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Trading ideas on the Mekong

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Trading ideas on the Mekong

Abstract

Extract:

The- Mekong is international as well as transnational in character: it forms a political boundary between Thailand and Laos and a natural economic territory (NET) which transcends political boundaries. In this respect, the recent opening of the Australian-funded Friendship Bridge not only provides a much-sought physical link between Thailand and Laos but also a symbolic statement of the crossing of the Mekong-as-political-boundary by the integrative force of the Mekong-as-a-NET.

Keywords

international relations, culture, politics, sustainability

CONFERENCE REPORTS:

TRADING IDEAS ON THE MEKONG

A Conference Report by Rosita Dellios

Along with the Ganges, the Yellow River and the Irrawady, the Mekong is one of the great river systems of Asia. From its source in the Tanggula Range in Tibet it passes through China, where it is known as the Lancang Jiang, and empties into the South China Sea after providing Vietnam with a delta of rich agricultural land.

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In this respect, the recent opening of the Australian-funded Friendship Bridge not only provides a much-sought physical link between Thailand and Laos but also a symbolic statement of the crossing of the Mekong-as-political-boundary by the integrative force of the Mekong-as-a-NET. The countries partaking of this NET are those through which the river flows - China (via its southwestern province of Yunnan), Myanmar (the more formal or literary name now often used for Burma), Laos, Thailand, Cambodia and Vietnam. In Asian Development Bank (ADB) parlance, these countries form the Greater Mekong Subregion. But more on nomenclature in a moment.

Expectations of an economic boom in this subregion were the impetus behind the *Conference on Asia's New Growth Circles*, held in Chiang Mai, Thailand, 3-6 March 1994. The conference was organised by the Chaiyong Limthongkul Foundation and *ASIA, INC.* magazine. Speakers and participants were drawn from the business, governmental and academic worlds. Such a mix proved productive in providing comprehensive, cross-sector, coverage of the prospects and problems of this new growth area - designated by the conference as a *growth circle*.

Not everyone called it by that name. Some preferred the Golden Quadrangle. It kept the shine but not the ill-repute of the Golden Triangle. Less ambiguous was Economic Quadrangle. Both referred to the economic growth zone (minus opium) bordered by China, Thailand, Burma and Laos. Other speakers returned the focus to the great river itself. The Mekong Corridor, the Greater Mekong Subregion or, simply, the Mekong River Basin were more inclusive terms in that Cambodia and Vietnam were also covered.

Curiously, a term which was not used was the older and therefore more familiar term, NET. Natural economic territories straddle a number of political boundaries to form discernible economic entities. Geographic proximity and interdependence of resources, markets, skills, and capital mark the properties of a NET. The best known NET is undoubtedly Guangdong-Hong Kong-Taiwan. Singapore-Johore-Riau is also well publicised. A projected NET is the Tumen River project - involving the PRC, Russia, the two Koreas and an invited Japanese participation. Another prospect is the cooperation of southern Thailand, northern Malaysia and northern Sumatra.

The concepts of growth circles, triangles, quadrangles, hexagons, corridors, basins, and greater sub-regions are really NET concepts. *Growth circles* was the term employed by the conference organisers for a number of reasons. One reason is that a circle can be seen as a symbol of interdependence and fluidity rather than hierarchy and rigidity. More specifically, it is

about networking and people-to-people relations across cultures. This was the view expressed by Foundation president and well-known Thai academic, Chai-Anan Samudavanija.

Another reason for the circle symbol is that it describes a physical space as well as an interactive business space. To quote *ASIA, INC.*, which ran a series of articles on 'Asia's New Growth Circles':

Only a few years ago Asia's most prevalent metaphors dealt with dominoes and curtains . . . Following the almost total collapse of communism, however, a trend toward a new, more affluent and - above all - more borderless Asia now seems inexorable. Many of these regional experiments are being called growth triangles, quadrangles, special economic zones and the like. We prefer to think of them as circles, a word implying both territory and businessman-to-businessman *guanxi*, that evocative Chinese term for connections.¹

The last point about *guanxi* and its Chinese origins suggests yet another meaning for circles - their 'ripple effect' (growth) into larger circles. Whilst this particular meaning was not consciously noted by the conference organisers, the expanding circles image describes both the Chinese past and possible future. In classical China there were circles of diminishing control from the imperial centre. The outer circle, for example, was called the sphere of the 'wild domain' as it came closer to 'barbarian' rather than Confucian culture. This idea of circles of power is a familiar one to the political arrangements of Asia in pre-colonial times: a kingdom's influence tended to fade out, or overlap with another's, not cease at a fixed boundary line. Porous borders of the past and the probable future suggest yet another meaning for growth circles - that of returning 'full circle' to traditional boundary conceptions. Lim Joo-Jock, author of *Territorial Power Domains*,² admitted that the nation-state principle works against the growth circles principle. The challenge was how to downgrade the dividing economic function of the boundary but at the same time preserve political sovereignty.

This was perhaps the problem perceived, but not overtly stated, with regard to expanding circles of the Chinese world in the current era. Numerous references to Chinese economic competition with Thailand in the Indochina marketplace were indicative. Perceived problems included cheap agricultural and manufactured products, as well as illegal workers (estimated at half a million in Thailand), coming in from China and high border taxes obstructing trade flows the other way. The economic influence of China on Myanmar and Laos was reported to be growing at a significant rate. Chinese construction teams were reportedly busy in both countries. With Myanmar being a link to India (with its huge market of middle class people, estimated at 100 to 150 million) and an outlet to the Indian Ocean, it is of some strategic interest that China has embarked on plans to upgrade Myanmar's transport and port facilities. Laos, meanwhile, has been dubbed the future Kuwait of Southeast Asia.³ Today Myanmar is a pariah state because of the SLORC (State Law and Order Restoration Council) regime's appalling human rights record. Laos is an economically underdeveloped, landlocked, state of only four million people. Neither country is particularly impressive, though the potential of both has been widely recognised. China, it seems, has turned adversity to opportunity. Such is the theme of the Chinese diaspora's success all over Asia and, indeed, throughout the world. The distinctiveness of the Chinese presence in Asia is that where the Chinese are not in political control of the country or territory - as they are in the People's Republic of China, Taiwan, Singapore and soon in Hong Kong and Macao - they are in a strong economic position (every Southeast Asian state with the exception of Brunei). One might also add there are few academic organisations or intellectual movements without talented Chinese contributors. Understandably, there is a heightened sense of a Chinese presence in the post-Cold War Asian scene. Gone are the distractions of the superpower competition between ex-colonial rivals.

¹ 'Asia's New Growth Circles: First Glimpses of Business in the Next Century', *ASIA, INC.*, November 1993, p. 37.

² Lim Joo-Jock, *Territorial Power Domains, Southeast Asia, and China: The Geostrategy of an Overarching Massif*, Institute of Southeast Asian Studies, Singapore, 1984.

³ See *The Nation* (Thailand), 4 March 1994, p. A7.

In this context, 'the Chinese are not warriors, they are traders'. And while Professor Chai-Anan, who made this observation, did not see a role for China as 'world-unifier' - it was enough that China itself remained peaceful and unified - he did draw attention to Toynbee's reference to China as a possible world-unifier. Writing in the 1960s, world historian Arnold Toynbee had said:

If Russia and America did relinquish to China their opportunity for putting the World in order, and if China did then choose to seize her chance, she would have better tools for doing the job than those that a Russo-American consortium could command. China would have unity, she would have numbers . . . and above all, she would have history. By the year 1840, China had been, for 2,061 years 'the Middle Empire' of her own East Asian world, and, in this role, she had given her world long-lasting unity and peace. In the twentieth century of the Christian Era, unity and peace were the crying needs of the global world that had been brought into existence by Western technology's feat of 'annihilating distance'. If a 'Middle Empire' was now needed as a nucleus for political unification on a global scale, China was the country that was designed by history for playing this part of world-unifier once again, this time on a literally world-wide stage.⁴

Professor Chai-Anan did not see any need for China to assume such a role. Not in this age of globalisation with its increased opportunities and choice that accrued from the benefits of improved information flows, better communications and cheaper transport. Here he appeared to be entering the domain of the preferred future, as distinct from probable ones. (This is not to say, of course, that the preferred future was improbable.) According to the professor, the question was not who would own the 21st century. The question was how we, as human beings, could share the benefits from the age of globalisation in economic and non-economic terms. He reiterated that there was no East or West in the future, presumably in both senses of the term (Cold War and Asian-European civilization), but the symbol of the circle of interdependence.

The world of interdependence is probably a comfortable one for Daoist-style Chinese politics: to be everywhere and no where in particular. Even Professor Chai-Anan admitted that there was no need for China to play the role of world-unifier in *an active manner*. (My emphasis.) But there may well emerge a degree of rivalry for leadership in Indochina's marketplaces, just as there had been in its battlefields. In 1979 China launched a punitive expedition against Vietnam in order to teach the Vietnamese that 'they could not run about as much as they desired' - a reference to their invasion of Cambodia. They were also labelled the 'little hegemons' for this act of Indochinese domination.⁵ While it was true that Soviet backing for Vietnam was a major source of Beijing's consternation, it was also true that China felt itself justified to punish Vietnam for what amounted to unfilial behaviour.

Thailand, by comparison, has no foreign patron and it has a history of good diplomatic relations with China. It is also, however, a natural leadership contender for turning those 'battlefields into marketplaces', as former Thai prime minister Chatichai Choonhavan expressed it in the 1980s. Thailand sees itself as a major supplier of human resources. It can provide the expertise for training the peoples of Indochina. It is the communications hub, and it is central to capital flow. Moreover, Thailand lies between the Confucian and Indian worlds. It can expand the growth circle via Myanmar to tap that unmet demand of India's sizeable middle class. In view of this potential, why stop at Indochina?

This question was posed by Sondhi Limthongkul, president/CEO of The Manager Public Company. He said that as a Thai talking business among Chinese and Indians, there was enough in his background to relate to both the Confucian and Indian traditions. His advice to businessmen interested in investing in the lesser developed countries of the Mekong subregion also shows an ability to operate at a pragmatic and ethical level. He advises against investment in any project which depletes natural resources - that is, wood, water, and

⁴ Arnold J. Toynbee, *Change and Habit: The Challenge of Our Time*, Oxford University Press, London, 1966, p. 158.

⁵ Documented in my paper *Chinese Strategic Culture: Part 1 - The Heritage from the Past*, The Centre for East-West Cultural and Economic Studies, Research Paper No. 1, April 1994.

minerals. The best investments are in tourism-related products and the manufacturing base. Above all, you have to learn to trust your business-counterparts in the host country, says he. These are non-contract societies. The risks are therefore high, but the returns are good. Trusting one's counterparts is worth the effort because they cannot afford to 'wreck the deal'. Their need for foreign investment is such that they do not want to destroy their international reputation. If such non-exploitative, trust-based relations could be established, the preferred future of this growth circle would be well served.

As matters stand, it is not at all clear that the circle will not become vicious. Exploitation of natural resources does occur. Forests are still being stripped, especially in Myanmar by SLORC and in Laos for Chinese timber interests. An increased level of inequality of incomes can be expected. So can the dissolution or erosion of local autonomies and ethnicities. The drug trade may not recede with better infrastructure, and the diversification of the economy, but improve. The flow of people across borders implies also an increase in AIDS and child prostitution. It is not known what effect dam-building on the Mekong by China and, to a lesser extent, Laos, will have on the environment and the economies of countries downstream. Vietnam, whose relations with China have not been ideal, is dependent on the Mekong for agriculture. The Mekong could be a major source of conflict in the future.

Thailand, despite its generally better record, is not being spared. Yunnan obviously has its own enormous resources with which to propel itself into a strong position in mainland Southeast Asia. Yunnan, like the rest of China, is one of the fastest growing economies in the world. According to Australian academics Ted Chapman (a geographer) and Peter Hinton (an anthropologist), who have been engaged in Australian Research Council funded research in the Middle and Upper Mekong (1992-94), the pace of change is very fast. It was interesting to learn from them, for instance, that far from having to rely on others (like Vietnam or Thailand) to ship its goods out to the world, or to take the long route to ship through China's seaboard cities of Guangzhou or Shanghai, Yunnan is building its own port at Behai. (This is on the mainland just above Hainan Island.)

Understandably, there is concern about competition between business centres in China and Thailand. There are fears that goods from as far as Sichuan could prove strong competition for the Indochina market and that improved transport infrastructure would only further assist access to this market. Indeed, transport is the key to the circle of cooperation - and competition. Hence the practical and symbolic importance of the new Friendship Bridge.

Plans for upgrading transport links exist at the intra-regional as well as the national level. Through a series of Conferences on Subregional Economic Cooperation, the ADB (which is the principal development institution in Asia) together with the countries of the subregion, has begun the process of planning transport infrastructure development. Already five priority roads projects that link up the subregion have been identified. The ADB's role is that of honest broker in promoting policy dialogue, as well as becoming involved as an investor or as a lender to investors. Moreover, the market's perception of risk is affected positively. By being part of the transport project, the ADB is enhancing the project's credibility and, therefore, encouraging private sector participation.

As to estimations of when it will all take place, Ted Chapman chose the year 2020 as the timeframe by which Yunnan will have brought to fruition its infrastructure projects. Sondhi Limthongkul estimated that Vietnam would need another 10 years to operate a market economy. He gave Laos 15 years, Yunnan 5-10 years, and Burma 10-15 years. It appears the NET has been cast.