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Political storm in a teacup?

Charles Raj

THE deluge of Singaporeans visiting Johor, Melaka and Kuala Lumpur during the Chinese New Year holiday season every year does not usually raise eyebrows. After all, this has been happening for years. In fact, thousands of Malaysians too descend upon the island republic to visit their relatives and friends during the long break.

But this year, when droves of tourists from Singapore spilled into Seremban as well, many were both relieved and surprised. Relieved because this was an indication that the current friction in relations between the two countries has not badly affected tourism. Thankfully, the political posturings of overzealous politicians have had little effect on a people-to-people basis.

Although it may be too soon to make such presumptions based on one festival, the war of words between politicians is causing great unease among at least one group of people - businessmen from both sides.

They fear that if the tension escalates, trade, investment and tourism will be among the first to be affected. And with the two economies quite closely linked, this could be disastrous.

It is, thus, perplexing as to why the Singapore Government is suddenly taking a tough stand against Malaysia over some old issues. There have been such differences in the past but they have always been settled amicably through negotiations.

So, it comes as a shock that our friendly neighbour is greatly upset over the water issue (a longstanding one at that) and its claims on Pulau Batu Puteh (which, incidentally, is being referred to the International Court of Justice). Singapore's hint of a willingness to even go to war over Pulau Batu Puteh came as a shock to citizens of both countries. Perhaps, the reason for this sudden 'contempt' for all things Malaysian boils down to a simple case of economics.

Looking back, it would be worthy to note that even during the Asian currency crisis in 1997, the Singapore economy was performing better than Malaysia's. Part of Malaysia's currency woes were due to an outflow of funds to Singapore, lured by the extremely high interest rates there. Singapore banks insisted that it was 'just business' and that there was nothing wrong or unfriendly in that. Malaysia did not threaten to go to war over the issue.

Since that crisis, Malaysia has been gradually steering away from being over-dependent on manufacturing (especially electronics) as the main engine of growth. Prime Minister Datuk Seri Dr Mahathir Mohamad saw the wisdom of developing the services sector, namely, tourism, shipping and financial services.

It is no secret that Malaysia has progressed by leaps and bounds in these areas, especially tourism and shipping. The Port of Tanjung Pelepas (PTP) has been making great progress, unfortunately, at the expense of Singapore Port.

The KL International Airport, too, is being seen as a competitor to Singapore's Changi Airport as a regional air hub. And there are now plans to develop Senai Airport in Johor as a major air hub - a move that will no doubt affect Changi.

All this could not have come at a worse time for Singapore. With the dotcom crash and slowdown in the United States, the Singapore economy, dependent on electronics exports, has been badly affected. It has yet to

fully recover, with unemployment at a record 5.2 per cent.

Malaysia's economic slowdown has somewhat been cushioned by cheer from the commodities sector. Even the services sector is rising to the occasion.

As a country's economy expands, it is inevitable that others, including its neighbours, will be affected. Just look at China. Is the rest of Asia going to take umbrage and cry foul at the giant sucking up foreign direct investments?

No. The sensible thing to do would be to take stock, implement measures to restructure the economy and move on.

Singapore should realise that Malaysia's efforts to improve and develop its economy should be taken in the context of a 'prosper thy neighbour' policy. If Malaysia prospers, there will be spillover effects on Singapore's economy.

It has never been Malaysia's intention to deliberately 'attack' Singapore's economy. After all, tens of thousands of Malaysians still earn a living there. But Malaysia has to continue expanding its economy.

In an increasingly borderless world, countries should be free to pursue what they feel is best for their future survival and prosperity.