



## Malaysia-Singapore: Who Will Win the Poker Game?

While Malaysia is embroiled in a political spat between the past and present Prime Ministers, its southern neighbour Singapore, well-known for its astuteness and opportunistic streak, might just gain the upper hand.

**DON'T YOU JUST LOVE SINGAPOREANS? IN THEIR OWN ANNOYING *kiasu* way, they're pretty nice fellows. And we have to hand it to them that they are good.**

Driven by an extreme fear of losing, they have developed for themselves a survival kit that is second to none in this region.

Take their new Prime Minister, Brig Gen (R) Lee Hsien Loong for instance. He is quickly learning the trick of turning adversity into opportunity, and of putting Singapore first. Take his recent National Day address, for instance.

Without bothering very much about what its neighbours might think, Lee used the occasion to review their domestic affairs and events.

He is beginning to sound very much like his father, Minister Mentor Lee Kuan Yew. The latter is famous for lecturing governments around the world, big and small.

In his address, he spoke openly of his worries that 'deep political differences' between Tun Dr Mahathir Mohamad and Prime Minister Datuk Seri Abdullah Ahmad Badawi could affect the 'climate of Asean.'

'I think everyone hopes it will be resolved soon,' Lee added during a National Day Rally at the National University of Singapore on Aug 20.

According to *Bernama*, Lee made references to Malaysia and several other Asean countries as he elaborated on the outlook and challenges faced by the 10-member grouping which, he said, will indirectly affect Singapore.

Meanwhile, speaking on bilateral relations with Malaysia, he said both countries 'will work on the positive aspects of our relations'.

'Negotiations over bridge, airspace and sand have ended. Still some other issues outstanding (but) these are on the backburner for the time being. Meanwhile, we will work on the positive aspects of our relations,' he said.

Lee also mentioned the problem in Thailand, saying that the country is going into another election but 'serious political uncertainties are not yet over'.

In Indonesia, Lee said that the government has tackled difficult issues such as cutting fuel subsidies but many other critical reforms are waiting, such as tax, investment and labour laws, which are 'politically very hard' to implement.

'These regional problems affect the climate of Asean as a whole, and so affect Singapore indirectly,' he said.

'If Asean cannot get its act together, then instead of taking off with China and India, we will be left behind,' he warned.

### The essence of Singapore's existence

LEE was not being altruistic. If he was not being outright selfish, he was being practical. Singapore's continued stability and prosperity hinge on the stability and prosperity of the entire region.

The developments in Malaysia are understandably a major concern for Singapore. Malaysia is not only Singapore's closest neighbour but also its largest Asean trading partner. Ironically, it is also with Malaysia that Singapore has the most number of unresolved issues.

Being a former military commander and strategist, Lee is fully aware that having a leader of Dr Mahathir's stature making negative references about Singapore does not help.

Singapore survives and thrives by closely observing its neighbours and taking advantage of their strengths as much as their weaknesses.

When international speculators caused havoc on the regional currencies in 1997, and the affected nations were trying their best to keep their economies from becoming insolvent, Singapore surreptitiously took advantage of the situation to enhance its role as a regional financial intermediary.

Any negative portrayal of Singapore, made directly or merely inferred, by Dr Mahathir and those sharing his views would not help the republic's plans and ambitions in Malaysia.

Having lost some economic advantage to Malaysia, which to a large degree was due to the success of Dr Mahathir's economic development plan, Singapore is aware that it has to have one foot in Malaysia in order to protect its future interest.

Investing in Malaysia, either through new projects or by acquiring Malaysian companies, has become a major policy directive in the post 1997/98 regional economic crisis.

But Dr Mahathir has been a thorn in the flesh. While welcoming foreign direct investment (FDI), he was wary of the takeover of Malaysian companies, especially by foreign state-owned entities.

### Different strokes

IT was abundantly clear that Singapore leaders had mixed feelings when Dr Mahathir departed from the scene at the end of 2003.

While on the one hand they were delighted to see him go, on the other, they were apprehensive that Malaysia would not be as stable politically and successful economically without Dr Mahathir.

But they have clearly not allowed their worries to hold them back. They have been making the best use of the situation, starting with befriending the new Malaysian leadership.

They have deliberately portrayed the new Malaysian leadership as friendlier and easier to deal with. Friendly golf tournaments, dinners and personal visits were portrayed as symbols of improving relations.

For many Malaysians, the change was a bit too shocking and was too good to be true. But the mainstream media on both sides of the Causeway said the change was real.

Less than three years down the road, however, the new Malaysian administration has openly blamed Singapore for purportedly making demands and threatening legal action, leading to the cancellation of the crooked bridge project.

It blamed the cancellation of the project on the demands by Singapore for the sale of sand and for the opening up of the Malaysian airspace over Johor for its military aircraft.

Surprisingly, for a country that is highly sensitive about its public image, Singapore hasn't been saying much about the bridge issue — the most concrete response so far being Lee's brief reference in his National Day speech that the negotiations over the bridge, the sale of sand and the use of Malaysian airspace were over.

### Gaining from a political spat

BUT behind this wall of silence, I am sure that Singapore leaders are making something out of their unexpected windfall of successfully driving a wedge between Dr Mahathir and the government of his successor over the bridge issue.

It might not have been Singapore's intention to create the rift, but having precipitated it, whether intentionally or accidentally, it might as well make the best use of the situation.

Politically, it was an unsolicited bonus for Singapore to have Dr Mahathir and his successor be at loggerheads.

Had Dr Mahathir and his successor been able to work closely — the way that past Singapore Prime Ministers are working with the current Prime Minister — Malaysia could have been as strong and as united as Singapore in facing the rising tide of globalisation.

Unfortunately, it was not to be. With the new Malaysian administration blaming the cancellation of the bridge project on Singapore, in its efforts to silence Dr Mahathir's criticism, attention is now focused on the republic.

Almost overnight, everything concerning Singapore, private or official, has become the subject of intense public scrutiny among

the Malaysian public, putting the new Malaysian administration in further difficulty.

The new administration has made it evidently clear that one of its foreign policy approaches is to improve trade and diplomatic relations with Singapore.

This had initially led to droves of Malaysian leaders and business people making their way south. Abdullah's South Johor Economic Region (SJER) Initiative is the offshoot of this policy.

But today, thanks to the bridge issue, the new Malaysian administration is being forced to defend and justify every deal with Singapore, including those that are entered into by private parties.

### Buying into Malaysia Inc

TAKE, for example, the sale of a controlling stake in Pantai Holdings Bhd last December to Singapore-based Parkway Holdings Ltd.

Following months of intense discussions in public space, the transaction became such a touchy political issue that the integrity of the government was being widely questioned.

On Aug 13, the Prime Minister was forced to acknowledge that Pantai Holdings had fallen into foreign control and was becoming a problem.

This stunning admission came barely a week after he declared, in a special TV3 interview, that not a single Malaysian company had fallen into foreign control.

The Pantai Holdings fiasco reflects badly on the efficiency of the country's political and bureaucratic establishments because the sale of the private hospital operator saw two privatised government services falling into foreign hands. They are the foreign workers health screening and monitoring agency (Fomema) and hospital maintenance services (Pantai Medivest Sdn Bhd).

That so many government agencies — the Treasury, Securities Commission, Bank Negara Malaysia and Bursa Malaysia, among others — had failed to recognise the sensitivity of the sale is mind-boggling.

Now, every market deal involving Singapore will automatically attract public scrutiny, which is not necessarily a bad thing. But stigma may render any future deals with Singapore, especially those that involve the republic's government and its investment agencies, difficult.

It is ironic that two neighbouring governments that, less than three years ago, were portraying themselves as golfing buddies should today find themselves in this murky situation.

### Who will win?

THERE has to be some sort of miscalculation on both sides. The new Malaysian administration might have thought that without the Dr Mahathir baggage, it stood a better chance of fostering a more amiable relationship with Singapore.

From the very start, the mainstream media had been mobilised to portray the growing camaraderie among the new Malaysian leaders and their Singapore equals.

This was not difficult to achieve because many hard-line editors had either been removed or retired off, and their places were taken over by Singapore-friendly editors or editors who are not ideologically oriented.

Overnight, the relations between the two countries were portrayed

as improving by leaps and bounds with leaders exchanging visits, playing productive rounds of golf and trading jokes.

The same enthusiasm was, however, less apparent in the government-owned Singapore Press.

On its part, Singapore might have felt supremely confident that it was in a position to gain the upper hand in its dealing with Malaysia in the absence of Dr Mahathir.

We can't blame Singapore for harbouring such a sense of self-confidence. Why shouldn't it? Although Lee is much less experienced than Abdullah, he has the advantage of falling back on the experience and wisdom of his father, who is Minister Mentor, and Goh Chok Tong, the Senior Minister, both of whom are former Prime Ministers.

With two past Prime Ministers in his Cabinet, Lee has nothing to worry about when making decisions affecting Singapore's neighbours. They are not likely to contradict him. Instead, the troika reinforces each other.

I think it is for this reason that Singapore is saying a lot less about the bridge and other outstanding issues with Malaysia. The three leaders have to stay united because they were (and still are) collectively responsible for all the decisions affecting the bridge and all other outstanding issues with Malaysia.

Singapore must have also been aware of Dr Mahathir's original intention of not wanting to interfere with his successor's administration of the country.

It would not be surprising if the Singapore leaders had also been aware of the gentleman's agreement which Dr Mahathir said existed between Abdullah and him.

Taking all these into account, the Singapore leaders must have calculated that they could gain an upper hand by introducing new elements to the various agreements and understandings arrived at during the 22-year Mahathir administration.

They could have initially been calling a bluff, but someone on our side blinked and they shuffled the cards. Today, the poker game is over and I shudder to think that we could very well be the losers. I pray not. **mb**