

In Kuala Lumpur, a Party's Empire

Critics Say Its 'Money Politics' Breeds Official Corruption

INT. HERALD TRIBUNE 30 APR 89

By Michael Richardson

International Herald Tribune

KUALA LUMPUR, Malaysia — When the prime minister and other Malay politicians fought for top party positions at a weekend meeting, they did so in the marble and wood-paneled halls of a gleaming 40-story building.

The tower, completed in December 1984, is owned by the United Malays National Organization. The party, the chief component of a multiracial coalition that runs the federal government and most state administrations in Malaysia, has its headquarters in the building.

Next door is a 600-room luxury hotel. The United Malays organization owns that too.

The complex is part of a business empire built up by the party since the early 1970s. It has given the United Malays control of most of the main Malay and English-language newspapers, a television station, a commercial bank, a finance company, a merchant bank, substantial property holdings and ventures in manufacturing, trading and tin mining.

For many Malays this empire is a source of pride, a symbol of their ability to compete on an equal footing with the country's other major ethnic group, the Chinese.

Along with foreigners, immigrant Chinese had long been a dominant force in the economy.

The use of political power to tilt the economic balance in Malaysia in favor of Malays has produced some controversial results.

At a meeting in February called to promote the principle of public accountability, Ahmad Noordin Zakaria, a former auditor-general of Malaysia, deplored what he said were falling standards of integrity in politics.

Other critics worry that "money politics" are encouraging corruption in the bureaucracy, reducing incentives for Malays to acquire sound business skills, accentuating the gap between rich and poor, and playing into the hands of Islamic extremists. Islam is the official religion in Malaysia and nearly all Malays are Moslems.

"Politics," said one veteran member of the organization, "has become primarily a contest for the spoils of office, for the patronage, licenses, concessions and contracts that go with power."

The party, he asserted, had changed during the last 20 years from being a rural-based organization in which teachers and local leaders played a key role, to one that was in danger of being dominated by businessmen and urban interests.

Prime Minister Mahathir bin Mohamad, who has been in office for six years, denied assertions that he tolerates or benefits from corruption.

He told the organization's general assembly on Friday that "in line with with the assimilation of Islamic values, we have undertaken to clean up management at all levels."

Referring to financial scandals that have affected his government's credibility, the prime minister said that after the economy deteriorated several years ago — under the impact of falling international prices and demand for Malaysia's tin, oil, natural gas, palm oil, rubber and other leading exports — "a lot of unhealthy practices among businessmen and managers were exposed."

He said action was taken against some offenders, but "unfortunately we could not trace and obtain proof against others."

But the government, he added, would ensure that "all these cheats pay according to their crimes."

Critics assert that the Mahathir administration has tended to do too little too late in investigating cases of alleged corruption, mismanagement or conflict of interest where leading figures of the organization have been suspected of involvement.

In September, cabinet ministers were obliged to divest themselves and their families of stakes in companies.

But this ruling was only enforced after a public outcry following disclosure that Finance Minister Daim Zainuddin had acquired control of Malaysia's third largest bank to the detriment of a state-owned investment corporation.

Mr. Daim, a wealthy businessman, is a close associate of the prime minister.

Mr. Mahathir narrowly survived a challenge in voting Friday for his position as president of the United Malays organization. The challenge came from Razaleigh Hamzah, his trade and industry minister.

Hussein bin Onn, a former prime minister, said he believed the groundswell against Mr. Mahathir partly reflected dissatisfaction about alleged abuse of power.

"He must make a genuine effort to weed out corrupt people and clean this government," Mr. Hussein said. "That's the message I read from the results."