

Malaysia's Prime Minister Mahathir strengthens ties to Russia, China

by Gail G. Billington

On Aug. 15-23, Malaysia's Prime Minister Datuk Seri Dr. Mahathir bin Mohamad led a 100-person delegation of cabinet members and Malaysian business leaders on a three-stage trip to China and two of Russia's Asian autonomous regions, Khabarovsk and Buryatia. The visits have given a strong boost not only to bilateral cooperation and trade, but also to strengthening the combination of nations needed to implement new solutions, at a time when strategic, political, and economic crises threaten the survival of every nation. The trip also elicited crucial reciprocal statements of support for the quality of leadership which both Dr. Mahathir and China's President Jiang Zemin and Premier Zhu Rongji have provided, particularly since the onset of the financial crisis in Asia in summer 1997.

The importance that Malaysia attached to this trip is indicated by the high caliber of the delegation that travelled with the Prime Minister, including Malaysia's Foreign Minister and the Ministers of Transport, Primary Industries, International Trade and Industry, Defense, and the Chief Ministers of the states of Sabah and Pulau Pinang. Most important are the strategic implications of the trip, which come across loud and clear in the reports filed by Malaysia's national news service, Bernama, on the most important event of the whole trip, the Aug. 19 Third Malaysia-China Forum in Beijing, which celebrated the 25th anniversary of diplomatic relations between the two nations. The forum was co-sponsored by Malaysia's Asian Strategy and Leadership Institute and China's National Committee for Pacific Economic Cooperation.

Before an audience of 750, including 200 Malaysian businessmen, Dr. Mahathir delivered a keynote address in which he called for the creation of an Asian Monetary Fund (AMF)—an idea proposed by Japan's former Deputy Finance Minister Eisuke Sakakibara in fall 1997, but shot down by the International Monetary Fund (IMF) and Lawrence Summers, then Deputy U.S. Treasury Secretary. Dr. Mahathir also revived his earlier proposal for an Asia-only East Asian Economic Caucus (EAEC), which was supplanted by the Asia-Pacific Economic Cooperation Forum (APEC), which includes the United States, Canada, Ibero-American countries bordering the Pacific Ocean, New Zealand, Australia, and European "dialogue partners."

Had the EAEC existed in summer 1997, Dr. Mahathir said, Thailand, Indonesia, and South Korea might have been

spared turning to the IMF, noting that "these economies were fully aware of the harsh conditions that the IMF would exact from them in return for financial assistance." He called on China, Japan, and South Korea to join the ten members of the Association of Southeast Asian Nations (ASEAN) in launching the EAEC to better represent Asia's interests in APEC, the Asia-Europe Meeting, and the World Trade Organization (WTO). China's support, he said, is vital to realizing the AMF.

The global financial system has failed

A major lesson to be learned from the economic crisis, he continued, is that the present global financial system is simply not adequate to protect small economies from speculative assault by hedge funds and currency traders. Thus, reforms must be undertaken to ensure that the global financial system serves all nations. In that light, he said, "China's support for the crisis-hit regional economies, notably in not devaluing the yuan, has demonstrated the Chinese people's concerns for China's neighbors. You did not do so last year. We believe that you will not do so this year, and the price China has to pay to help East Asia is high and we in Malaysia truly appreciate the stand taken."

Dr. Mahathir emphasized that the "smart partnership" between China and Malaysia must maximize cooperation in science and technology for national and regional development, in such areas as communications, medicine, energy resources, and defense know-how. East Asia's credibility as an engine of growth for the regional and global economy in the 21st century can best be attained by becoming as technologically advanced as Western countries. "We must collectively determine to become contributors, not recipients or consumers of Western technology, to global technological development in the next century," he said. He also discussed promoting the ASEAN Regional Forum to ensure regional peace and stability and, more broadly, to build an East Asian community based on "Pax Aseana," a concept he developed after warning that the last years of the 20th century have shown how vulnerable East Asia can be to external forces bent on exploiting the region's weaknesses. He called for bilateral cooperation to reform the UN, for example, by expanding Security Council membership to include developing nations, but more importantly, he stressed, "China and Malay-

sia share the common desire for an undominated UN to be the highest authority on matters affecting the international community.”

In recognition of the 25th anniversary of diplomatic relations between the two countries, Dr. Mahathir poignantly stated, “The bold step taken by our two countries paved the way for new directions for China-Southeast Asia ties for the last quarter of this century. . . . We did not allow our different political and social system to obstruct our relationship, but instead we focussed on what could bring us closer.”

Enhance cooperation for world peace, stability

In the 24 hours that preceded this speech, Dr. Mahathir held meetings, first, with Premier Zhu Rongji in the Great Hall of the People on Aug. 18, and then with President Jiang Zemin in Dalian on the morning of Aug. 19. Premier Zhu declared Dr. Mahathir “a true friend and China’s close partner,” and renewed China’s pledge not to devalue its currency. Dr. Mahathir restated Malaysia’s commitment to a “One China” policy. Together, they witnessed the signing of three cooperation and joint-venture agreements related to science, technology, and engineering, the setting up of a Chinese pulp mill, and development of a forest plantation in Sabah.

An Agence France Presse wire added that both leaders agreed that the territorial disputes in the South China Sea over the Spratly Islands among six Asian countries, including China and Malaysia, should be solved through negotiations among the claimants, without any external involvement or interference in the area. If accurate, such a statement amounts to a direct rebuttal of U.S. Secretary of State Madeleine Albright’s impudent assertion at the late-July ASEAN ministers’ meeting in Singapore, that “no one can doubt” that the ASEAN Regional Forum is an appropriate venue to discuss these territorial disputes.

Dr. Mahathir’s meeting with President Jiang Zemin elicited strong statements of mutual support and deep respect. President Jiang congratulated Malaysia’s economic policy: “It was right for Malaysia to safeguard sovereignty and its interests in accordance with its own national conditions,” he said, adding that “China and Malaysia have similar views on international issues.” Dr. Mahathir responded, “I hope China can play a bigger and more active role in establishing a just and fair international financial order and in safeguarding the interests of developing countries.” He also assured President Jiang that Taiwan President Lee Teng-hui’s reference to “two states” rather than “one China,” was “not accepted by the international community.”

China’s Deputy Premier Li Lanqing, in his speech to the Aug. 19 Malaysia-China Forum, underscored China’s support for Malaysia’s unique approach to the economic crisis, centered on imposition of selective capital controls and rejecting the IMF “one-size-fits-all” austerity. Bernama’s Ali Mamat described Vice Premier Li’s speech: “China today praised the great courage of Datuk Seri Dr. Mahathir Mohamad, the

Malaysian government and people in the face of power politics and the determination of Malaysians to pursue a road most suitable for their country. Chinese Vice Premier Li Lanqing said that on many major international issues, Dr. Mahathir and the Malaysian government would uphold justice and always speak out in the interest of developing countries.”

Deputy Premier Li said, “Malaysia has scored remarkable success in achieving social stability, ethnic harmony, and economic development under Prime Minister Dr. Mahathir. . . . We believe that under Dr. Mahathir’s leadership, and with its sound infrastructure, rich resources, and hard-working people, Malaysia will be able to again witness the revitalization of its economy after necessary readjustment.”

In her speech to the Forum, Malaysia’s Minister of International Trade and Industry Datuk Seri Rafidah Aziz renewed Malaysia’s support for China to join the WTO, expressing the hope “that the other trading partners, particularly the major economies, would adopt a pragmatic and realistic attitude regarding China’s reform measures to enable her to be admitted to the WTO.” Malaysia’s Transport Minister Dr. Ling Liong Sik, who is also President of the Malaysian Chinese Association, delivered a strong defense of Malaysia’s selective capital controls and honed in on the need for global financial reform, calling for a global regulatory authority to oversee capital markets and supervise short-term capital flows.

Before leaving China on Aug. 20, Dr. Mahathir renewed his call for creation of an Asian Monetary Fund. He reported that Premier Zhu Rongji had given an encouraging response to the idea during their meeting, and that both Premier Zhu and President Jiang shared Malaysia’s view of the need for new global financial architecture and greater transparency of capital flows. Dr. Mahathir added that he saw no reason why the world’s other nuclear powers should not follow China’s example at the July ASEAN meetings to endorse the Southeast Asia Nuclear Free Zone treaty “for the sake of peace, security and stability.”

Potential of Russia’s Far East

Dr. Mahathir’s visits to the Russian autonomous regions of Khabarovsk, on Aug. 15-18, and Buryatia, on Aug. 20-23, featured tours of Russia’s aircraft manufacturing centers in Komsomolsk-na-Amur, a shipbuilding and timber center, and the aircraft and helicopter facilities in Ulan Ude, Buryatia’s capital, and Irkutsk. Malaysia’s Ambassador to Moscow Datuk Yahya Baba said that the intent of the trip was to engage the Asian part of Russia in a dialogue with its nearer neighbors in Southeast Asia, because of Russia and Malaysia’s involvement in regional forums, including APEC and ASEAN. Dr. Mahathir, at the end of the visit to Khabarovsk, said that he was “pleasantly surprised to see how developed Khabarovsk is . . . because I have always been curious about this part of Russia.” In both regions, Dr. Mahathir, his wife Dr. Siti Hasmah, and his entourage were warmly welcomed by offi-

cials and people alike, and were encouraged to explore trade and investment possibilities. However, Malaysian officials described the visits as “exploratory,” due to the deficit in basic transport infrastructure and trade regulations. Malaysia has tremendous potential for developing infrastructure, but its only investment in the Russian Far East at present is a timber concession in Khabarovsk operated by Sarawak-based Rim-bunan Hijau.

Khabarovsk senior official Viktor Ishaev strongly encouraged investment in timber, mining, and fisheries. Dr. Mahathir indicated that once transportation logistics are ironed out, potential trade could increase greatly, for example, in foodstuffs such as fruits and vegetables, which are currently imported from as far away as Spain and Morocco. Ishaev, a Duma member, expressed his view that Russia would enter a “stable development phase” after the Presidential and Duma parliamentary elections. “It’s a real honor for the citizens of Khabarovsk to have the head of the Malaysian government visiting us,” he declared. “Malaysia is a very stable country and I think this is because the Prime Minister doesn’t get changed very often.”

In Buryatia, President Leonid Potapov, Dr. Mahathir, and three leading Malaysian businessmen discussed investments in mining. Dr. Mahathir is the first foreign head of state to visit Buryatia since it became an autonomous region in 1991. President Potapov and his wife had visited Kuala Lumpur, Malaysia’s capital, in July. Buryatia is reported to have some 500 types of minerals, mostly unexplored. The region is also reported to have among the highest literacy rates in Russia; it has five science-focussed universities. In both regions, tours of aircraft manufacturing plants that produce Russia’s Sukhoi-class fighters and, in Buryatia, the MI-171 helicopter, topped the itinerary. Demonstration air shows were arranged in both, but in Buryatia, veteran Royal Malaysian Air Force Lt. Col A. Munisamy (ret.), currently a project manager at Aerospace Industries Malaysia, did the honors in an MI-171, which he gave high marks. Malaysia is keenly interested both in providing aircraft servicing for Russian-made planes and helicopters operated in Asia, as well as marketing the aircraft. Dr. Mahathir’s visit to the Russian Far East was capped by a tour of Lake Baikal, the world’s largest freshwater lake.

Dr. Mahathir’s Russia-China tour was a groundbreaking event in Asian bilateral and regional relations. It is, thus, all the more regrettable that the Western press chose to ignore the trip, or wasted time at press conferences asking nuisance questions about the firing of his former deputy Anwar Ibrahim, and whether the trip were not a “ploy” to win points with Malaysia’s Chinese population in advance of general elections. So blatant was this from Western media at his Beijing press conference, that Dr. Mahathir specifically called for Asian media to counter their lies. In the case of the Russian regions, he urged special efforts to educate Malaysia, Khabarovsk, and Buryatia about each other.

BJP expected to form new government after India’s general elections

by Ramtanu Maitra

Preparations for the next general elections—which will be held between the middle of September and the first week of October, the vote counting will begin Oct. 6—have begun. Candidates have been chosen and, in some cases, they have begun seeking votes. The first reaction from the electorate suggests that the Bharatiya Janata Party (BJP) will gain a significant number of seats, and is sure to retain its standing as the single largest party. At this point, it seems that the BJP will form the next government with the help of its umpteen allies, but will not remain as vulnerable to their whims as it has been. This means that Prime Minister Atal Behari Vajpayee, who is carrying the party on his shoulders, will once again be the Prime Minister and, perhaps, for a full five-year term.

The BJP’s impending electoral success may have little to do with the way the electorate is evaluating the party’s performance. As it happens so often in Indian elections, this expected victory may be yet another occasion when a party wins handsomely because its main opponent—in this case, the Sonia Gandhi-led Congress Party—failed to get its campaign off the ground. However, what is real is the Vajpayee factor, whose increased stature has debilitated the Congress Party. And, it seems that the Congress Party has not made up its mind whether to attack Vajpayee or to praise him.

Based on my recent meetings with a number of people, including a handful of Muslim editors of Urdu papers, it seems that the Congress Party has done next to nothing to grab Muslim votes, which earlier were definitely moving toward it. The Congress Party had thrived throughout the 1950s and 1960s on Muslim and scheduled caste support. But, when Indira Gandhi broke up Pakistan by helping to create Bangladesh, Muslims in India began to drift out of the Congress Party fold. In the state of Uttar Pradesh, where Muslims are a majority in a number of districts and where almost every Muslim family has a member who has migrated to Pakistan, the emergence of an anti-Congress Party attitude among Muslims provided an opportunity for non-Congress Party political leaders to form state-level parties where the Muslims were given a berth. Later, during Rajiv Gandhi’s