

**2. 'The measures taken by the colonial governments in Southeast Asia before World War Two achieved more than the mere postponement of the eventual success of nationalist movements.' How far do you agree with the statement?**

The question asked candidates to consider whether the measures taken by the colonial governments in Southeast Asia before World War Two merely postponed the eventual success of nationalist movements. Students have to assess the policies and their impact, rather than just describe them. Students need to look at what challenges were facing the colonial powers and how they addressed them. 'Merely postponed' should be explained and discussed. Students could also address issues such as: Did the colonial powers try to split nationalist movements by kindness and repression? Were timely concessions granted to stunt the development of nationalist movements? It was also important that the impact of the war was examined and put into context.

**Suppression:** For countries with more oppressive rule, suppression achieved more than the mere postponement of the eventual success of nationalist movements. In fact, colonial suppression decimated some of the prominent nationalist organizations and the necessary mass support for their organizations. In the case of Indochina, the removal of key men or the arrest of many members caused the movements to lose their strength. Nationalists were not able to recruit many members to pose a credible threat to the colonial masters as there was a pervasive fear of the repercussions from the colonial governments. Thus the radical movements ended up lacking in mass support and manpower. For example, the ICP, though formidable, the number of Vietnamese communists remained small. Phan Boi Chau and the VNQDD also did not resurface after their harsh reprisal. French rule therefore remained secure in the 1930s. In the case of Dutch East Indies, when Sukarno was arrested, PNI become defunct due to lack of talented leaders. This had the effect of curbing the radical character of the nationalist organisations in Indonesia for some time. Nationalism in Indonesia also took a more moderate stance from then on as seen in the prominence of cooperative movements such as Gapi and the Soetardjo Petition which merely sought for constitutional reforms and self-governance instead of immediate independence.

**Suppression:** On the other hand, by rejecting nationalist demands or by brutally suppressing nationalist movements, the colonial masters had in effect only served to further radicalize and strengthen them. Oppression had the effect of developing a sense of unity and common struggle in the locals, and thus merely postponing their eventual success. In the case of Vietnam, the brutal suppression of the VNQDD only inspired the ICP who carried on the nationalist struggle and undertook underground attacks on the French. A sense of nationalist consciousness also developed through the party as a result of the common oppression. This resulted in the formation of the Dong Minh Hoi, or the Vietminh in 1941 which had the support of both the peasant and the intellectuals, thus solidifying the Vietnamese national identity. In Burma, the suppression of leaders such as U Ottama and the exiles of the Thakins raised the nationalist fervor to a higher level in Burma. This could be seen in the more unified nationalist movements that developed, such as the Freedom Bloc where western educated elites such as the thakins and Ba Maw, actively engaged support from the pongyis.

**Concessions:** Timely colonial concession ensured that nationalist movements lost their momentum by pacifying the moderates against making further political demands to achieve their nationalist aims of independence, while drastically dividing the movements. In the case of the Philippines, in 1901, the Americans decided to encourage Filipino participation in government. In 1907, they gave lawmaking powers to a bicameral legislature consisting of the Philippine commission and a Philippine assembly made up of selected delegates from the provinces. Filipinos thus began to occupy positions of power. The power of the locals increased until in 1933, the Tydings-McDuffie act created a timetable for Filipino independence. Filipino elites who were already in positions of power became less enthusiastic about independence. Many were wealthy landowners who derived the main part of income from agricultural exports and wanted to retain free access to US market. For them, independence would mean the imposition of trade tariffs and quotas on their goods. In the case of Burma, with the provision of diarchy and the Burma Constitution, Burma went the furthest in its path towards political empowerment and representation. The Constitution established for Burma a 9-man cabinet headed by the Prime Minister answerable to a House of Representatives. The House of Reps consisted of 132 elected members, and the Senate consisted of 36 members, half elected by the House of Reps and half nominated by the Governor. This had the effect of dividing nationalists between those who opposed the colonial masters like the Thakins and those who supported the colonial masters. Collaborators were regarded as puppets of the British such as U Pu. The Thakins' opposition against U Pu could thus be seen as an effective colonial response in diluting the nationalist movements.

**Patron-client relations:** The development of patron-client relations between the colonial masters and the traditional elites prevented upsurge of nationalist fervor as they ensured that the locals were dependent on the colonial masters for benefits and concessions. The strong patron-client relations achieved more than the mere postponement of the eventual success of nationalist movements, for there was little nationalist sentiments in Malaya, Laos and Cambodia before World War Two. In Malaya, British worked with the traditional political elites willing to work within the framework crafted by the colonial masters. British persuaded its colonies that

reforms were in place to address their demands for self-determination. British also played towards the greed and vanity of the political elites by assuring them of their social hierarchy. The Malays in Malaya who were from the traditional ruling and aristocratic classes had been co-opted into the colonial administration and feared the effects on their positions should the colonial power disappear. In addition, British manipulation of the Malays in Malaya by taking advantage of the elites desire for power and status caused the Malays to view British as a protector against the Chinese and Indian foreigners. British was successful in dividing the nation as they were the ones who encourage the inflow of foreign workers into Malaya, which created division, hence the end result being a heterogeneous Malaya with no cohesive single aim to fight against their colonial masters. As a result, we can see that colonial manipulation can also limit nationalist achievements towards independence. Similarly, Laos and Cambodia saw the French as their protectors, one who would protect their interest against the foreign power Vietnam which they saw as a threat.

**Impact of World War Two:** In spite of the growing challenges it had encountered in several parts of the region, Western dominance in SEA appeared secure and firmly established on the eve of the Pacific War. Students should note that by the end of the 1930s, no one nationalist movement possessed the strength to achieve power unaided, so most nationalists accepted the need to seek outside assistance; the result was that the calculations of nationalist leaders and their capacity to act largely hinged on the outcome of the war and the fates of their respective sponsors. However, neither collaboration nor resistance invariably brought their expected rewards. The fortunes of nationalists rested on the amount of assistance they received from outsiders and the extent of support they enjoyed locally; the absence or the removal of either factor could bring about their eclipse. The Japanese Occupation stimulated many endemic “revolutionary” forces unconsciously, arising from Japanese encouragement of anti-colonial movements and intensifying nationalism. The Japanese Occupation represented a change in fortunes by accelerating the development of nationalism in Southeast Asia, though to varying degree in the different countries.

### **3. To what extent was decolonization in Southeast Asia an unexpected outcome of the Japanese Occupation?**

Students have the opportunity to assess the reasons behind decolonisation. In support of the question students may state that the rapid defeat of the British, Dutch and Americans undermined western colonial control of Southeast Asia. As a result, from 1945 onwards colonial governments considered relinquishing control in Southeast Asia. The clearest example was the British withdrawal from Burma in 1948. Also students may mention the withdrawal of the United States from the Philippines. The granting of self-government to the Malay states in 1957 had an indirect link to the impact of the war. However, decolonization was not an expected outcome of the Japanese Occupation because it had differing impact on the willingness of the colonial masters to relinquish control. In French Indo-China and Indonesia colonial governments were determined to reassert their control. As a result, although nationalist movements had developed in these areas during the war, decolonisation only occurred due to an inability to restore effective colonial control after 1945.

Define: expected- regard (something) as likely to happen.

Impact of Japanese Occupation: In supporting the hypothesis, students need to discuss the impact of Japanese Occupation. Japan's main purpose of occupation was economic. However the main impact in the long term was political. The Japanese Occupation undermined the authority of the colonial regimes which they failed to recreate once the Japanese were defeated. They assisted the growth of nationalist movements. The Second World War caused a reassessment of the British position in SE Asia and led to major plans for reform immediately after the war with the creation of the Malayan Union. The war also had a major impact on nationalist movements, in particular the growth of communist groups. This was most evident in the Malay Peninsula and Indo-China, where the Viet Minh became the dominant nationalist group, proclaiming independence from France in September 1945. In the Philippines the war merely accelerated the decision by the USA to give the islands independence which had begun before the outbreak of war. Students could argue that while the prewar nationalists had fought hard for self-governance and independence before the war, their efforts were limited by the lack of mass support, the monopoly of military might by the colonial powers and the belief in white superiority, all of which were reversed during the Japanese Occupation, thus making decolonization more likely to happen.

Students should also note that Japanese made no conscious attempt to provide the necessary conditions for independence, rather these were strategic moves to further Japanese imperialism and harden resistance against returning Western powers, and a sign of their inability to maintain presence in the region. For example, the Japanese used Putera to organize support for their war programme and partly to arouse anti-western sentiment. Towards the end of 1943, the Japanese, convinced that Putera was much more nationalistic than pro-Japanese, dissolved the organization. It was replaced by a Peoples' Loyalty Organization which retained Sukarno and Hatta as a convenient facade, but rigidly under Japanese control. In addition, the relationship of the collaborators with the Japanese had in fact weakened many of the nationalist movements, with the partnership a largely unequal

one. PETA was officially established under the nominal leadership of the nationalist politician Gatot Mangkupradja, but was in fact under Japanese command. There were many volunteers and the battalions were placed under Indonesian officers, but they were trained by the Japanese who were reluctant to distribute arms. In addition, the economic hardship created from Japanese exploitation of local resources and the different treatment towards different races damaged the nationalist credentials of collaborators. For example, Ba Maw himself supported the Japanese demands to assemble forced labourers for Japanese military needs, including the building of the Thailand-Burma railway in which thousands perished. In addition, the Japanese were courted actively by nationalist groups in competition with each other, attempting to achieve their objectives and an independent state in their own image. For example, Ba Maw angered the Burmese nationalists by taking the title of Mingyi (great prince or king) and reviving some of the traditional rituals of the Burmese court.

Attitudes of the colonial masters: Students could note that while the Japanese Occupation strengthened the position of the nationalists, some of the European states had no wish to abandon their Southeast Asian possessions and put up strong efforts to re-impose colonial rule. Thus, decolonization was not expected by nationalists and a fight was necessary to bring about decolonization. The norm was the Malayan experience, or worse that of Indonesia or Vietnam, where nationalists had to mount an armed struggle to achieve independence. Malaya offers an example of independence achieved by stages. After the false start of the Malayan Union, Britain retreated into the traditional Anglo-Malay co-operation reflected in the Federation. This led to a peaceful handover of power and creation of an independent Malaysia. The Dutch aimed to keep hold of the East Indies/Indonesia even under a new colonial relationship. Only after US/UN pressure occurred did the Dutch accept Indonesian independence in 1949. In the Philippines the US kept its pre-war promise of giving the islands independence in 1946 but not before assuring the rule of pro-US parties. A major European state that attempted to retain its empire by force was France. Only after the French Indo-Chinese War of 1946-1954 were the French forced to give up their colonial possessions.

Role of nationalist leaders: In challenging the hypothesis, students could discuss the role of nationalist leaders and how they were able to exploit the favourable circumstances after the Japanese Occupation to pursue independence. Understanding that independence could not be taken for granted, the nationalists worked hard to bring about independence and their efforts were facilitated by the changing international circumstances. Sukarno was offered opportunities by the Japanese and virtually forced to declare independence by pressure from below, but he did bring experience of government and established principles of an independent Indonesia. Roxas of the Philippines also depended on collaboration with Japan, but had used the circumstances of occupation and then liberation. To evaluate the role of nationalist leaders, students could use the case study of Burma and point out how Aung San's fight for independence was facilitated by the independence movement in India and the impact of World War Two. In Burma, Aung San became President of the Anti-Fascist People's Freedom League in August 1945 and was re-elected in that office at the first congress of the AFPFL held in January 1946, attended by over 1300 delegates from all over Burma and attended by nearly 100 000 people on its opening day. In October 1946, his outstanding efforts for Burma's independence made him a highly popular figure and accepted by the British. However, his efforts

have to be seen in the context of a much wider move for independence in India and the effects of war.

Impact of Cold War: Nationalists did not expect colonial masters to willingly give up their control of the colonies after the Japanese Occupation. However, their efforts were greatly facilitated by the growing Cold War between the superpowers. In Indonesia for instance, the independence was upheld by US pressure on the Dutch. This can be seen in the fact that the Indonesian nationalists were at the losing end in their struggle for independence. The Dutch were determined to retain control over the country as seen in the Dutch police actions. The Dutch were well on their way to gaining more territories during the police actions had the United States not stepped in and pressurized them to make concessions to the Indonesians by threatening to withhold Marshall Aid. After lengthy discussion the Dutch government finally handed over sovereignty for all areas under its control to the revolutionary government in December 1949. On the other hand, decolonization was hard won by the Vietnamese. In Vietnam, while Japanese Occupation had strengthened the communists so much that decolonization was inevitable, Cold War circumstance mostly worked against the communists, as the US refused to contemplate the collapse of the French colonial regime as that would mean the colony fall into the hands of the Vietminh, the communists. The independence declared by Ho in September 1945 was not recognized by the international community. The US not only aided the French military in strikes against the Vietminh but also set up a noncommunist regime in the South to counteract the Vietminh. Even though the nationalists defeated the French at the Battle of Dien Bien Phu in 1954, it was not until 1975 that the Vietnam was reunified because of their war against the Americans. Students could also note that the attitude of the British in Malaya and in particular 'the Emergency' was a decision to try to defeat the communist insurgency before handing over to a non-communist post-colonial government.

**4. How far do you agree with the statement that 'economic mismanagement by Southeast Asian states was the most important cause of the Asian Financial Crisis of 1997'?**

Students should demonstrate knowledge of and define economic mismanagement of Southeast Asian states and causes of the 1997 Financial Crisis. Students should test the hypothesis that 1997 Asian Financial Crisis was the result of economic mismanagement by Southeast Asian states by exploring and assessing the causes of the 1997 Asian Financial Crisis. Factors such as currency speculation, corruption, interest rates, long-term trends and the role of overseas investment could be considered.

Define: Mismanagement: management that is careless or inefficient

Mismanagement of domestic financial market liberalization: The tendency to run up large foreign debts amongst Southeast Asian governments prior to the Financial Crisis contributed to the AFC. Domestic bank lending expanded rapidly throughout the region. In Thailand, Korea, and Malaysia, banking claims on the private sector increased by more than 50 percent relative to GDP in seven years, reaching 140 percent of GDP in 1996. The Philippines, starting from a much lower base, recorded private credit growth of over 40 percent per year between 1993 and 1996. Only in Indonesia did credit growth remain at more modest levels-but in this case, private corporations were borrowing directly offshore. Seen in this light, the crisis was an accident of partial financial reforms that exposed these economies more directly to the instability of international financial markets. In Indonesia a series of financial deregulation packages led to tremendous expansion in the banking sector: the number of private banks (including foreign and joint venture banks nearly tripled from seventy-four in 1988 to 206 six years later. Borrowing by the Indonesian companies from the banks of the industrialized countries amounted to \$58.7 billion by the middle of 1997. Thailand, like other ASEAN countries, has embarked on financial liberalization and deregulation since the mid-1980s to woo more foreign investments into the economy. Thailand has liberalised its capital account and set up an international banking sector in Bangkok to facilitate the access to foreign funds. The Bangkok International Banking Facilities (BIBF) was established in 1993 to provide a channel for cheaper borrowing of foreign funds. BIBF greatly facilitated foreign currency borrowing for domestic uses. The 42 BIBF license holders could borrow money and profit by re-lending the dollars to local customers at lower rates than baht loans. The Bank of Thailand's effort to slow down an overheated economy by raising interest rates in 1995 caused foreign borrowing to grow even more rapidly. Foreign creditors and investors became concerned about the Thai private sectors' ability to meet some \$70 billion in foreign obligations, of which over 40% were short term loans.

Mismanagement of the financial crisis in the early phase: Weaknesses such as lack of transparency in policy decisions, crony capitalism, corruption, monopoly power, and growing short-term indebtedness existed in Indonesia before the shock. After the shock the sense of political uncertainty was heightened. Inconsistent responses of the Indonesian government to the evolving crisis added to the sense of uncertainty. For example, first the government postponed the large infrastructure investment projects, then it reinstated them, and then it postponed them again. The distrust

created by such inconsistency was compounded by the fact that some banks had close connections with government officials. Two of then-President Suharto's relatives publicly balked and threatened to sue the government when their banks were ordered closed, even though senior government officials strongly asserted that the decision was final and would go forward. The inconsistencies in government policies fuelled the loss of investors' confidence.

Overvalued exchange rate: The actions of the Thai government and in particular the decision to float the Baht which led to a run on the currency triggered the AFC. The 1997 Asian crisis started in Thailand when the Thai baht was floated after the monetary authorities in Thailand decided to stop defending the baht and freed up its fixed exchange rate regime. The massive speculation against the Thai baht had put tremendous pressure on Thailand's foreign exchange reserves, so that even before the floating of the Thai currency, the Thai government had almost depleted its foreign reserves in order to defend its currency peg to the USD. Once the Thai baht was floated, its value depreciated substantially. Other regional currencies also depreciated in value. By mid-January 1998, the currencies of Indonesia, Thailand, South Korea, the Philippines, and Malaysia had lost half of their pre-crisis values in terms of the U.S. dollar. Thailand's baht lost 52 percent of its value against the dollar, while the Indonesian rupiah lost 84 percent.

Unfavourable external factors and loss of export competitiveness: But behind the speculative attacks on the Thai baht was a more fundamental factor which caused the speculators and investors to lose confidence in the Thai government's ability to defend the baht. In 1996, Thailand's exports experienced a significant fall in volume due to the loss of international competitiveness caused by the appreciation of its local currency with the strengthening of the USD and the competition from China, Vietnam and Indonesia in the production of labour-intensive products, such as textiles and clothing. The major decline in export performance, coupled with mounting foreign debt, had contributed to the loss of confidence in the Thai government's ability to defend the baht. Export earnings declined in 1996 and trade deficit rose to over 8% of GDP. Foreign investors became concerned about the sustainability of the external deficit, given that its financing came largely from short term funds

Nepotism: The implicit guarantees on banks' liabilities did not encourage close monitoring of financial institutions by depositors and other creditors. Bank loan portfolios became particularly risky. Such risky practices surfaced as banks have strong backing from the government to bail them out in the event that loans would be defaulted on. This emboldened the banks to overleverage themselves and take on riskier loans in order to increase their profits. Finance One, a major finance company, had non-performing loans comprising more than 55% of its \$2.4 billion property loans. Few months before its collapse, ING Bank of Thailand had approved a loan to Finance One as part of a USD \$160 million syndication led by the World Bank's International Finance Corporation. Concerns about the viability of Finance One were simply dismissed by the Bank of Thailand, which made explicit reference to a promise of bail-out in case the company had financial problems. In late 1997, the Bank of Thailand announced withdrawal of support from Finance One. This came as a shock because the government had previously promised that Finance One was in good shape and creditors would not have to incur losses. When Finance One



collapsed in July 1997, there was hardly any confidence in the Thai financial system or economy. Eventually 56 finance companies went bankrupt and were forced to close. Many banks were owned by politically well-connected individuals who used them to finance the operations of affiliated companies. In Indonesia, for example, almost every major corporation had its own bank, and the line between the two entities was often blurred. These weaknesses, in turn, left the Asian economies vulnerable to rapid capital flights, which destabilize their capital accounts and lead to massive devaluation of their currencies overnight.

## **5. Why have levels of democracy been lower in some states than others in Southeast Asia since independence?**

Some consideration had to be given to what is meant by democracy and students should explain what democracy meant in the Southeast Asian context. States often term themselves 'democratic', even though they may not be parliamentary democracies in the Western liberal tradition. Students need to refer to a broad range of examples which included, among others, the Philippines (elected President, but example of Marcos often given), Indonesia (Suharto and role of the army), Myanmar (the destruction of democracy in 1962), Malaysia and Singapore (free elections but effectively a single-party monopoly on power), and Cambodia (the tyranny of the Khmer Rouge).

Democracy: A system of government in which power is vested in the people, who rule either directly or through freely elected representatives

Democracy as an alien concept: Democratic political institutions proved to be foreign to the traditions, experiences and needs of most of the SEA, or where they were not irrelevant, they turned out not to be sufficiently entrenched to withstand the assault of autocrats. Burmese political culture, with its emphasis on hierarchy and status, is not conducive to democracy. Paternalistic authority is inconsistent with democracy's reliance on equality of opportunity, freedom of speech and assembly, and representative institutions. Representative democracy 'failed' in Indonesia, Burma, Vietnam, Cambodia, Laos, Thailand and even Philippines. In Malaysia and Singapore, formally democratic institutions were variously limited in practice in the first half of the 1970

Internal chaos and instability: Democracy was doomed to fail in countries, which faced regular uprisings, coups and insurgencies as the democratic government would be unable to maintain its hold over the nation. In Burma, as much as 10% of Burma fell under the control of minority rebels. In 1958, U Nu had no choice but to invite General Ne Win to form a caretaker government to impose stability and to prepare the country for fresh elections. In 1959, the Shans rebelled. In 1961, the Kachins, Rakhines, Communists, Karens, Karennis, Shans, Mons and Chins rebelled due to the fear of marginalisation when U Nu pledged to establish Buddhism as the state religion during his campaign for 1960 general elections. The Burma Army later put down this rebellion. In March 1962, Ne Win mounted a coup in response to concessions by the government to the insurgent ethnic minorities and set up a Revolutionary Council to run the country. Aquino, the first female president of the Philippines in 1986, started losing popular support as social and economic problems of the Philippines were pressing. There was widespread poverty and landlessness, a series of six attempted military coups in three years, as well as breakdowns in provision of basic services like electricity and telephones. All these prompted Aquino to seek more personal, as opposed to popular, power. Eventually, a state of national emergency was declared on 6 December 1989.

Cold War: Many authoritarian governments enjoyed not only strong friendships with the US, but also received support in the form of arms and trade links, which provided

authoritarian governments with means to propel economic growth in their countries. This further enhanced its legitimacy and reputation as a government capable of improving the standard of living of the masses. With China turning Communist in 1949, it started funding Communist movements in Southeast Asia and proved to be of significant help as some Communist Parties would not have survived without its aid. By 1987, the Soviet Union had trained almost half of the Vietnamese communist cadres with university-level education and sustained the communist government with billions of roubles. Similarly, the US was willing to ignore the human rights abuses made by Diem although it championed human rights in other parts of the world. It also went against the fundamentals of democracy by supporting Diem and his subsequent military successors even though they did not receive the support of the Vietnamese masses, allowing them to stay in power until the fall of South Vietnam to North Vietnam.

Lack of military tradition: The lack of military tradition ensured that there was no military takeover in countries with higher levels of democracy, such as Singapore and Malaysia, even though military intervention in politics was common in SEA. The military was only created by the government after it has come to power for the specific reason of defending the country and remained apolitical. In Singapore, the Singapore Armed Forces (SAF) was formed by the government in 1967 to defend the achievements of the country. According to Tim Huxley (a British scholar), the SAF has so far remained “one of the least politically-oriented military forces in Southeast Asia”, despite the high military participation and the resources it has. The SAF had always played a complementary role to the civilian government. In Malaysia, the armed forces had always been involved strictly with the defence of the country other than during exceptional times. In 1969, the suspension of parliament due to racial riots, led to the armed forces being politicised though the participation of the military in politics was essentially limited. The National Operations Council (NOC) which took up the responsibility of governing the country had a membership which included the armed forces. Control by the armed forces was therefore still limited as it was co-opted under an organisation that was chaired by the deputy prime minister. When stability was restored in Malaysia, parliament was reconvened and the armed forces returned to their strictly military role.

Plural governments: The inclusion of minorities in the democratic process encouraged social and political stability, which created the conditions for democracy to thrive. In the 1959 elections in Malaysia, 74 out of the 104 seats in the House of Representatives went to the Alliance. Of the Alliance that won seats in the House of Representatives, 52 were Malay, 19 Chinese, 3 Indians. In Singapore, most wards were fashioned into “group representation constituencies”, that is, multi-member districts contestable only by slates of up to six candidates with at least one drawn from an ethnic minority group. The provision for plural government ensured that democratic process was acceptable to the population and legitimized democracy as the choice political structure.

**6. Which was the more serious cause of interstate tensions between independent Southeast Asian states: territorial disputes or racial and religious differences?**

This essay had a focus on the causes of conflict in the region. It required a multi-causal answer with good supporting detail. Students need to carefully examine the various causes of conflict. Beyond relating the various conflicts and their causes, students need to assess the relative importance of the various factors using criteria such as longevity of the conflict, nature of the conflict (i.e. root cause), scope of the impact (i.e. bilateral, regional or international stability), etc.

Racial and religious differences were more serious: Racial and religious differences often gave rise to deep-seated political differences that continues to destabilize bilateral relations even long after the specific incidents have been resolved. Racial and religious differences gave rise to Malaysia's call for a Malay Malaysia and Singapore's call for a Malaysian Malaysia. Political tensions between the ruling UMNO and the PAP led by LKY became so serious that Singapore had to be expelled from the Malaysian Federation in August 1965 in order to prevent racial bloodshed. Years later, racial and religious animosities continue to characterise their bilateral relations, as illustrated in the Chaim Herzog crisis. Malay extremists in Malaysia began to make wild allegations, such as Singapore's purported role in an Israeli invasion of Malaysia, and the testing of an Israeli nuclear bomb on the surrounding Malay countries. Other than affecting bilateral relations between Singapore and Malaysia, Indonesia was also drawn into the conflict. On 19 November, the Indonesian government fearing a backlash of Islamic opposition domestically also withdrew its ambassador in protest. Subsequently, in 1990, several bilateral exercises between the nations were called off.

Racial and religious differences were less serious: While racial and religious differences can flare up amongst the population of different countries, they can be managed if there are political will on both sides and both countries have strong vested interest in managing racial and religious tensions because of the implications for their own domestic politics. In the Herzog crisis, Mahathir attempted damage control when it appeared that things would get out of hand as Malaysian opposition parties made full use of the issue to launch bitter attacks on Singapore. Singaporean Malays' loyalty was called into question when it appeared that more of them identified with their religion and the stand of Malaysia than with the nation of Singapore. After Herzog's visit, Singapore's Prime Minister Lee Kuan Yew made a point of mentioning that the visit was pre-planned and not related to Mahatir's anti-Zionist speech, and cancelling the visit after confirming it would not be good for the image of Singapore. Mahatir also urged both nations to forget the incident. Suharto then travelled to Malaysia and took a road trip across the causeway to Singapore.

Countries were not likely to allow racial and religious differences to affect their common economic interests. In 1997, there was an open row over the issue of Malaysian support for Malay-Muslim armed separatists in southern Thai provinces when Malaysian authorities apparently refused to hand over the leader of PULO who was arrested on a charge of carrying explosives. In response to Thai unhappiness to Malaysia's refusal to handover the leader of PULO, Malaysia arrested 3 Thai Muslim

rebels near Kuala Lumpur and handed them to Thailand. This exchange initiated by the Malaysian government stabilized the situation. Despite the continuing issues, Thailand and Malaysia have not allowed the issue to affect their common economic interests

Territorial disputes were more serious: Territorial disputes were more serious because they concerned a country's sovereignty and were more likely to lead to military standoffs or clashes, thus threatening regional stability. For example, territorial disagreements between Thailand and Burma over the changing course of the Moei and Salween rivers in May 1997 led Thai troops to be sent to the area to try to stop Burmese workers from digging canals in a bid to divert the Moei River back to its original pre-flood course. The move sparked a similar deployment by Burmese troops, with both sides facing each other armed with tanks and heavy weapons. In 1992, the buildup of Indonesian warships and aircraft in the area of Sipadan and Ligitan Islands raised fears of clashes in the region. In 1993, when Malaysia built tourist facilities on Sipadan, the Indonesians increased military activities in the area, making a number of military landings to demonstrate its military presence and intimidate the Malaysians. The military has also publicly announced that Sipadan belongs to Indonesia. In the case of the Sabah dispute, although President Marcos recognized the formation of Malaysia in 1966, soon after he took over political power in the Philippines, the Philippines under President Marcos attempted to pursue its claim by sponsoring a training camp for an intended separatist rebellion in Corregidor in 1968. This led to a suspension of diplomatic relations and imposed a severe strain on the workings of ASEAN. In the South China Sea dispute, the most serious trouble in recent decades has flared between Vietnam and China. The Chinese seized the Paracels from Vietnam in 1974, killing more than 70 Vietnamese troops. In 1988 the two sides clashed in the Spratlys, when Vietnam again came off worse losing about 60 sailors. The Philippines has also been involved in a number of minor skirmishes with Chinese, Vietnamese and Malaysian forces. The Philippines has accused China of building up its military presence in the Spratlys. The two countries have engaged in a maritime stand-off, accusing each other of intrusions in the Scarborough Shoal. Chinese and Philippine vessels refuse to leave the area, and tension has flared, leading to rhetoric and protests.

Territorial disputes were more serious because countries could never be sure if the territory was permanently settled. The Preah Vihear Temple dispute was supposedly settled through the ICJ in 1962, when the World Court ruled that Preah Vihear, an Angkor era temple straddling the Thai-Cambodian border that Thailand had kept at the end of the war be returned to Cambodian control. However, it came to the forefront again when Cambodia applied for Unesco World Heritage status in 2008, which it won - angering Thai nationalists. In fact, up till 2011, the two countries continued their fight for the temple, with violence in April of that year leaving 18 people dead and tens of thousands of people displaced. In addition, the settlement of territorial disputes is complicated by emotional attachment to the territory, which makes it difficult for political leaders to concede without threatening their own domestic position. For example, in 1977 the then-President Marcos visited Malaysia for an ASEAN Summit and promised to take steps to drop the claim to Sabah, he never did so, in view of the strong nationalist sentiments in the Philippines Congress.

In 1987, President Aquino also attempted to resolve the issue by making efforts to have Congress drop the claim but again failed.

Territorial disputes were less serious: Territorial disputes were less serious because of the existence of multiple platforms for resolution of disputes. Countries could attempt to resolve territorial disputes bilaterally, through regional institutions, third party mediation or through international institutions. The Pedra Branca dispute and Sipadan and Ligitan Islands were resolved through the ICJ. At the height of the Malaysia-Philippine dispute over Sabah, Indonesian President Soeharto was instrumental in getting both the parties to agree to a “cooling-off” period that was useful in the normalization of relations between the two countries.