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AWSJ editorial offensive

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ON May 16, the Asian Wall Street Journal wrote an editorial titled "Indonesian Deja Vu".

I found the editorial highly offensive and wrote a reply. The AWSJ declined to publish my letter. I acknowledge its right to do so, although I disagree with the reasons for its decision.

I believe the issues raised by the AWSJ editorial are important. For this reason, I would like to share my views with Malaysian readers. In my opinion, the editorial "Indonesian Deja Vu" is highly offensive for three reasons.

First, although the editorial's focus was on the merits or otherwise of a currency board for the rupiah, the opportunity to denigrate Malaysia's selective capital controls was clearly irresistible.

In early May, Indonesian President Abdurrahman Wahid announced he had a formula for rescuing the plunging rupiah.

"The good news is that formula was not (Prime Minister Datuk Seri Dr) Mahathir Mohamad-style capital controls," the AWSJ wrote.

This single sentence highlights all too clearly the editorial's implicit hostility towards Malaysia's selective capital controls. Even though selective capital controls have helped the Malaysian economy to recover rapidly from the recent Asian currency crisis, the editorial failed to acknowledge its benefits.

Second, and possibly more offensive, is the editorial's blithe assertion, "the IMF and the US Treasury opposed an Indonesian currency board under ex-President Suharto because it feared a stable currency would allow him to extend his rule and clamp down on the nation's burgeoning democracy movement."

In other words, the IMF and the US Treasury objected to Suharto's proposed currency board, not because the proposal was inappropriate, but because both institutions feared a currency board would succeed and thus extend Suharto's hold on power.

This blithe assertion is highly offensive. For a start, it underscores the fact the advice given by the IMF and US Treasury on an issue may be - and often is - heavily tainted by political considerations.

It is now clear the well-being of millions of Indonesians was irrelevant to the mandarins at the IMF and US Treasury, who were determined to oust Suharto.

One virtue of a currency board, as the editorial points out, is its ability to prevent if not correct, hyper-inflation. This devastating loss of purchasing power "is what sends ordinary Indonesians into the streets in protest".

This suggests the hyper-inflation and turmoil in Indonesia was foreseeable and possibly preventable, but more important, the outcome - Suharto's resignation - was one desired by the IMF and US Treasury.

That hyper-inflation would cause millions of Indonesians to sink anew into poverty was ignored by the IMF and US Treasury.

The Asian Wall Street Journal's evident familiarity with the benefits of a currency board makes its uncritical acceptance of the callous policy stance adopted by the IMF and US Treasury even more repugnant.

Furthermore, the AWSJ's failure to express even a tinge of regret over the IMF and US Treasury's callous policy stance calls into question the AWSJ's sincerity as a self-appointed champion of human rights and

spokesperson for the oppressed.

Third, the IMF's and US Treasury's policy stance on the currency board issue leads to another inescapable conclusion. The initial tidal wave of vilification against Malaysia's selective capital controls was prompted by the fear that it would succeed and thus help Dr Mahathir to continue his tenure as Prime Minister.

To conclude, the editorial has had one unintended benefit. It has served to tear the veil of naivete of those who refuse to believe that newspapers like the AWSJ are occasionally - if not frequently - the silent accomplices of institutions like the IMF and US Treasury in these two institutions' pursuit of a larger, and frequently hidden, political agenda.