opium, silk, cottage-made goods and herbal medicines. The caravaneers returned with British Indian silver coins. Apparently, these annual caravans were a constant feature of the economy of many mountain villages in Yunnan, and was the only means for wealth accumulation in an overpopulated and mountain-girt environment.

After World War II

With the breakdown and retreat of western power in this region after World War II, cross border movements increased. Chinese guns, or rather

captured American-made modern arms, moved to the Vietnam bases. With the establishment of the new PRC power along the borders and the later economic confusion arising out of the not entirely successful attempts at the Burmese Road to Socialism, cross border trade increased greatly in this western sector of the uplands. More recently, with the near isolation of the Rangoon government under western pressure, the cross-mountain trade has become essential to Myanmar's economy and standard of living, even though it has meant creating, or at least tolerating, a considerable black or grey market economy.

The Factor of National Geo-Strategic Outlooks

In the past 15 years or so, there are some signs of a radical reorientation of earlier outlooks, which have been referred to elsewhere by the writer as "*geo-strategic orientation*".¹

Previously, the countries of Southeast Asia and China in their mountain hinterlands, turned their backs to one another, ignored the strategic mountain zone and its economic possibilities and faced seawards. In the case of the colonial territories they had their eyes fixed on the imperial metropolitan centres.

This turning of their backs to one another was, in continental Southeast Asia, a major factor which enhanced the isolation of the mountain zone.

Inherent Risks to National Sovereignty and Security

The large amorphous mountain belt has served its historical purpose as a useful divide, which hindered, but never entirely prevented, large-scale hostile intrusions. The natural impediments were such that any large-scale invasion, or even post-harvest foray, had to be prepared for years in advance. Small-scale movements, or ethnic migrations, peaceful to the extent that they did not threaten the interests of the lowland capital city, constantly took place. Pilgrimage and overland caravan trade routes existed for a long time. Dividing lines of authority were, before the western intrusion, not precisely and often very vaguely described in terms like: "*..Manipur is three days march by elephant from here..*" or "*..the villages of this valley pay taxes to X, the people of the other valley (referring to an alluvial bed a dozen miles away across **inhabited** mountains) pay tribute to Y..*".

The imposition of finely drawn, yet not completely policeable, European style boundary lines with the accompanying ideal(s) of territorial sovereignty, across this functional dividing zone, meant that large tracts of land held or claimed by adjoining states were territorially sovereign, yet were prone to infiltration, friendly or otherwise. This contradiction lay at the core of the seemingly endless periods of instability and friction that plagued many parts of the region in the period following colonial withdrawal and the rise of the post-colonial states which had as their model the western-inspired nation-state.

New Thinking

Although the draw of overseas trade still exerts a dominant pull on the attitudes and policies of the states of mainland Southeast Asia, the strongest reason, the colonially-imposed fascination with Europe (or America in the case of the Philippines) has been diluted to such an extent that a fundamental re-assessment of the hitherto 'repellent' buffer zone is now surfacing in the minds of indigenous intellectuals. The overland trade between Myanmar and the PRC, and the growing tourist traffic to and between northern Thailand and Kunming in Yunnan are early pointers to a new re-orientation of regional thinking.

Poverty and Cash Crops

For much of the politically, economically and socially marginalised highlands, the opium poppy is the only feasible cash crop for which there is a ready market. It provides, in many areas, the only means of escape from the vicious poverty circle of physical isolation, political marginalisation, low technology, lack of transport and absence of an easily transportable product. The other ready means to wealth, timber extraction and mining, are largely controlled by outsiders.

With societies so heavily dependent on swidden hill rice and opium poppy agriculture, the pressure on land resources and the consequent lowering of environmental quality is very pronounced. Here more than anywhere else, alternatives need to be found.

While opium growing is widespread, several ethnic groups have firmly rejected its cultivation and trade. Most notable among those are the Karen, whose Christian ideology eschews any involvement in the otherwise lucrative opium economy.

Poverty and Dissent

For much of the post World War II period, many parts of the geo-strategic buffer zone has seen sustained dissent against central state authority. The attempts to suppress the region's only significant cash crop, and cultural or ethnic separatism, have combined to make for increased instability in many parts of the region. Military solutions to the problem of insecurity arising out of ethnic dissent and poverty have led usually only to a temporary respite. Political solutions, like those adopted in the PRC, based mainly on the granting of varying degrees of local or district autonomy have produced a stability, backed up by a considerable military presence. However, the stubborn problem of gross underdevelopment remains.

Other solutions which have been and are being tried out, include military repression escalating into a degree of brutalisation of conflict which has few parallels in the history of modern conflict.

Economic Backwardness and a Means of Escape

The granting of local autonomies helps to pacify local pride and feeling. However, even with this approach, the basic problem of environmentally induced underdevelopment and a very low standard of living remains. The populations continue to eke out an existence barely above subsistence level. The temptations of opium, and more recently heroin production and addiction, and of the export of young fair-skinned women as prostitutes, remain endemic to the region, and serve as stark reminders of human degradation. These are some pointers to possible further troubles in the region.

The Power of the Nation-State

The general deprivation of these mountain societies has been a general drawback to the lowland based state which incorporates parts of the mountain zone. In other words, neglect of, and in more extreme cases hostility towards, the lowland state's highland 'property', can have serious consequences for the lowland state.

The writer has stated elsewhere, that ownership of large tracts of territory under such circumstances does not necessarily add to the overall national power of the state concerned.² One of the major criteria, besides the degree of industrialisation, the extent of natural resources and the reservoir of technological skills, for the measurement of national

power, is that which is based on the size of territory, and of the population inhabiting the relevant territory. In the situation that we are studying now, territorial size and ownership of large areas of poor, but restive, highland may actually detract from overall national power. In such a poor region, taxes are collected with difficulty or not at all. In a region marked by dissent, military budgets to suppress, or *ad hoc* developmental projects to subsidise, and hence to mollify, tend to be a drain on national wealth and power. Where dissent is armed and fortified by sales of cash crop in high demand in regional and especially overseas western societies where very high prices are paid, the drain on national power is even greater.

Sectoral underdevelopment is often tied to the evolution of "*core power domains*" in the lowland-based states. These are accompanied by the growth of "*peripheral power domains*". In these, conditions are such that internal disorganisation and hostile border crossings create conditions which are both a drain on currently available national resources, as well as a serious impediment to the growth of overall national power.

Ownership or occupation of places like Northern Ireland or Kashmir does not necessarily add to the national power of Britain and India, respectively.

The Opium Poppy Crop Development and Regional Stability

If growing the opium poppy is the only option available for the attainment of a higher standard of living, then it can be said that the various central sovereign states have consciously, or unconsciously through omission, further peripheralised their already isolated minorities. This separates them yet more distinctly from the core domain, relegating them to the state's peripheral domains.

This centre-inspired marginalism may suit some wider objectives, but could quite emphatically lay the seeds for prolonged instability and nurtures future threats to national security.

It has been estimated that annual harvests of raw opium estimated to between 800 to 1,500 metric tons per year can inject as much as US\$ 900 million into the highland economies spread out through the montane zone. Much of the profit is channelled to big operators and middlemen but a proportion trickles down to the growers. But even this small percentage means much wealth for them.

The opium poppy needs to be seen as the basis of a depraved approach to extra-legal regional development. Eradicating it by force, or by edict, can be illusory when viable alternatives are not made available at the same time. The opium culture feeds on isolation and neglect. It thrives in the remoter areas, i.e. the peripheral power domains, when military solutions, including search-and-destroy tactics, encourage *de facto* mobile cores of resistance, moving to and fro, in this complex region traversed by boundaries which are often a contradiction in terms.

While the growing of opium is widespread among farmers of some ethnic groups, the centre of the lucrative contraband trade is concentrated in a few areas where so-called opium warlords hold sway.

Some Developmental Alternatives

Tourism has been offered as an alternative. This has considerable potential with the beautiful scenery and colourful ethnic groups, but it can be useful only in limited areas and only when instability is completely eradicated. Alternative crops like tea-bushes which is less erosion inducing offer some opportunities. But it would have to compete with the high-grade teas grown in established tea-areas in the hills of Yunnan, Guizhou and Fujian where the ethnic Han growers are as poor, i.e. low-waged, as those peoples of the mountain belt under study.

Development is urgent. This sounds like a self-evident truism, a platitude. But here, in strategic terms, plausible threats to central authority posed by internal insurgency remain stubbornly ineradicable. The various national securities, at least in the poorer areas, continue to be under threat as long as current conditions of underdevelopment prevail. Development needs to be broad-based, involving more than just one or two states.

A More Conducive International Climate

Several major developments in the international arena have appeared over the horizon, and in this respect make for brighter prospects for the start of development growth.

The end of the East-West Cold War, and the rapid strides towards a pragmatic, more market-oriented ideology in the PRC have changed the entire international mood in this montane march-land region, and indeed in the rest of Southeast and East Asia.

Burma or Myanmar has had its earlier colonial-era seaward geo-strategic orientation changed, by the compelling force of international and internal circumstances, to a more landward looking attitude.

Thailand, the chief economic power of continental Southeast Asia, finds its position in the forefront of the economic race harder and harder to maintain. The natural resources of the Kingdom have been stretched, and in some cases, almost depleted. The highly rewarding seaward outlook has been dampened by the huge strain on seafont infrastructures. The margin of attractiveness of Thai labour has been narrowed by new entrants into global developmental competition, from as faraway as Mexico to as nearby as Vietnam. On the other hand China's poor provinces of her mountainous southwestern interior are hampered by their land-locked position and lack of large-scale contact with the rapidly advancing economies of the outside world, and now need new linkages, in trade, transport and access to the sea.

Push Factors for Mountain Hinterland Development: Human Resources

Currently, rapidly rising costs are a disturbing feature of the PRC's otherwise favoured coastal industrial zones. However, the inland provinces and especially the more remote ones like Yunnan and Sichuan, already have basic industrial, and advanced educational centres. These were set up, in the case of Kunming during the Japanese invasion, and strengthened during Mao's strategic industrialisation of inland areas sited as far away as possible from the reach of the US Pacific Fleet. China's portion of the highland zone possesses both competitively-priced labour as well as the infrastructure and skills needed for an economic take-off. Within a 36 hour road or rail radius from Kunming it is estimated that there is a population of about 120 million. This provides, first of all, a pool of competitively-priced and talented labour. Secondly, it is a potentially very large consumer market, hungry to improve itself in order to get the material things yearned for and so evidently enticing via satellite TV.

Thai wealth and business energies have been, despite an increasing tourist trade between Chiang Mai and Kunming, given, so far, only a seaward option for international business expansion. The back door has yet to be opened onto a new business frontier.

Proximity, Complementarity and Transport

Where several states abut on one another, any dilution of the barrier function of the 'sacred' boundary lines may possibly be turned to advantage. This is especially so, if the economies, such as those of Yunnan Province and Thailand, and the borderlands of Myanmar and Laos are beginning to show signs of economic complementarity.

The factor of *proximity* is to be enhanced, under quadrilateral growth, by new road networks, which are well within the capability of modern technology even in the region's rough terrain. The Chiang Mai-Kunming axis would be central to the new growth quadrilateral. Existing networks link these two hubs of the quadrilateral to the ports of Thailand and South China. For geo-political and technological reasons it would be business-like to have two links between Chiang Mai and Kunming, so that both Laos and Myanmar could benefit from the new transport network. By March 1994, it had become possible for goods and people to move on serviceable roads, sometimes well-macadamed, from the Thai border through Burma into China. 'Taxes' need to be paid at some point e.g. to the Wa rebels. New Mercedes 280's are imported from Singapore and driven to the Burma-China Border.

In the very near future, Thailand's economic and industrial engine would need to be boosted by access both to new, external sources of reliable labour, through movement of production centres or plants to dormant labour sources, as well as to new nearby markets. The land-locked economic 'backyards' of China, Laos and Burma have lagged behind for lack of opportunity, expressed in the first instance, through the lack of opportunity for external contact.

The envisaged quadrilateral of growth is a paradox in developmental terms. It is unique that it has the broad base for labour intensive industries where wage rates are much lower than even the PRC's coastal zones, yet with a comparable level of productivity. There are also concentrations both of heavy engineering and chemical industrial skills, e.g. in Kunming and Chongqing. There are also available tertiary level skills in a volume, emanating from universities with high standards in mathematics and engineering, which would augur well for projected joint-ventures in high-tech industries. All this in areas of gross overall underdevelopment.

Some Energy Sources

Thus unification in terms of economic cooperation in the investment and market-access environments helps to encourage infrastructural investment to turn hindrances into propellents for growth.

The topography of the region has been a grave disadvantage to its modernisation, yet at the same time, the region possesses in its topography and hydrography, the basic elements that can be harnessed to form the basis for further development. Deep gorges and swift rivers with high volumes of flow, previous drawbacks, make the region one of the world's richest potential sources of hydro-electric power, a fuel for rapid growth. Laos has been optimistically described as the new Kuwait of Southeast Asia because of its huge hydro-power potential, whilst China has begun huge dam projects on her stretch of the middle Lancang (Mekong).

This rapid, at times almost ballooning economic expansion in Southeast and Northeast Asia, has spawned in places what can be called nodes of growth. These have mainly centred at junctions of international boundaries.

Early manifestations of these growth nodes include the prime example of the Hong Kong-Shenzhen economic zone. It grew almost spontaneously, and explosively, when the PRC in her efforts to modernise and industrialise rapidly, created the Shenzhen Special Economic Zone at the Hong Kong-China border thus effectively, in growth terms, nullifying the barrier-like function of the China-British colonial international boundary. Another outstanding example is the Singapore-Johore-Riau Growth Triangle, incorporating the special comparative advantages of Singapore, the Malaysian state of Johore, and the Riau Province of Indonesia.

International Boundaries and Growth

Here, as in other successful international growth-linkage areas, economic cooperation, investment flows and construction of the mutually-supportive infrastructure, basic to development, grew firstly out of a common political will. This was to significantly reduce or even to drastically minimise the dividing function of international boundaries in order to facilitate cross-border flows, visible and invisible, which are beneficial to all bordering nation-states involved. This is done without detracting from their respective national sovereignties. That is, the economic function of the

international boundary is eroded by high level policy decisions, while the political function which ultimately signifies the extent of national sovereignty remains intact. This has been the common factor in the successful growth nodes of East and Southeast Asia.

Projected Growth Linkage Zones

Other growth circles or nodes are being actively planned hot on the heels of the highly successful take-off of the Singapore-Johore-Riau triangle. There is the triangle involving Penang, with Kedah in Malaysia, linking up with peninsular Thailand - centring around Haadyai, Phuket and the proposed trans-Kra Isthmus industrial zone - and in turn connecting with northern Sumatra in Indonesia. The Sabah, Celebes, Northeast Kalimantan, Mindanao link has been proposed but appears to be much further down the road.

Elsewhere in Asia, the Tumen river project in Northeast Asia involving the PRC, the Russian Federation and the two Koreas, together with invited direct Japanese participation is another strong possibility. Similarly, the recent proposal to create nodes in the form of international free trade zones in favourable sites along the entire Sino-Russian border, is the latest in the series of bold, imaginative moves to foster trade, cooperation and growth.

Concluding Remarks

The zone that divided the continental states of Southeast Asia and China has for long been an economic dead-end or backyard for all the states concerned. Each state owned a large wedge of this seemingly uncompromising region. These backyards gave little advantage and constituted a burden for the rest of the state.

New world alignments, new geo-strategic assessments, and the dynamic growth of East and Southeast Asia have worked together to compel a reassessment of the geo-political function of this huge dividing zone or buffer region. The disadvantage of a previous isolation from the centres, was itself largely the result of a geo-strategic orientation belonging to an era now part of history. National orientations can be usefully re-examined in the context of economic cooperation. This can be based on the advantages of physical proximity, and the coming together of a common political will to succeed, and to improve the living standards of society and to improve export

competitiveness. These novel attitudes were the basic building material of the successful growth triangle of insular Southeast Asia.

In the deep underdeveloped hinterlands of continental Southeast Asia, conditions now exist for the beginning of a quadrilateral growth area. When firstly new thinking, attempting to see new opportunities by turning disadvantage into advantage, is followed, secondly by political will to a common goal, then the third step of capital investment, regarded by most observers as the most difficult of all, is in fact the smallest hurdle of the three. Significantly, the regional entrepreneurs with ears close to the ground have, sensing regional needs, begun a flow of trade and resource extraction that has contributed considerably to the economies of the countries concerned.

Wider markets now exist in a booming East Asia and elsewhere for the goods to be produced, in the envisaged growth circle fitting neatly and strategically between the two fastest growing parts of the world - Southeast Asia and China. The increasing activities of medium-scale cross-border entrepreneurs are creating a *de facto* situation where the economic function of international boundaries is becoming increasingly perforated, while preserving undiminished the emotion-charged political sovereignties of the abutting states.

Notes

- 1 Joo-Jock, L. (1984) *Territorial Power Domains: Southeast Asia and China*, Australian National University and Institute of Southeast Asian Studies, Singapore, 92-95.
- 2 op. cit. 85-101, 207-213.