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Gus Dur acknowledges Malaysia's achievement

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DATUK Seri Dr Lim Keng Yaik gave a good account of himself in Jakarta last week. The Primary Industries Minister and Gerakan President, a senior member of the Cabinet, did very well when asked to undertake an assignment at the ministerial meeting between Malaysia and Indonesia at the National Palace.

As a member of Prime Minister Datuk Seri Dr Mahathir Mohamad's official delegation to Indonesia, Dr Lim was given the task of explaining the philosophy and historical perspective of the New Economic Policy to President Abdurrahman Wahid and several of his Cabinet colleagues.

In perfect Bahasa Malaysia, Dr Lim gave an honest and clear explanation on a subject which Indonesia is very interested in now. Abdurrahman, or Gus Dur as he is also referred to, wants to see if Indonesia could also have a similar policy to help correct its economic imbalances between its pribumi (Bumiputera) and other communities, particularly Chinese.

In fact, Indonesia is already studying the merits of having its own wealth distribution scheme in the mould of Malaysia's Permodalan Nasional Berhad.

The administrators of the vast island archipelago believe that this could alleviate its domestic socio-economic problems and bring the country back to its previous growth levels.

The statistics give a worrying picture of the state of affairs. With a population of 210 million, predominantly Muslims, the economy is in the hands of the Chinese, which forms less than four per cent of the population.

Unemployment is rampant, housing is grossly inadequate and the concentration of wealth in the country's elite has sparked massive unrest in recent months.

Inflation is soaring, reducing further the people's purchasing power. Rice, a staple food, is said to rise by 182 per cent by the end of the year and at least of the population is said to go below the poverty line by the end of the year.

As if this is not a big enough challenge, Indonesia is also under the International Monetary Fund's microscope.

Will the adoption of policies based on the NEP and the implementation of schemes like PNB's alleviate Indonesia's socio-economic problems, thus bringing the country to some measure of political stability?

Theoretically, it may work. But for practical purposes, this would depend on two main factors.

Does Indonesia have the infrastructure to carry out these plans? Equally important, does Indonesia have, in the words of Finance Minister Tun Daim Zainuddin, a "supremo" who will ensure that these policies are properly and effectively carried out?

In Malaysia, the NEP succeeded in helping to lay the foundation of a robust socio-economic reforms because it has the support of the major political parties, which gave the Government the political will and clout to make decisions and implement them whole-heartedly.

Successive Prime Ministers - Tun Abdul Razak Hussein, Tun Hussein Onn and Dr Mahathir - provided the leadership which helped ensure success.

In fact, Dr Mahathir is now able to speak his mind and argue Malaysia's case and that of developing countries after having proven to others that the country's economic policies have borne much positive results.

It is interesting to note that Gus Dur paid special mention to this last week, a point which carries with it certain national pride and responsibilities.

Dr Mahathir, in return, has asked Gus Dur to send a team to study the merits of the NEP and PNB-type schemes before adopting them in Indonesia. In his remarks at a business forum attended by political and economic decision makers from both sides, Gus Dur said: "We like to learn from Malaysia. There's so much to learn, and we hope you will show us the way. From thereon, Malaysia and Indonesia can work together to seek global justice in trade, in economy. This visit by Dr Mahathir is short, but is very meaningful to us."

Gus Dur's comments differ somewhat from previous statements made the country's past leadership. Indonesia was not always forthcoming with its acknowledgements of Malaysia economic achievements, adopting instead a "big brother" profile.

Many observers felt that this had often "discouraged" Indonesians to use the Malaysian experience even when this was seen as logical and essential. There is much truth in Gus Dur's words, especially when seen in the wider context of an Asean economy about to face trade liberalisation when World Trade Organisation rules comes into force soon.

Asean, with its own attempts at freer movement of goods and services, must speak and be seen to be speaking with one voice to face the impact of globalisation, some of which will be negative and probably disruptive to its own domestic developments.

Gus Dur and Dr Mahathir will be meeting once every two months. This is good as this will help the two leaders to strengthen bilateral relations between the two countries.

Dr Mahathir's emphasis that it would not interfere in Indonesia's internal problems, i.e. Aceh particularly, augurs well for the two-way relations in the future.

In other areas of economic co-operation, last week's discussions also centred on closer rapport between the national airlines of both countries, better road links, the possibility of developing a new financial centre in Brunei, the mechanism to facilitate trade and commerce, port and shipping collaboration.

The inclusion of a large delegation of businessmen in the entourage suggests that Malaysia would like to see more of its businessmen invest in Indonesia and participate in its economic recovery.

But as Daim pointed out, much would depend on the businessmen's own efforts in pitting their skills in an environment which is different from the Indonesia they were familiar with.

Gus Dur himself, when asked whether Malaysian businessmen would be getting any preferential treatment considering Indonesia was keen to have foreign investments, gave some ideas on this.

He said foreign investors will have to operate on the basis of free competition but the relevant ministries can provide necessary assistance if warranted.

This should be sufficient for local businessmen to pursue their interests, provided they know who they are dealing with and familiar with the rules and regulations.

At the end of the day no one, except the businessmen themselves, can help them more than themselves. "If they are good businessmen, they should be able to do well. It's up to them really," Daim said when asked to comment on the matter.

On balance, Dr Mahathir's trip has done much to pave the way for more meaningful engagement. Malaysians, regardless whether they are in the public or private sector, need to know Indonesia once again if they wish

to benefit from the changing climate. The sooner this is done, the better.  
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