

The Bush administration embraces Malaysian autocrat

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28 May 2002

Malaysian Prime Minister Mahathir Mohamad's visit to Washington on May 13-14, signalling an improvement in relations, clearly demonstrated the changed US priorities in South East Asia under the Bush administration, particularly since September 11.

During the visit, Deputy Secretary of State Richard Armitage and Malaysian Foreign Minister Syed Hamid Albar signed an anti-terrorist declaration. The document provides for joint military operations and training and cooperation in banking, intelligence, law enforcement, transportation and border control "to stem effectively the flow of terrorist-related material, money and people". Talks were held on the further sale of US arms to Malaysia.

Mahathir was warmly greeted by Bush and praised for his cooperation in the US "war on terror". Mahathir's White House talks were given top-level diplomatic weight with Vice President Richard Cheney, national security adviser Condoleezza Rice and Armitage attending. Mahathir spoke to other administration officials as well as being favourably received by members of Congress and the US business community.

Questions that have dogged US-Malaysian relations since 1998—the Malaysian government's repression of its political opponents and the frame-up and jailing of Mahathir's former deputy Anwar Ibrahim—were swept aside. A *New York Times* article entitled "White House on Autocrats: Malaysian Si, Cuban No" described the shift as the White House's "rehabilitation" of Mahathir and his government.

Bush used his brief public appearance with Mahathir to again castigate Cuban leader Fidel Castro for political repression, the jailing of opponents and the lack of press freedom. But as the *New York Times* pointed out, the latest US Department of State human rights report detailed how Mahathir's United Malays National Organisation (UMNO)-led coalition intimidated the press, used the police and courts to arbitrarily arrest political opponents and manipulated the electoral process.

Asked if the US had altered its position on Anwar's jailing, Bush, with the Malaysian prime minister sitting

beside him, declared: "Our position has not changed." But he has ignored calls by Amnesty International and the US-based Human Rights Watch to raise with Mahathir the question of the repeal of Malaysia's draconian Internal Security Act (ISA) and the release of Anwar and six of his close supporters.

As Malaysian officials emphasised, the US now has legislation that is every bit as anti-democratic as the ISA, which provides for indefinite detention without trial. Rais Yatim, a legal affairs official in Mahathir's office, said he explained the ISA's importance to a receptive John Ashcroft, the US Attorney General. "After today's talks, there is no basis to criticise each other's systems. If they do that, they could jeopardise the credibility of the Patriot Act," Yatim pointedly declared. Ashcroft had "endorsed the significance of the ISA".

The previous Clinton administration's public defence of Anwar had nothing to do with concern over democratic rights. Anwar supported US and International Monetary Fund calls for a major restructuring of the Malaysian economy following the Asian economic crisis of 1997-1998. The US hoped to use the crisis to force the opening up of the regulated economy to international investors.

Mahathir, moving to protect local business tycoons clustered around UMNO, headed in the opposite direction with currency and capital controls. Like many before him and since, Anwar was roughly dealt with through UMNO's control of the state apparatus. When, after his expulsion from UMNO, he began to organise anti-government protests, Anwar was arrested on trumped-up charges of corruption and sexual misconduct. But the opposition to Mahathir continued to grow and its leaders drew some political sustenance from the Clinton administration's statements opposing Anwar's conviction.

Since September 11, the Bush administration has sought to strengthen the US position in East Asia as part of a more general assertion of American interests. South East Asia is regarded as vital both because of its economic importance and the strategic significance of the narrow sea straits

between the Indian and Pacific oceans. While the US “war against terror” was still in full swing in Afghanistan, Bush opened up a “second front” in the Philippines.

Mahathir, who saw the opportunity to strengthen his position at home against the opposition Parti Islam se-Malaysia (PAS), has proven to be most useful to Washington. The ISA has been used to arrest over 60 people accused of terrorist activities and links to the Al Qaeda organisation. The information allegedly obtained from the prisoners, along with intelligence from Singapore and the Philippines, has been exploited by the US to designate South East Asia as a hub of terrorist activity and to intervene more directly in the region. As well as dispatching troops to the Philippines, the US has put considerable pressure on Indonesia to fall into line.

Being able to point to the support of Malaysia, a predominantly Muslim nation, has also been useful to Washington diplomatically. A number of Middle Eastern regimes have been compelled to cool their relationship somewhat with the US as a result of its support for Israel’s military occupation of the West Bank.

Mahathir’s “rehabilitation” has not been restricted to the political front. During his visit, the Malaysian prime minister, with the help of Congressman and Dallas businessman Pete Sessions, a confidant of Bush, launched the congressional lobby group—the Malaysia Trade, Security and Economic Cooperation Caucus. The closed-door meeting drew 35 members of Congress.

Ernest Bower, president of the US-ASEAN Business Council, told the Singapore-based *Straits Times*: “The caucus is a good thing because the Anwar issue had significantly coloured understanding of Malaysia. For some time, it had been a single-issue country, despite our strong business and security relations. People may have significant concerns about Anwar, but that’s only part of the broader relationship.”

The US is Malaysia’s largest market, with exports to the US totalling \$US17.9 billion last year. Imports from the US totalled \$11.8 billion, making it the US’s 11th largest trading partner. The US is also Malaysia’s largest source of direct foreign investment.

Overseas investment in Malaysia slumped in the aftermath of the 1997-98 Asian financial crisis. Concerned that other countries might follow suit, international financial bodies criticised Mahathir for imposing capital and currency controls. But there is now renewed business interest.

The *Far Eastern Economic Review* reported last week that fund managers such as Credit Suisse First Boston, have put Malaysia “back on the investment map”. The magazine pointed out that while political patronage and cronyism are still factors in Malaysia, significant changes have been

made. The banks have been recapitalised and reduced in number from 58 to 10. The government agency Danaharta has tackled the high level of bad debt with a debt recovery program. There are new requirements for the quarterly reporting of company results.

Finance Minister Daim Zainuddin’s resignation in June 2001, under pressure from Mahathir, was designed to send a message to international markets that “cronyism” was ending. Zainuddin, previously one of Mahathir’s closest associates, was directly responsible for the huge and unpopular taxpayer-funded bailout of Renong and Malaysia Airlines—business empires closely associated with UMNO. According to ABN Amro in Singapore, investors consider “political risk is sharply down while transparency is sharply up”.

Mahathir has lost no time using his new support in Washington to strengthen his position at home. Cynthia Gabriel, the executive director of human rights group Suaram, told CNN there was “a deteriorating human rights situation” in Malaysia. “September 11 has given Mahathir the added incentive to exercise greater control and at the same time legitimise his actions. We are very concerned about the use of the ISA and the clampdown on freedom of expression, freedom of association and free speech,” she said.

Mahathir has to tread a careful line to avoid alienating the country’s Muslim majority. The pro-government media reported Mahathir’s mild criticisms of US policies and his equating of Israeli attacks on Jenin in the West Bank with the terrorist attacks of September 11. These remarks, largely ignored in the US media, were intended for domestic consumption.

There is no doubt the government has new wind in its sails. Before leaving for the US, Mahathir told an UMNO conference that the opposition would be decimated at the next general election. The government has hinted at calling an early election, otherwise due in 2004. UMNO, which lost electoral support following Anwar’s jailing, has made gains at by-elections and state elections since September 11. One of the main reasons for Mahathir’s new-found strength lies in the Bush administration’s support.



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