
The Malaysian Election

A defeat for dope pushers, World Bank

by Mary McCourt

Malaysian Prime Minister Datuk Seri Mahathir Mohamad won the outstanding two-thirds majority which he had committed his National Front government to win, in the national elections Aug. 2-3. Dr. Mahathir called elections one year early, to fight the attempts by international banks, the liberal press, and the world dope business to tear his country apart. His courage was rewarded.

Dr. Mahathir led the group of 13 parties in the National Front, which has ruled Malaysia since it gained independence from Britain in 1957, to winning a total of 147 of the 177 seats in the new parliament, and won control of all 11 state assemblies in West Malaysia.

Dr. Mahathir's enemies have good reason to want to give him the "Ferdinand Marcos treatment." In his 10 years in office, he has presided over the New Economic Policy, designed to bring the country's economy under Malaysian control after generations of British colonization and Chinese financial control. His opponents were astounded when, on July 7, the Malaysian government hanged two convicted Australian drug traffickers, the first whites to be hanged since the mandatory death penalty for drug trafficking was introduced in 1975.

The strategy to destroy Dr. Mahathir was to undermine both the Malay and Chinese members of the coalition, wrecking the balance achieved since 1969, when too-close election results led to race riots and hundreds of deaths.

There were attempts to form an opposition front, drawing in the primarily Chinese Democratic Action Party, but these collapsed over the PAS's commitment to depriving women and non-Muslims of the vote and banning non-Muslims from high office, in a country where 34% of the population is Chinese and 9% Indian, and the 48% Malays are a mixture of Muslim, Christian, and other religions.

The entire leadership of the PAS lost the races they were contesting, although "Ayatollah" Haji Hadi Awang, whose religious policies dictated the party's election strategy, did retain his seat in the Trengganu State Assembly.

Nasty attempts by the press to give Dr. Mahathir the Philippines treatment also failed, as he dismissed charges of

"cronyism" and corruption as "political tittle-tattle." Dire warnings in the British press of possible trouble at the polls, had no effect.

There was also an attempt to split the National Front along Malay-Chinese ethnic lines, by promoting the opposition Chinese Democratic Action Party, which held only seven seats in the old parliament. Financial scandals, including the collapse of the Singapore stock market last year, have hit the Malaysian Chinese Association, a coalition member, which won only 17 of 32 seats it contested. The DAP did gain 24 seats.

World Bank austerity program

Just around the time of the elections, a confidential report by the World Bank "surfaced in Washington," according to the *Far Eastern Economic Review* Aug. 7. "Malaysia's rising debt burden projected over the coming years, is a cause for worry," the World Bank asserted. Total debt had increased 7% in 1985 to \$16.5 billion, and the country's debt-service ratio to 15.3%. The Malaysian economy has suffered badly because of the collapse of prices for its primary exports: rubber, tin, and palm oil, and the drop in oil prices which left the country without an alternative source of revenue for 1985-86. Although for 15 years, the Malaysian economy has averaged a 7.5% growth rate, predictions of growth were dropped to 2% this year.

The World Bank wants to put an end to the New Economic Policy, whose current term will end in 1990. The NEP went into effect after the 1969 riots, and dictates that 30% of any company's equity must be allocated to Malaysian investors and that a proportion of workers must be Malaysians. Investment above a certain limit must be licensed by the Ministry of Trade and Industry. The World Bank report calls on Malaysia to "unshackle" its industrial-investment policies, and open the country to uncontrolled foreign investment.

Already on May 28, Dr. Mahathir was forced to announce that the restructuring policy would be "held in abeyance, more or less," because of economic troubles. But this was not enough. The World Bank asserted that "foreign borrowing might be most readily minimized by curtailing or even suspending the program of acquiring foreign assets in Malaysia," and went on to call for measures which would take 80% of investment decisions out of control of the Malaysian Industrial Development Authority.

But Dr. Mahathir, whom one Asian diplomat called "a fabulous fighter and a skillful strategist," may be able to counter the World Bank's assaults if he continues his war on drugs. After the election, he affirmed "to Malaysians and the rest of the world" that his government has the right policies. Some other heads of state appear to agree with him, as President Reagan told *Newsweek* magazine Aug. 3, when asked if the United States should institute capital punishment for drug dealers as Malaysia has done: "I know they deserve it."