

# **Technological and Economic Challenges to State Control of Information in Southeast Asia**

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Southeast Asian media underwent unexpected changes during the 1980s and 1990s as a result of complex interactions among economic, political, and technological forces. These three factors pushed first in one direction, then in another as conditions shifted rapidly, faster than policymakers could comfortably react. The resulting confusion surprised and baffled political leaders who struggled to cope with changing realities. An important by-product was a seemingly greater openness in the media, which occurred even though it generally was resisted by power elites—openness threatened the status quo and therefore their hold on power. Among their problems was an erosion of public confidence as a result of the economic decline and political challenges that could not be quashed as had been done previously because new information technologies allowed opponents to communicate freely and to mobilize their own supporters.

Complicating these circumstances were privatization policies enacted as a tactic to neutralize the effects of changing technology. In Malaysia, the key to broadcasting privatization was that while the commercial stations were not owned by the state, the corporations that did own them were intimately associated with leading political figures and with UMNO, the lead party in the national coalition. Therefore, the private networks and stations could be expected to harmonize their operations with the wishes of political leaders. Nevertheless privatization diminished the reach and influence of government-controlled media and reduced the control of officials over radio and television content.

In the following discussion, conditions that produced these policy shifts are examined and the actions of policymakers are analyzed. Of course, it is not possible to study here every country in the region, and so this report will focus mainly on Malaysia, Indonesia, Singapore, and Thailand. In addition to these four there are seven other countries in Southeast Asia—Philippines, Cambodia, Laos, Vietnam, Burma, Brunei, and East Timor. There are very large differences among these nations—ranging from Burma, at the bottom in its economic development, to Singapore, among Asia's economic leaders. Similar variations in politics, culture, history, and language divide nations in this small region of the globe.

## **Southeast Asian economics**

The origins of Southeast Asia's economic structures can be found in the colonial practices that provided an initial entry into the global commercial system. How patterns emerged depended on the colonizer and its specific commercial objectives. In Dutch East India, production of spices, sugar, and related goods led to the institution of plantation economies across much of what is today Indonesia. In British Malaya, which began its development later, mostly in the nineteenth century, tin mining was the key raw material. Tin from Southeast Asia fed Europe's booming food canning industries in the 1800s. Later, as automobiles came into use in North America and Europe, the demand for rubber produced the establishment of rubber plantations across Southeast Asia, especially Malaya.

Although food products, tin, and rubber remain important as an economic mainstay, from 1970s onward, the most developed of the countries in the region pursued import substitution and industrialization policies based upon direct foreign investment. Of particular importance was construction by US and Japanese firms of offshore electronic component manufacturing plants. By the 1980s, most electronic equipment employed integrated circuit (IC) components. ICs are electronic devices containing multiple transistors, diodes, resistors and capacitors in a single package smaller than a postage stamp. Looking for locations to produce low- ICs and other components, manufacturers like Fairchild and Sony found Singapore a welcoming place, and by the early 1970s they had built huge factories. Within a few years, other production centers were set up to the north in Malaysia, and within a few years that country had become the world's leading producer of electronic components (Pang & Lim, 1977), a leadership Malaysia maintained for many years afterwards. An important proviso for foreign companies to gain access to Singapore and Malaysia's low-wage workers was compulsory technology transfer. This key policy allowed both countries to build human capital capable of constructing domestic industrial bases of their own.

By the end of the 1980s these policies had made Southeast Asia the source of much of the world's manufactured electronic components and consumer electronic equipment such as VCRs, TVs, air conditioners, CD Players, boom boxes, and so on. These successes brought capital into the region and introduced Singapore and Malaysia into the club of economic "tigers" of Asia. A particularly powerful stimulus for the region was the explosion in popularity of the personal computer. Each PC required a large number of ICs and many manufacturers found it advantageous to produce the components in Malaysia or Singapore and then assemble computer sub-units at plants nearby. These locally built computers quickly found their way into domestic markets, thus providing cheap computers throughout Southeast Asia at an early date. Enthusiasm for computers generated unprecedented demand for information technology training at local universities and vocational institutions. The end result was a population that was wealthy enough to afford computers and sufficiently knowledgeable to participate in what has become known as the information revolution. Malaysia and Singapore's knowledge industry workers grew out of this particular set of conditions. To a lesser extent, this pattern could be seen also in other Southeast Asian countries (excepting Laos and Burma, the two countries where domestic policies and underdevelopment were barriers to participation in electronic technology initiatives).

Like other developing regions, Southeast Asia's economies were characterized by a significant degree of state ownership, and this was particularly true in sectors such as information and communication industries. And, as in other parts of the world, efficiency of these state owned enterprises was uneven at best. In Malaysia, for example, the government-owned voice and data monopoly, Malaysia Telekom, was notoriously underproductive. In the early 1980s, the backlog of line orders numbered in the hundreds of thousands and anyone wishing to obtain new telephone service could expect to wait about two years for a line. However, in 1981 there was a change in government that signaled a shift in economic policies. In that year Dr. Mahathir Mohamad was elected Prime Minister. He was typical of a new generation of Southeast Asian political leaders that arose in the 1980s and 1990s—a group noted for their commitment to economic growth and technocracy. Mahathir immediately introduced plans to make state owned enterprises more efficient and accountable to their stakeholders.

In Southeast Asia, as across the globe generally, an important developmental thrust was embodied in policies of neo-liberal market economics. In Malaysia, this meant privatization of any state owned enterprises that could stand on their own. To the surprise of many observers, privatization included even the information sector, including Malaysia Telekom, which was sold off to a private corporation owned by local mostly ethnic Malay entrepreneurs (see Kennedy, 1990). Privatizing a large portion of the public sector firms reduced government costs and if successfully executed, public services could be enhanced as well.

## **Information technology projects**

In Malaysia and Singapore, national political leaders were so taken by the economic potential in electronics they devised plans to leverage their competitive advantage in this field into leadership in information technology. In Singapore, the initiative took shape as the "Intelligent Island" project, while in

Malaysia the effort coalesced around what was known as the Multimedia Super Corridor. Both plans took advantage of comparatively ready local access to personal computer technologies. By structuring incentives to encourage development of IT activities, the two countries believed they could emerge as regional "hubs" for electronic communication and commerce. Computer ownership was largely an urban phenomenon in most parts of Southeast Asia, yet by the end of the 1990s, slightly more than 30 percent of Singaporeans owned Internet accounts, and there were personal computers in roughly 40 percent of homes. These figures generally paralleled adoption of other electronic information gadgets. Approximately half of Singaporeans carried a pager and almost one-third carried a cellular telephone. Singapore had the best access to international telephone service in Asia, 55 telephone lines per 100 population, exceeding even Japan at 49 per 100 population ("When India," 2000). Even though Singapore was a regional leader, there were impressive figure in other countries of Southeast Asia.

Broad adoption of technology was considered a prerequisite to achievement of economic goals. Authorities promoted use of new information technologies—technological leadership not only would drive commercial expansion, it would legitimize national claims of modernity and technical advancement. Singapore and Malaysia mounted particularly aggressive campaigns to expand the information technology sector. Under a government-sponsored Malaysian project, it was possible in the mid-1990s to open an Internet account for the equivalent of about ten dollars USD, and online access would then be available for less than forty cents per hour. Similar services were available in Singapore. Only a few countries showed a lack of interest in the information revolution: Burma and Laos had no Internet service at all until after 2000, and Vietnam allowed operation of only a limited number of state-owned Internet service providers.

In Malaysia, the main technology thrust, one having a splendid vision for national development, was the Multimedia Super Corridor (MSC). This project's aim was to catapult Malaysia into information technology leadership. The MSC was expected to function somewhat along the lines of the Silicon Valley in the United States. It was an innovative concept—the MSC initiative comprised several different facets including a physical geography, a set of laws and policies, as well as a human resource component. This project was given a very big boost by unflagging support from Malaysian Prime Minister Dr. Mahathir. He pronounced that, "if the MSC is set up in this region, we can learn new technology and we may even be involved in the technology and be more adept in its application than others" (Ashraf, 1997). In his view, this project would enable his country to emerge as a major player on the world's economic stage. According to the Prime Minister, Malaysia had "succeeded in becoming an industrial nation" but then he urged his countrymen to "focus on our national development. Once we have become a developed nation, we only need to whisper and others will pay heed to our whispers" ("Acquiring IT," 1997).

The MSC was physically located in a 15km by 50km swath of the central part of the peninsula south of Malaysia's capital Kuala Lumpur, in total a territory of 270 square miles. At the southern end of the MSC is situated Putrajaya, a planned city being built as a new government administrative center. Also nearby is the Kuala Lumpur International Airport (KLIA). Putrajaya was intended to demonstrate Malaysia's technical capability and incorporated plans for "paperless offices," electronic record-keeping, video conferencing, digital databases of all types, and so on. A model city was also incorporated in the MSC plan. Known as Cyberjaya, this was to be an "intelligent city" maintaining a hub of a 2.5-10 gigabit telecommunications network for the district. Previously, MSC's land had been open jungle and palm oil plantations, but with the infusion of funds the district began a transformation into a research and technology center, complete with an advanced information and electronic communication infrastructure.

The whole point of the elaborate show of technological capacity was to attract financial investment from abroad. To this end Malaysia mounted an energetic promotional campaign, headed by Prime Minister Mahathir. In behalf of the MSC, he made visits to Japan, Europe, and the United States. At one stop in California, he made a pitch to potential Hollywood investors. On this occasion, the Prime Minister had to face the very individuals whom he had frequently criticized for their cultural products. He offered his listeners an opportunity to join in an enterprise that presented countries like his a chance for "deeper fulfillment" and a "cultural context that went well beyond American pop culture" (Goh, 1997).

As the campaign for foreign investment gained impetus, it became clear that foreign enterprises that might be interested in the MSC project were wary about Malaysia's information policies. The country's rigorous censoring laws were an anathema to information philosophies among Americans in particular. In the Prime Minister's California meetings he attempted to reassure corporate officials of his commitment to basic principles in the MSC. These comprised a number of key points such as: Free ownership in the corridor's IT firms; unrestricted hiring policies including the freedom to recruit expatriate workers; a high quality technical infrastructure; a guarantee that Malaysia would protect intellectual property rights through comprehensive cyberlaws; and most important of all, no censorship of the Internet.

The focus of the country's "cyberlaws," was legal protections against abuses of e-commerce and intellectual properties. Although the concepts embodied in the legal framework changed as time passed, the original plan was to be embodied in the Multimedia Convergence Act, which would have four objectives 1) to create means under law for digital equivalents to personal signatures, 2) a set of laws protecting against hacking, tampering, and other attacks against computers, 3) protections of intellectual properties, and 4) protections for practice of medicine over public digital networks (Ahmad, 1997).

Meanwhile, Singapore's technology initiative was titled "intelligent island," and it intended to turn the entire country into a city-state technology demonstration program. The concept for this plan was first proposed in a government document published in 1992 titled "A Vision of an Intelligent Island." In this document Singaporeans were called to become part of a plan that would make their nation an "Intelligent Island . . . among the first countries in the world with an advanced nationwide information infrastructure. It will connect virtually every home, office school, and factory" (Cited in Yeo & Arun, 1999). The concept, as ambitious as it was, had public appeal. Singapore possessed a comparatively tiny geography, approximately 20 by 11 miles but it enjoyed one of Asia's strongest economies. Singapore's information technology infrastructure had become the most developed anywhere in South and Southeast Asia. Information Society Index figures compiled in 1999 by the International Data Corporation showed that Singapore's economy was the world's fourth most information driven, and projections indicated a continuing growth through the next few years ("Singapore—data," 1999).

The Intelligent Island concept was built around a project called the "Singapore ONE [One Network for Everyone]". This project, launched in 1997, will eventually provide for the installation of wired technology across the entire island, making a national network interconnected with the Internet available to nearly all homes, businesses, and institutions. Ultimately, the plan calls for the connection of 95 percent of residences to be electronically hooked up with government, telecommunications, and computer services. The Singapore ONE project utilizes an optical fiber network that when completed is expected to total approximately 186,000 miles of fiber. Implementation was to be realized in stages, with an initial goal of 400,000 subscribers by the end of 2001 (Tort, 1999).

Senior Minister and former Prime Minister Lee Kuan Yew spelled out Singapore's need to adjust legal frameworks to accommodate his country's technological initiatives, explaining at the Asian Media Conference in Los Angeles in October 1998 that "the new media technology is here to stay" and "although it may take some time, morality and wisdom must find a way to control and tame the new technology to preserve the fundamental values of society." To accomplish this, he proposed the adoption of new laws to "combat cross-border crimes in cyberspace" ("Media will stay," 1998). In response, Singapore's governing structure for telecommunications was reorganized to integrate policymaking and law enforcement bodies. In March 1999, the government announced the merger of the Telecommunication Authority of Singapore (TAS), the National Computer Board (NCB) and portions of the Singapore Broadcasting Authority (SBA) into a new agency to be known as the Information Technology and Telecommunication Authority (ITTA) of Singapore. Concurrently, the Ministry of Communication was renamed as the Ministry of Communication and Information Technology.

Singapore, like Malaysia, used its information technology emphasis as a strategy to advance claims on region industrial leadership. To achieve this, the country had to maintain an open and competitive environment for commercial enterprise. For example, beginning in April, 2000, Singapore Telecom, which had long maintained monopoly over voice and data services, had to face competition for the first time in the landline market. By then, cellular services had already grown into a huge market shared

among several providers, including SingTel. Although a number of large hardware manufacturers had built facilities in Singapore—among them Hewlett-Packard, 3COM, and Cisco Systems—policies for information media were more restrictive, and economic liberalization in this sector moved much more slowly than in Malaysia.

SingTel, which was 76 percent owned by the Singapore government, followed a business strategy similar to policies Malaysia adopted for its MSC—to seek foreign investment and assets to strengthen its claim on regional leadership. A big disappointment was SingTel's failure to win a bid to acquire Cable and Wireless HKT in 2000. It lost out to the small upstart Pacific Century CyberWorks. On the other hand, SingTel, did strike a deal with News Corp, the Rupert Murdoch media conglomerate for regional broadband services (“Wake-up call,” 2000). Singtel likely pursued such partnerships because of Singapore's belief that its competitiveness in a globalized environment required powerful regional and international alliances—ownership and protection by the Singapore government would not alone ensure marketplace power.

It is clear that there was a sense of competition in technological capacities between Singapore and Malaysia. Singapore's Senior Minister Lee Kuan Yew foresaw that “we will face stiff competition from Malaysia. . . . Policies that we adopted which have made for our success are now followed by our neighbors” (Cited in Hiebert, 1997). Despite these expressions, . Singapore has an enormous advantage in the IT area. According to one survey reported in the Far Eastern Economic Review among a diverse group of 49 countries examined around the world, Singapore was ranked second in technology infrastructure, far above Malaysia's ranking of nineteenth. In addition, Singapore was ranked second in computer literacy while Malaysia was ranked twenty-eighth (Hiebert, 1997). In many ways, the winner of the competition will be irrelevant because Malaysia and Singapore have tightly integrated economies and if one wins, so will the other.

Excitement over Malaysia's and Singapore's technology projects was great and their sweeping visions captured the public's imagination. In Malaysia this was particularly palpable. Its MSC project was closely linked to a grand concept called “Wawasan [Vision] 2020.” Vision 2020 referred to the Prime Minister's call for Malaysia to attain the status of a developed country by the year 2020, a concept heavily promoted by the entire government apparatus and the leading political parties. Enthusiasm for Vision 2020 was sustained even as the economies of Southeast Asia suffered a stunning loss of confidence beginning in 1997.

## **Economics, politics, and communication technology**

Southeast Asia's information technology ambitions encountered severe trouble in 1997. That was the year the Asian financial miracle derailed, as an economic crisis swept from one country to another across East and Southeast Asia. Weaknesses in the economies of Korea, Japan, and Thailand had been well documented, and each country had been working feverishly to head off their problems. Financial institutions in those and a number of other Asian countries were weakened by non-performing loans, contributing to a rising loss of confidence among investors. A trigger for what turned out to be a full-scale crisis was the devaluation of the Thai Bhat in July. Over succeeding months, the economic picture grew increasingly grim. Among the hardest hit was Indonesia, where the Rupiah lost much of its value against major international currencies.

Across Southeast Asia, there is an assumption that government stability depends upon continued growth in citizens' personal incomes and wealth. This belief was put to the test when the steep economic decline of 1997 and 1998 occurred. It is possible to say that at least two changes in government took place as a direct or indirect result of financial problems, one in Thailand and another in Indonesia. Of these, by far the more remarkable case was Indonesia where President Suharto had held power since the overthrow of Sukarno more than thirty years before. Of course, Suharto's departure was a result of more than just an economic downturn.

Indonesia's political conditions degenerated rapidly in 1998 after the January selection of B. J. Habibie as Suharto's vice president. In the ensuing months, student protests escalated in the main cities, especially

Jakarta. Amid the confusion, the Internet became a crucial means of communication among dissidents and protestors. The turning point came on May 12 when five students were killed by police in protests at Trisakti University. In the aftermath, outraged demonstrations around the country produced even more violence, leading to a peak on May 15 when more than 500 protesters were killed ("Indonesia awakes," 1998). Suharto's rule thus became untenable in the face of the widespread bloodshed, and on May 21, he stepped down.

Responding to crises such as Indonesia's power transition, Southeast Asia's radio and television media found themselves overwhelmed by new technological competitors. Many had surfaced during the 1970s and 1980s, such as broadcast satellite television, video, video CDs, DVDs, and cable. But the growth of Internet presented a largely unexpected challenge to conventional over-the-air broadcast outlets. Whereas governments had always managed the flow of information within their borders, the new technologies could not be controlled in the same way as before. Indonesian opposition forces were quick to exploit the Internet. They discovered that the Internet offered them a tremendous capacity to communication across the whole of the archipelago. Anti-Suharto activists employed Internet chat rooms, mail lists, and Web sites in their campaign to drive his government from power. These communication tools were beyond the reach of authorities who were powerless to stem the rising public sentiment against the Jakarta regime. Opposition came not only from those who wanted a new government but also from groups arrayed to seek independence or autonomy from central Indonesian governance. Most prominent among these were activists in the Aceh, East Timor, and Irian Jaya provinces.

But the Internet was not only used by opposition groups and activists, ordinary citizens mystified by the rapidly evolving political conditions found it useful as a means of staying informed on events. Perhaps the most important and influential Internet information channel was the US-based Indonesia mail list "apakabar." This list was described by T. Basuki as a factor that "helped accelerate Indonesian society's awareness of the need for change as it encouraged open and democratic debate on issues" (Pabico, 1999). Of course the accuracy of reports was often suspect. Descriptions of untrained onlookers could not be wholly trusted, and there were cases of outright fabrications disseminated through the Net purely for political advantage.

The vital role played by the Internet in the country's political transition was unification of disaffected Indonesians no matter where they lived. The island geography of Indonesia had always worked against any concerted country-wide action, but the Internet brought together not only people scattered across the archipelago, but even those living abroad. One such person was Abigail Abrash, an Indonesia employed by the Robert F. Kennedy Memorial Center for Human Rights in Washington, D. C. When the confusion and violence in Jakarta made it difficult to get full accounts of events, she contributed summaries of U. S. news media reports about Indonesia to mail lists, while reading reports from other correspondents in Indonesia. Abrash was astonished to discover that "even remote towns in Indonesian Borneo [Kalimantan] were 'wired.'" On this she concluded that "in a country that's as far-flung as Indonesia, the Net has meant that people have been able to communicate at a time like this." Anonymity and the extent of the Internet supplied opposition groups more security. As one writer in a chat group said, "one or two people saying [they are opposed to Suharto] are easily dragged away and silenced. One or two million it is not so easy" (Marcus, 1998).

Online newspapers and other news sites were additional important sources of information available on the Net. International news media such as the BBC and CNN were particularly favored by Internet users. Singapore's Straits Times was one of the most popular in providing coverage within Southeast Asia. This newspaper's online edition reported a huge increase as a result of the turmoil in Indonesia. It claimed a 40 percent increase in hits during 1998 from the preceding year, mostly due to a 25 percent growth in hits from overseas readers. The newspaper guessed that coverage of the troubles in Indonesia and the dismissal and subsequent trial of Malaysia's Deputy Prime Minister Anwar Ibrahim were causes of the growth. Straits Times' online edition journalist, Raoul Le Blond, described eye-witness accounts he collected via e-mail from his readers. He reported receiving messages from Chinese Indonesians containing stories of violence given to him for publication via the online newspaper because "access to their local media was blocked to them" ("ST Interactive," 1998).

## Economics, politics, and privatization

As economic conditions worsened, inefficient government enterprises suffered more and more, giving greater energy to neo-liberal economic conversions already underway. This played a major role in reshaping Southeast Asian media through privatization, so much so that public service broadcasting came under threat in a number of countries. In Indonesia, for example, by 2002 there were six private channels on the air including RCTI, SCTV, TPI, Indosiar, ANteve, TransTV and MetroTV. These were all arrayed against the government channel TVRI. Prior to privatization policies of the 1990s, in all of Southeast Asia only the Philippines had a dominant private system of broadcasting.

Malaysia was the region's first to privatize in 1983, partly in response to the Mahathir government's general moves to shrink state ownership. In addition, privatization was intended as a measure to reduce the rapid loss of Radio Television Malaysia's television audiences to VCRs—most videos in circulation were uncensored and were deemed threatening to Malaysia's unification policies. TV3 (TV-Tiga) as the first of the private stations was known, signed on the air in 1984. Further private channels joined the action soon, including MetroVision[1] starting in February 1995, and in 1998 a fifth channel was added, called NTV7, operated by business interests based in East Malaysia and intended to "foster closer relationship and better integration between the people of Sarawak, Sabah, and Peninsular Malaysia" ("NTV to begin," 1996).

The diversity in ownership afforded by privatization failed to produce much diversity in content. Even though Malaysia's TV3 was privately owned, its license was awarded to companies and individuals closely associated with UMNO and other parties of the national coalition, Barisan Nasional, and franchises that came along later were given to groups having the same types of political connections. Zaharom (1996) found in his analysis of the licensing process in Malaysia that instead of producing a broader range of viewpoints, privatization merely transformed state monopolies into "private monopolies" that extended "the tentacles of the ruling coalition and its allies even wider across the Malaysian economy, adding economic and cultural domination to what is already a virtual political domination" (p. 52).

Across Southeast Asia, similar developments in privatization were evident. Ubonrat (1997) found in Thailand after the free speech movement of 1992 forced government to authorize additional television stations and to deregulate cable and satellite television that "although the deregulation policy for the Thai broadcast media has opened up the system to more actors, it is confined to a handful of large corporations" (p. 74). The economic power wielded by these favored corporations prevented other firms from competing successfully against them. In Indonesia under Suharto, it was well known that private stations could only win a license if they gave a significant block of ownership shares to members of the Suharto family, mainly Suharto's children. Consequently, privatization did not produce a freer and more open "market of ideas" but instead simply reinforced existing power structures. In each country, newly licensed stations were linked firmly to their governments and to majority political party interests.

In the post-Suharto era, five new television stations were issued broadcasting licenses in Indonesia, but their startup was slow-moving due to the weak economy. Metro TV and TransTV were the only ones to start transmissions by 2002. Even without the additional broadcasters, intense competition caused by the new stations threatened to create a chaotic environment and to place extreme pressure on the troubled national public service broadcaster. This came to a head in late 2001 when the Indonesian parliament took up the problems of TVRI. The government station did not carry advertising, but was financed by the receipt of 12.5 percent share of the private TV stations' ad revenues. Although there had been an increase in advertising earnings among the private stations, it was not enough to cover TVRI's rising expenses. For a number of years, many within the field of broadcasting had considered the possibility of altering the official status of the organization, either by making TVRI a public corporation (that is, publicly-owned but not government controlled) or by selling the network to private investors. As Parliament weighed options, TVRI's Director, Sumita Tobing, argued in favor of an outright sale noting, "I do not believe that TVRI will be able to improve its professionalism as long as it is run by civil servants" ("Tough challenge," 2001). She rejected the notion that the organization could survive by increasing

support from raising funds from viewers. According to her, "I do not think it is feasible because 70 percent of our viewers are poor people in rural areas."

The conversion of TVRI finally occurred in May 2002. Its new status was neither a private organization nor a public corporation. It was reorganized as a limited liability state-owned corporation, rather than as a private company. The management structure underwent review and articles of incorporation were drafted. The new company's financial position was made difficult by the fact that it had not received payments of about 300 billion rupiah from private stations' share of advertising. This produced debts to foreign film suppliers of approximately 260 billion rupiah. The biggest problem the new company faced was bloated staffing—about 7,000 persons were on TVRI's payrolls as the company started its new life ("Time to join," 2002).

## Looking ahead

The changes introduced by technology, monetary conditions, and consequent political adjustments continue to reverberate across the region. Indonesian economic restructuring has so far been primarily aimed at balancing government finances by the sales of state assets. It has proceeded slowly, and the Director General for state enterprises I Nyoman Tjager had to admit in mid-2001 that no funds had been generated by the sell-off of government-owned corporations. Plans to divest in cement and pharmaceutical industries met resistance from legislators and wary foreign investors ("Privatization amounts," 2001). However, media privatization is still moving ahead in Indonesia and some other countries, though its pace has been distinctly slowed by the region's sluggish financial recovery and by policymakers' foot-dragging. For example, Malaysia's private station TV3, along with its print media sibling New Straits Times Press group, were in dire financial distress by 2002. TV3's debts were forcing it into insolvency and producing such a drag on the parent holding corporation Malaysian Resources (MRCB) that its chief executive officer was forced to resign at the end of 2001 ("MRCB to spin," 2001). In Thailand, privatization of Internet services brought hope that the high costs of Net access could be reduced. Internet Thailand staged its initial public offering in November 2001, but its stockholder structure ensured state involvement through 49 percent government share ownership ("Challenge of privatization," 2001). In any case, as has been shown, authorities have tended to arrange privatization so that stock in new media firms are owned by corporations held by political parties or by investors aligned with political leaders, thus assuring that government officials could retain control. Still, private media have goals and interests that diverge from public media, and this means that a different menu of choices have become available since the 1980s. State stations are inclined to promote government dealings and development projects, while private broadcasters are more likely to cater to viewers' preferences, both in the sorts of programming scheduled and in the glitz and polish of their presentation. Private television stations have also tended to schedule far more program imports from the US and other popular culture centers.

Nevertheless, measures to have been taken regain control over information channels in countries of the region, though strategies have differed. In the Philippines, the E-Commerce Act of 2001 was enacted in the aftermath of the ILOVEYOU virus that caused havoc around the world after its release by a Manila hacker. The focus of this legislation was provision of a uniform standard for e-business but, significantly, it defined broadcasting and cable as part of the telecommunications business, not as a distinct media business ("The view," 2001). In Malaysia, renewed interest in curbing online media content arose in 2001. Rais Yatim, Minister in the Prime Minister's Department, spoke on this at a cyberspace seminar where he criticized "hate messages, seditious writings and e-mail advocating religious dissent." He denied any official reversal of position on Internet censorship saying "of course there will be no censorship" but continued that ". . . we did not exclude our right to make laws needed by the country" (cited by Cheesman, 2001). Later, Malaysia's Sun newspaper fell afoul of officials when it ran a Christmas Day story on a purported plot to kill Malaysia's political leaders. In the ensuing furor, a total of 42 journalists were fired, apparently under government pressure ("Malaysian Press," 2002). Finally, in Indonesia, critics claim that inflammatory reporting of communal violence has led to heightened tensions. North Maluku Governor Muhyi Effendie "warned" TPI and RCTI, two private television networks that had carried reports on clashes in the area. Other officials urged media to practice self-censorship in order to preserve calm ("Media self-censorship," 2001). Subsequently, a restructuring of government oversight



was announced with the creation of the State Ministry for Communication and Information, a move that was received unhappily by local journalists. The Alliance of Independent Journalists expressed dismay over the creation of an entity that resembled the discredited former Ministry of Information. AJI Secretary-General Didik Supriyanto termed the move "antidemocratic, antireform, and unproductive" ("Information ministry," 2001).

In the end, media reform in Southeast Asia has momentum that cannot be arrested easily, even though political figures are attempting to guide and limit the process. Changes in governments across the region provide some assurance that information policies will continue to evolve toward transparency and openness, at least in a halting way. The world's longest serving democratically elected national leader, Dr. Mahathir of Malaysia announced in 2002 that he would step down from his post by October 2003, and transitional leadership in this and other countries were in place or expected within a few years. What this new generation of political figures will bring to the functioning of media cannot be fully predicted, but they are likely to remain caught between public desire for less restrictive media rules and politicians' impulses for control. Perhaps economies of the region cannot recapture their former brilliance. Competition for industrial production has shifted greatly toward the powerhouse to the north, China. However, these countries can still be factors in global information technology development, provided their domestic policies can be made conducive to international participation.

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[1]MetroVision quickly encountered financial problems and was forced to sign off the air within a few years.

## **About Drew O. McDaniel**

Dr. McDaniel is Professor in Telecommunications and Director of the Center for Southeast Asia Studies, Ohio University. Previously, he held the post of Director, School of Telecommunications from 1976 to 1990 and 1994-1996. Prior to joining Ohio University in 1970, he was employed in broadcasting in the western United States. In 1983 and again in 1989, he was named Ohio University's Outstanding Graduate Faculty Member. In 1990, he was a Fulbright Southeast Asia Regional Research Fellow. He has twice been recipient of Ohio University's Baker Research Award.

McDaniel also holds a position as staff consultant at the Asia Pacific Institute for Broadcasting Development (AIBD), a UN-chartered agency providing research and training assistance from its headquarters in Kuala Lumpur. Since 1981 he has had annual assignments with AIBD to provide training and research assistance in the region.

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