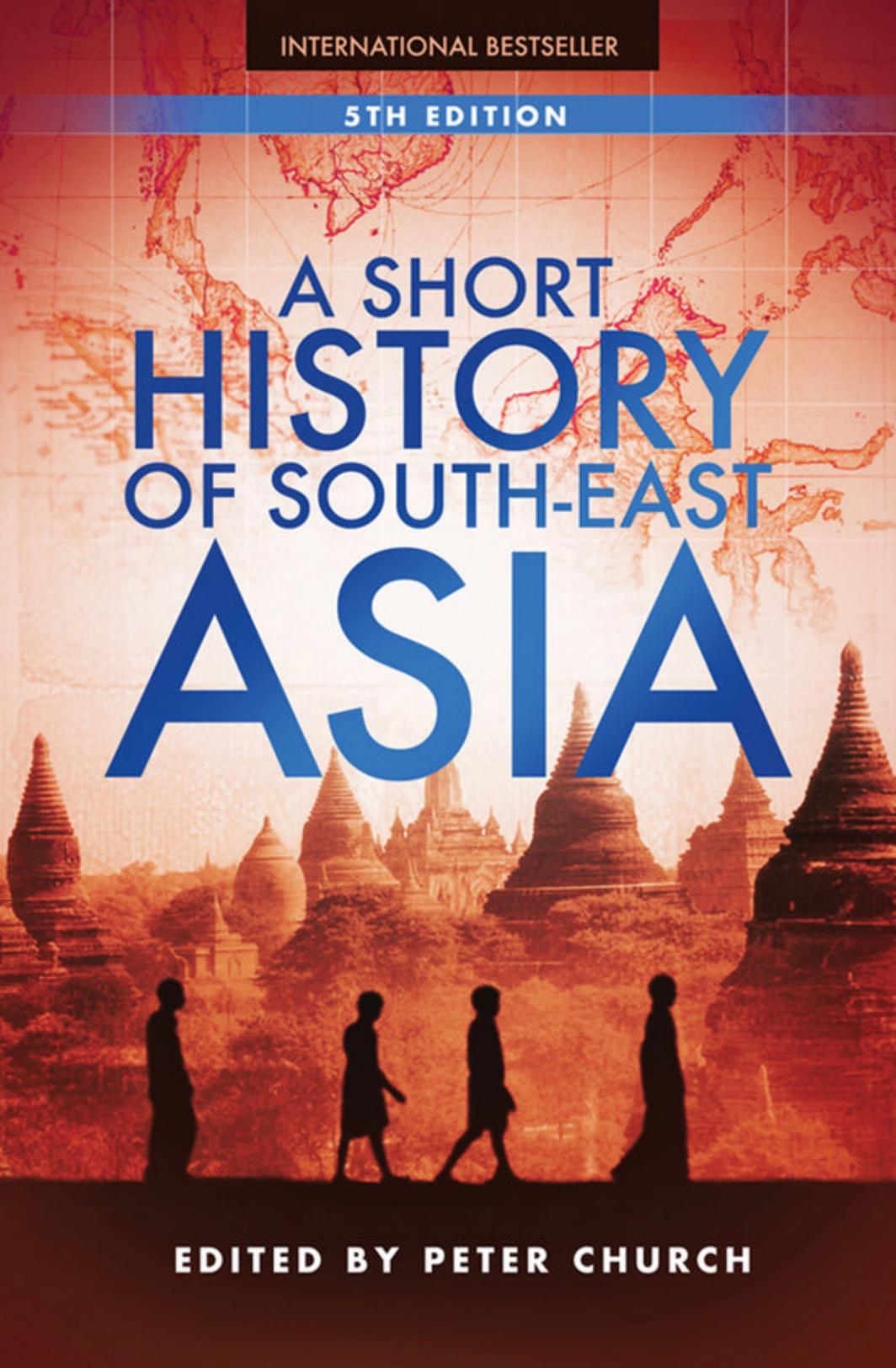


INTERNATIONAL BESTSELLER

5TH EDITION



A SHORT  
**HISTORY**  
OF SOUTH-EAST  
**ASIA**

EDITED BY PETER CHURCH

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SOUTH-EAST  
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**WILEY**

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“ . . . to understand the present  
and anticipate the future,  
one must know enough of the past,  
enough to have a sense  
of the history of a people.”

**Lee Kuan Yew,**  
then Prime Minister of Singapore,  
in January 1980 on the occasion of the 25th anniversary  
of the founding of the People's Action Party



# PREFACE

I had already been involved with South-East Asia for many years when I read former prime minister of Singapore Lee Kuan Yew's thought-provoking words set out on the facing page. Although I was an indifferent student of history at school in Australia, the words hit me like a sledge hammer. Whilst I was well aware of the importance to business of understanding the different cultures of South-East Asia, I had not given a lot of thought to the relevance of history to the future in general, or to business in particular.

Since that time I have read a lot of history on the region and what I have learnt has reinforced over and over again Lee Kuan Yew's message. Unfortunately, I have found much of the history of the region has either been written by scholars absorbed by their topics and at a much greater depth than is required to get that broad understanding of history of the people or has been written in an abbreviated form for tourists or others needing only an outline of the past.

This book is our fifth edition of *A Short History of South-East Asia* and we continue to attempt to find a middle path which will give business and other readers enough detail to have a sense of the history of the different countries and their people. The first edition of this book was published in 1995 under the title "Focus in Southeast Asia". The original book was written substantially by two leading Australian historians who specialise in the ASEAN region, Professor (now Deputy Vice Chancellor at the University of Western Sydney) John Ingleson and Dr Ian Black of the University of New South Wales. They immediately understood what it was that we were trying to achieve and, through their skill, sensitivity and experience, the original book was published.

There have been significant historical developments in much of South-East Asia since 1995 and this led us to bring the material up to date in 1999, 2003, and 2006 for subsequent editions and again now in 2009 for the fifth edition. For this edition we turned once more to Daniel Rantzen and are extremely thankful to him for his professionalism and expertise. I must also thank my long time assistant, Daphne

Lim, for her painstaking work in reviewing and proofing the text. Any mistakes which remain are mine.

The original project proved to be a far more difficult exercise than at first envisaged. Not only is it difficult to condense thousands of years of history to a few pages but, at all times, we wanted to test the material against the objective that by the end of each chapter a reader should have a feel for the history of the particular people.

As this edition goes to press the whole world is being battered by the Global Financial Crisis (GFC). While South-East Asia came out of the Asian Economic Crisis relatively quickly, I fear the current crisis is likely to have a much deeper impact on the political and economic environments in most, if not all, of the countries covered. Only time will tell.

Above all, we hope you come away from reading our book with a deeper understanding of the history of South-East Asia which might, in a small way, better enable you to understand the present and interpret the future with respect to your South-East Asia business and other interests.

**Peter Church OAM,**  
*Chairman, Asean Focus Group*  
*Sydney, 1 June, 2009*

# INTRODUCTION

## INTRODUCTION TO THE 2009 FIFTH EDITION

The first sentence of my introduction to the fourth edition has been reinforced by the market since then. More than 150,000 copies of “this little book” have now been sold and here we are with a fifth edition. That it fills a need is more than ever obvious. Busy people who need a basic history of one or more of the countries of South-East Asia have been well-served by it.

The region, like the rest of the world in January 2009, faces formidable difficulties. Demand for exports is drying up, as is foreign investment. Economies that have a major exposure to earnings sent home by workers who have jobs in other countries are likely to be adversely affected. For example, some eight million Filipinos work overseas and their repatriated earnings are a significant part of the country’s national income. The competence of governments everywhere will be tested. Some will manage better than others, but all will come under strain. A major question is whether regional cooperation will be more effective than in 1987–88. Their histories do not enable us to predict with certainty how South-East Asian that Asian countries will be affected. But some knowledge of history certainly helps.

2009

**Rawdon Dalrymple AO**

*Chairman, Advisory Board of Asean Focus Group*

## INTRODUCTION TO THE 2006 FOURTH EDITION

The continuing and increasing demand for this little book reflects not only the quality of its contents and the relevance of its format but also the prominence of South-East Asia in events which have engaged worldwide attention. Thus Islam in South-East Asia has been much discussed and many outside the region have become aware that there

are more adherents of that religion in Indonesia than in any other country in the world. Political changes and developments in Indonesia, with a new and very different president, have appeared to hold out new promise, as has the change of leadership in Malaysia. Security incidents and concern about threatening networks have prompted unprecedented cooperation between the countries of the region including Australia. Most recently the natural disaster of the tsunami wave originating off Sumatra has focused world attention on the region and brought a huge supportive international response.

The East Asian solidarity movement, based on ASEAN, Japan, China and Korea, is still in an early stage, with difficulties between Japan and China, and reservations in ASEAN about both the giant northern neighbours, seeming likely to complicate prospects. But South-East Asia continues to seek to shape this regional cooperation by, for example, insisting that candidates sign on to its Treaty of Amity and Cooperation. Both Japan and the Republic of Korea found ways of doing so without prejudice to their alliance arrangements with the United States, and the government of Australia appears to be considering doing so. Economically, South-East Asia is far from demonstrating the dynamism of China and indeed China's growth increasingly raises questions of the effects on the region. The flood of China's low-priced products is damaging South-East Asian exports to major existing markets, especially since the textiles regime changed. But some Chinese industries are investing in production facilities in South-East Asia and Chinese demand for raw materials and energy resources is benefiting some parts of the region. In any case, the rise of China seems certain to be a major influence on the region in the years ahead. The countries of the region, and especially perhaps Indonesia and the Philippines, will need to address present constraints on their economic performance in order to hold their own.

2006

**Rawdon Dalrymple AO**

*Chairman, Advisory Board of Asean Focus Group*

## **INTRODUCTION TO THE 2003 THIRD EDITION**

The success of this book shows that it fills a need, both in Australia and beyond, and that there is continuing interest in learning about the

countries of South-East Asia. That is encouraging because there have been major changes in the region since the book was first produced. Those changes probably require qualification of the optimistic last paragraph of the introduction I wrote three years ago. I will try to say briefly why that is so.

In the first place the global climate is more uncertain and even threatening. It is a commonplace that the early post-Cold War euphoria has dissipated. The Western alliance system is divided and possibly even endangered; the enthusiasm for international economic liberalisation has diminished; fear of terrorism has had a major effect, especially on the only superpower; and there is an historically high level of resentment and friction in the global system.

Secondly, South-East Asia has experienced some of the effects of the heightened intensity of Islamic anger spilling out of the Israel/Palestine issue, the slow economic development of the Arab world, and various perceived grievances, especially against the United States. Some countries in the region have taken firm action to prevent violent expressions of that anger, including in the form of international terrorism. Others have been less effective. Domestic religious violence, in some places on a large scale, has also been costly.

Thirdly, recovery from the financial crisis has been patchy and slower than expected. Necessary action on failed banking and financial institutions in Indonesia, for example, is still awaited. Reform and improvement of governance and legal institutions have not been much in evidence.

Fourthly, the dynamism of the Chinese economy and particularly the growth of its exports have overshadowed South-East Asia. Foreign investment has flowed strongly to China while appearing more wary of some of the old favourites in South-East Asia.

Indeed all the last three factors have no doubt played a role in the reduction in FDI into the region in recent years.

South-East Asia has also experienced a diminution of the growth of regional solidarity. This is hard to quantify, but the authority and standing of ASEAN and of its associated FTA seem to have slipped.

If confronted by an external challenge ASEAN would no doubt show renewed solidarity and resilience. But there has been a loss of momentum. This may be partly because the region seems to be waiting to see what comes out of China. Will China emerge in the next ten or 15 years as a new superpower, and if so will it inevitably expand its zone of influence? Will it then become the dominant power

in an ASEAN plus Three configuration, a realisation of Dr Mahathir's EAEC concept but with China, and not ASEAN or Japan, as the main driver?

Finally, without wishing to sound a parochial note, something needs to be said briefly about the position of Australia. The Australian perspective has become more reserved, at least at the government level, and the strenuous enforcement of "border protection" measures, as well as confusion about an Australian "deputy sheriff" role and preparedness to undertake "pre-emptive" action to stop emerging threats, have been among the factors seen in the region as evidence of a shift in Australian attitudes away from the "engagement" policy of the previous years. To some extent that perception overlooks the fact that the Australian engagement policy suffered a series of rebuffs by the region which would have made it difficult for any government to maintain. It also needs to be taken into account that Australian public opinion (to which government is highly responsive) was inevitably affected by the extensive and graphic media coverage of events in East Timor. That coverage was far more intensive in Australia, largely because of proximity, than anywhere else in the region.

The biggest challenge for Australia is to combine realistic expectations with a determination to make every reasonable effort to understand and cooperate with the countries of the region. That includes, for example, declining to enter into argument with those like Dr Mahathir who often vilify Australia for domestic purposes or as a proxy for an attack on the United States. It means, more importantly, returning to the policy of previous governments going back 40 years. For decades Australian governments encouraged and promoted the study of South-East Asian languages and the history, politics, economics and societies of the countries of the region. That, unfortunately, has gone backwards in recent years.

Australia in the medium to longer term cannot afford to give up on the national project of building the relationship with its region. That is partly because the region will return to stronger economic growth and will be a growing market for what Australia produces. But beyond that, it would be very uncomfortable for Australia in the longer term to be faced by an indifferent or disapproving South-East Asia. And, as many in the region understand, Australia can make a significant contribution. The role of business in that regard needs to be complemented and supported by addressing the historic task of building up knowledge and linkages across the board.

I see this small book as a contribution to that and hope that it will continue to be widely read by business and other visitors to the region from around the world.

Sydney, 12 June, 2003

**Rawdon Dalrymple AO**

*Chairman, Advisory Board of Asean Focus Group  
Former Australian Ambassador to Indonesia,  
Japan and the United States*

## INTRODUCTION TO THE 1999 SECOND EDITION

South-East Asia has for many centuries been a part of the world whose fortunes were largely determined by centres of power elsewhere. It was a theatre for the intersection of Indian and Chinese influence—religious, commercial, cultural and political. Later, it was the easternmost extension of the spread of Islam. It saw rivalry and conflict for commercial and political control between the rival European colonial powers and then a long period of subservience to those powers until the brief ascendancy of Japanese imperial power in the 1940s.

In the 1980s and up until 1997, South-East Asia experienced economic growth on a scale and at a rate which was unprecedented in world history. The region saw the beginning of a sense of shared purpose, and a confidence that the South-East Asian nations would become prosperous and influential in the world. In the words of the American pioneer of developmental state theory, Professor Chalmers Johnson, they looked forward to achieving not only enrichment but also empowerment. There was a vigorous debate in the international financial institutions and in academic circles about the factors which had made it possible to achieve such spectacular economic progress. One dimension of that debate concerned the influence of the “Japanese model”. The “flying geese” theory had it that as Japan moved out of labour-intensive industry it invested in South-East Asia and other emerging economies which were able to take off into export-driven economic growth with a high degree of state direction. Opposed to that was the theory that the South-East Asians had achieved record-breaking economic growth by opening their economies increasingly to the world market which forced them to become highly competitive and made them attractive investment opportunities. On that theory, deregulation and openness were the keys to continuing success.

The crisis which started with the collapse of the Thai baht in June 1997 was widely seen in the West as discrediting the Japanese model and Japanese leadership in the region. The International Monetary Fund's rescue operations in the region were driven by a belief that the crisis economies needed strict control of public expenditure, transparency in regulation of the banking and finance sector, and liberalisation of financial flows in particular and their economies generally. Debate continues about the wisdom of the Fund's policies which were modified after an initial period, especially in Indonesia. It is probably fair to say that no one would now believe that South-East Asia can return to strong growth in the long term without substantial reforms of governance. But there remains in the region a strong belief that these countries cannot afford to place themselves totally at the mercy of international financial markets and that some measures of control are necessary.

It will be some time before these policies and other problems are resolved but, in the meantime, the sense of achievement seen as based on national and more broadly Asian cultural traditions and values, and not simply derived from the West, has been diminished. The sense of regional solidarity based on the shared economic success and on the growing international status of the Association of South-East Asian Nations (ASEAN) has also been affected. ASEAN as a body was shown to be largely irrelevant when the financial crisis struck. Again in September 1999 when East Timor, after voting massively for independence from Indonesia, was plunged into a frenzy of killing and destruction, ASEAN, possibly due to its long-standing policy of not commenting on or being seen to be interfering in the domestic affairs of its members, seemed unwilling or unable to play any substantial role in international efforts to re-establish order. There have been a number of other events over recent years which demonstrate the interdependence of ASEAN's members and how events in one country have the potential to severely affect another. These range from occurrences of ethnic and religious conflict to unchecked forest fires in Indonesia causing havoc in other ASEAN countries such as Singapore, Brunei and Malaysia. Events such as these have led a number of members to express the view that ASEAN needs to review its *raison d'être* and one suspects this will have to lead to substantial changes in policies if the grouping is to continue to have relevance.

But in the longer term the present situation is likely to be seen as an interlude, although in some cases—and especially in Indonesia—it might last some years. It should not be seen simply as an interruption of the remarkable economic successes of the last 20 years. High levels

of economic growth will not return without substantial reforms and policies to equip these countries for success in a rapidly changing world economy. Moreover, there is substantial political change afoot in South-East Asia. That is perhaps most evident in Thailand, where democracy seems now firmly implanted and working well. There is a sense in Malaysia that change there cannot now be too far off. In Indonesia, the troubled giant of the region, there are elements of major change together with retention of elements from the Suharto New Order era. Of the two great political forces in the country, the Islamic seems to have gained ascendancy over the secular nationalist. But it is a moderate and tolerant Islamic leadership apparently committed to equal rights for all. In that country, much economic and social ground has been lost and it will be a hard task to establish a new political order and the basis for a new era of economic growth and increasing welfare for the population of more than 210 million.

It would, in my view, not take long if stability and economic recovery prevail for the sense of optimism and confidence to return to South-East Asia, and this time it could be enhanced by a much wider public acceptance and sense of participation. In Indonesia, where the outlook is still uncertain, there is already an enormous change in the atmosphere with a novel and unaccustomed frankness and exchange of opinions in the media and a sense of relevance and indeed of power in the elected parliament. If economic recovery takes hold across the region we are likely to see a move to try to enhance the role and relevance of ASEAN. The proposal to establish an East Asian Monetary Fund has support in South-East Asia and the initiatives which flow from the Miyazawa Fund could lead to an invigorated cooperative arrangement supported by Japan. Global currents caused havoc in the region in 1997 and 1998 and that has led some to think in terms of building defences and walls. Globalisation will, however, affect South-East Asia in positive ways—socially, politically and economically. Indeed they cannot afford not to respond to it, and one of the questions which faces them is whether or how they can best support each other in that enterprise.

Sydney, 1 January, 2000

**Rawdon Dalrymple AO**  
*Chairman, Asean Focus Group*



# I BRUNEI

