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Dr M wins support, praise from Japan

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WHILE Prime Minister Datuk Seri Dr Mahathir Mohamad is under siege for criticism of western governments and mass media, he enjoys the strong support in Japan.

On Oct 21, Prime Minister Keizo Obuchi received Dr Mahathir in Tokyo and offered a highly concessional loan for development programmes of Malaysia.

Earlier on Oct 3 the Ministry of Finance announced a new Miyazawa initiative which would provide five East Asian countries affected by the financial crisis with credit guarantee, short term loans etc.

The beneficiaries include Malaysia which is free from the International Monetary Fund supervision of its economic policy.

Then why is Dr Mahathir such a target of western criticism? The answer is that the West does not like Dr Mahathir's outspoken criticism of the West and have therefore tried very hard to find his shortcomings and misdeeds. In this respect they have been unsuccessful.

On the other hand former deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim talked about the West favourably and the western media, therefore, promoted Anwar.

The Time magazine even ran a cover story on his western leanings. Anwar's revolt against Dr Mahathir was seized by the West as a big opportunity to propagate biased interpretations of the Malaysian politics almost as a vengeance.

They twisted the matter from an issue of political power struggle to that of democracy and human rights. Then why has Japan been so active in support of Malaysia?

Contrary to reports of the western media, Dr Mahathir is in reasonable control of the political situation that arose out of Anwar's recent dismissal and arrest.

The mainstream of the government party, the United Malays National Organisation, supports Dr Mahathir. This party's support comes primarily from a large section of moderate Malays and the middle-income people who have benefited from Dr Mahathir's policy of economic growth.

The Prime Minister is also supported by the majority in the Chinese and Indian communities, which make up 45 per cent of the population.

Those backing Anwar are enthusiastic Muslim youth and students. He is also supported by members of the minority opposition party of more radical Muslims. Some Chinese and Indians have expressed concern about how Anwar would treat non-Muslims if he were to become prime minister.

Anwar's arrest, which was carried out under the Internal Security Act which permits arrests without trial, has drawn criticism. The ISA was originally enacted to cope with the subversive activities of the Communist Party of Malaya during British colonial rule. The CPM was disbanded in 1989.

Today the ISA is used to suppress disruptive activities that may be difficult to control with ordinary criminal procedures. The ISA may still be needed in a multicultural society like Malaysia.

There are two major differences between Indonesia under Suharto and Malaysia under Dr Mahathir's rule. In Malaysia, democratic processes prevail in both the government and the Umno.

At Umno conventions, the leadership is often criticised and Dr Mahathir's proteges often lose in party leadership elections. Only a year ago Anwar enjoyed the position of trusted deputy prime minister and was

expected to succeed Dr Mahathir in the party election next year.

After the financial crisis spread to Malaysia from Thailand in September last year, Dr Mahathir strongly criticised international speculators.

However, in October, he decided to let then Finance Minister Anwar follow the IMF line of enforcing a tight economic policy including high interest rates and severe budget cuts.

After six months or so, the Malaysian economy had not only failed to recover it had instead deteriorated. In June this year, Dr Mahathir decided to change course and follow an expansionary policy then introduced exchange rate controls.

It was during that period that the question of Anwar's personality emerged. When there is a difference between a prime minister and a deputy prime minister for whatever reason, it is usual for the latter to resign. It was only after Anwar rejected Dr Mahathir's request for his resignation, he was dismissed.

If he had quietly resigned, he could run in the party's presidential election in the summer of next year. If he had been expelled from the party, he could have competed in the next general election.

Instead, Anwar organised mass demonstrations without the required official permission and instigated violent disruptions of the Commonwealth Games - a particular embarrassment since English Queen Elizabeth II was attending.

It was because of these incidents, Anwar was arrested. In accordance with the laws of any democratic country and charged with sodomy and abuse of power according to the Malaysian laws.

The capital controls that were introduced by Dr Mahathir on Sept 1 were immediately attacked by the West as an anti-investment move that would diminish capital flows in Malaysia.

However, the measures were taken to screen the inflow of disruptive short-term capital, thereby safeguarding both healthy foreign capital and the Malaysian economy.

It is something like airport inspections of passengers and luggages, which are carried out to ensure the safety of legitimate passengers.

It did not decrease the number of air travellers, but if anything boosted it. When short-term capital is controlled, a fixed exchange rate can be maintained that will facilitate the business of traders and investors by providing certainty.

The economy will get a boost, foreign traders and investors thrive and an inflow of healthy new investment will follow. This is the essence of Dr Mahathir's strategy.

Two months after introduction of the new measures, no unfavourable effects have been seen in the Malaysian economy and it is instead, showing signs of recovery.

Japanese and American businessmen in Kuala Lumpur welcomed, and are supporting the new measures. The Indonesian government asked the IMF to agree to its implementing such measures as well.

In Thailand one newspaper editorial and a former economic adviser to the Prime Minister argued in favour of adopting similar measures.

But neither country is in a position to take such measures because their economic policies are under the control of IMF which does not allow them to do so. Malaysia, by contrast, retains freedom of action in its economic policy.

Eisuke Sakakibara, the Vice-Finance Minister for international financial affairs who is known as "Mr Yen", had said that he understands and sympathizes with Malaysia's capital control measures.

Similarly, Noboru Hatakeyama, former vice-minister of International Trade and Industry and now chairman of the Japan External Trade

Organization, has said that it is not so much investment restriction measures as a rule of conduct for business, like anti-monopoly laws.

In the past, Dr Mahathir has won in several disputes with Western leaders. The chances are good that he will prevail again, in both the Anwar case and the capital-control case.

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