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‘Transparency, Asian Economic Crisis and the Prospects of Media Liberalisation’

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Introduction

Shortly after the Asian economic crisis began in 1997, a consensus emerged among multilateral agencies, academics, journalists, politicians and various international business figures as to what it signified: fundamental institutional shortcomings in the region. On this basis, reforms to achieve good governance, transparency, rule of law, civil society and or democracy have been widely recommended. Important differences exist within this consensus, but the common ingredient is a view that sustainable market systems entail universal social and political preconditions. This, it is argued, is what Asian policymakers have to come to terms with.

The new emphasis on transparency is a particularly interesting dimension of the push for institutional reform. Its advocacy is central to the notion that markets have certain functional prerequisites, especially as they become more sophisticated. The collapse in international confidence in Asian markets was widely understood as at least compounded, if not in part caused, by the absence of accurate and reliable market information (Devinney 1998: 36). As World Bank head, Jim Wolfensohn (quoted in Stiglitz 1999), asserts, ‘free markets cannot work behind closed doors’. The same thinking underscores International Monetary Fund (IMF) rescue packages in Thailand, Indonesia and South Korea which enforce new routine public disclosures on authorities of assorted economic and financial data.[1] Apart from the immediate utility of improved information to market decisions, it is also regarded as essential to better public policy through the informed discussion and debate it facilitates (Anjaria 1999: 1).

All of this begs the question of just what role the institution of the media might play within new regimes of transparency in Asia. Historically, a free press has played a pivotal role in the public dissemination of information and debate in the advanced market economies of liberal democracies. According to World Bank Vice President for East Asia and the Pacific, Jean-Michel Severino (1999), the same holds true of Asia. A free press, he argues, can reduce the likelihood that market decisions will be based on ‘emotion and herd instinct’ by availing investors of speedier and more reliable information. No less important, though, is the role of the press in exposing corruption and collusive dealings of the sort that accompanied the Asian crisis.[2]

Transparency is impossible to separate from politics (Florini 1999) – especially once it starts to embrace the concept of a free press and challenges the capacity of authoritarian governments to control public discourse.[3] Understandably, then, the concept has an appeal well beyond its instrumental value to more sustainable market systems in Asia. Political and social activists hope to harness the idea of greater transparency to democratisation, and the case for extended citizenship rights can now be argued on the grounds of economic necessity. The World Bank's linking of transparency and press freedom to a wider endorsement of civil society appears to encourage this.[4]

These observations about transparency invite broad questions concerning the relationship between market development and social and political institutions in Asia. Are the imperatives of globalisation likely to enforce transparency reforms and fundamentally challenge existing power structures? Or are some sorts of transparency reform and information availability more important to the market than others? And where does the institution of a free press feature in this – is it inseparable from transparency reform or an optional extra? In effect, is authoritarian rule, which by definition entails the suppression of a free press, capable of accommodating pressures for transparency without transforming itself?

These issues will be explored below via examination of Singapore and Malaysia. Both involve highly internationalised economies where, until very recently, authoritarianism and successful market development have gone hand in hand. Transparency and press freedom have been conspicuous by their absence. Yet in the last few years, government leaders and policymakers have embraced the rhetoric of transparency and enacted or foreshadowed a series of reforms in transparency's name. In particular, these governments are attempting to reassure international business that fiscal and corporate transparency reforms are high on their agendas. However, in neither country is there anything like a relaxation of the constraints on the press. On the contrary, authorities are exploring new means of intimidating and containing critical and investigative reporting.

We are witnessing an interesting experiment wherein selective corporate and fiscal forms of transparency are countenanced while others that entail political openness are resisted. If the current orthodoxy on transparency is correct then this quarantining exercise will fail. However, there are signs that transparency in general, and the role of a free press in particular, may be regarded as less important by international business than it is by the champions of global economic liberalism advocating its adoption. The limited nature and scale of transparency reforms thus far has not prevented an impressive recovery of business confidence in these markets. The importance of transparency reform is evidently mediated or outweighed by other factors.

Transparency Rhetoric and Reform

In recognition of the broad consensus on the importance of transparency to participation in a globalised market system, Asian political leaders have been anxious to express their commitment to the concept. In the case of Singapore, Senior Minister Lee Kuan Yew (quoted in *Straits Times* 1999a) quickly got on the offensive to assert that: ‘Because we are what we are, open and transparent, investors have confidence in us. The investors assess the situation and say, yes, this is a government and system that will continue to tick in an honest and efficient way’. In conflating transparency with the absence of corruption, Lee was trying to put Singapore in the best possible light. Meanwhile, though, Lee Hsien Loong, Deputy Prime Minister and chief of Singapore’s de facto central bank, the Monetary Authority of Singapore (MAS), was busy developing plans to give greater substance to his father’s claims. Policymakers in the city-state perceived the Asian crisis as an opportunity to extend a regional edge in the finance sector while its competitors were weakened. Thus they forged ahead with plans just prior to the crisis to elevate Singapore to the status of an international financial centre. This added impetus to the case for transparency reform. After all, the free flow and transparency of information is characteristic of the world’s premier financial centres London and New York.

In neighbouring Malaysia, the then Deputy Prime Minister and Finance Minister, Anwar Ibrahim (1998), was forthright about the need for change: ‘The crisis has compelled governments to accept the need for transparency and the necessity of making adjustments and instituting reform, no matter how painful. They must swallow the bitter pill’. Prime Minister Mahathir Mohammed and some of his senior colleagues were less inclined to endorse ‘bitter pills' – especially where these threatened the political basis of the United Malay National Organisation (UMNO), the leading party in the ruling coalition, the Barisan Nasional (National Front). But internal UMNO machinations leading to Anwar's expulsion - and his subsequent detention, trial and imprisonment – did not jettison official transparency rhetoric. While Malaysia's leaders rejected austere IMF recovery prescriptions and embarked on capital controls, declared support for transparency has survived. As Deputy Prime Minister Abdullah Badawi (quoted in Emmanuel 1999) explained: 'Good governance and transparency are two prerequisites if Malaysia is to improve its competitiveness and inspire confidence against increasing globalisation'. The *National Economic Recovery Plan* (1998) produced by the National Economic Action Council (NEAC) - whose Executive Director, Tun Daim Zainuddin, succeeded Anwar as Finance Minister - also calls for a range of measures to improve transparency and the regulatory environment.

In both Singapore and Malaysia, a number of concrete reforms have in fact accompanied these unprecedented expressions of support for transparency. In particular, there have been changes within the banking and financial sectors to enhance information and data availability to the market, as well as more general attempts to raise the quality and degree of corporate disclosures.

The Singapore government's strategy to transform the city-state into a comprehensive global financial centre includes fund and risk management, as well as foreign exchange, equity and bond markets. When the crisis hit, the international concern about the extent and reliability of market information in Asia necessarily affected Singapore. One of the first measures adopted to address this was to require Singapore's banks to reveal the extent of non-performing loans (NPLs). In the absence of this sort of information, Singapore banks were being tarred with the same brush as considerably less sound counterparts in the region.[5] Subsequently, the government also appointed the Committee on Banking Disclosure (1998) to recommend standards and practices within the sector. The committee, comprising leading financial players, recommended more information be required in the following areas: undisclosed reserves; accounting practices; profit-and-loss accounting; balance sheets; supplementary information; financial review; and equity accounting. In accepting all the recommendations, Lee Hsien Loong proclaimed that 'MAS will ensure that our own disclosure and reporting requirements meet international best practice' (quoted in *Straits Times Weekly Edition* 1999a).[6]

Other more general improvements in information that were initiated before the crisis came into effect, but these were reinforced or hastened by the new climate. This included Singapore's compliance with the IMF's Special Data Dissemination Standard (SDDS) requirements, under which a wide range of basic economic information is viewable on the IMF's website.[7] In late 1999, the Department of Statistics also began releasing more detailed information through its *Quarterly Economic Survey* as a result of an updated Singapore Standard Industrial Classification (SSIC). Among other things, it now provides more extensive sectoral economic statistics by decomposing gross domestic product (GDP) into nine major sectors instead of the previous five.[8] In recent years, the statistical information posted on the MAS web page has also become quite extensive. It includes data on non-performing loans by Singapore banks.

In the case of Malaysia, concerns about 'crony capitalism' were considerably heightened by the economic crisis (Khoo 2000). Close relations in Malaysia between local political and business elites had already aroused criticism, among other things, about the way state contracts were dispensed, who benefited from privatisation, and how regulations were enforced or ignored. With the crisis, commentators quickly stepped up condemnation of opaque deals and inconsistent institutional and regulatory practices. By contrast, the Singapore government enjoyed a reputation for presiding over tightly enforced business regulations and a serious and effective commitment to the elimination of corruption. The restoration of business confidence in Malaysia thus faced greater challenges.

Interestingly, as with Singapore, some initiatives towards improved data provision had begun in Malaysia just before the crisis. In both cases, this was part of the attempt to attract mobile international capital, especially to local stock and financial markets, and was encouraged by the IMF. Thus, while Anwar was Finance Minister, Bank Negara Malaysia agreed in 1996 to abide by the SDDS. Despite his political demise, the commitment was implemented in 1999.

Measures announced after the crisis broke included the declaration in March 1998 of steps to promote transparency in the dissemination of financial and corporate statistics by the key public sector data collecting agencies. The *National Economic Recovery Plan* (NEAC 1998: 67), released in August 1998, also recommended that: ‘A more liberal approach should be followed in the dissemination of statistics and the parameters of confidentiality should be narrowly defined’. It thus called for a review of the Statistics Act, 1965 to ensure a ‘greater flow of information to the users’, and the restructuring of the Department of Statistics to ‘strengthen its role in the collection, processing and dissemination of data for public consumption’ (NEAC 1998: 86).

Significantly, the Plan also placed emphasis on the need for better public relations. It recommended consultants be employed in image building: ‘Relevant strategic audiences would be targeted with the message that Malaysia should be differentiated from other emerging countries in various ways, including its economic fundamentals, finance sector resilience, and political stability, and its commitment to act on reforms’ (NEAC 1998: 65). Indeed, the month before the *Plan* was officially published in August 1998, the NEAC established a Communications Team, a privately contracted group of young public relations experts educated at English universities. The Communications Team has been heavily involved in both initiatives towards greater transparency and the maximisation of the impact of such changes on investors’ perceptions of Malaysia. It is required to ‘keep the media, interested parties such as fund managers and financial analysts, as well as the general public aware of the issues surrounding the efforts towards economic recovery’ (Daim 1999).

Public relations motives notwithstanding, the new approach has brought some gains to the quality, range and availability of information relevant to market decisions. The NEAC Communication Team was also instrumental in the abolition of longstanding discrimination in the release of quarterly economic indicators to local and international media organisations.[9] Up until mid-1999, the Department of Statistics (DOS) exclusively released basic data on the GDP, the consumer price index (CPI), industrial production and trade to the state news agency, Bernama. Reports by journalists in local media organisations often contained errors of interpretation and omitted material of interest to business clients of international media organisations. As from June, data were faxed from DOS to both local and international media organisations simultaneously and with a common embargo. This made for more independent and timely reports by the wire services to financial markets.

As in Singapore, Malaysian authorities tightened disclosure rules for banks soon after the financial crisis hit. Subsequently, more comprehensive prescriptions on corporate governance reforms were endorsed in the *Report on Corporate Governance*, released in March 1999. This makes a wide range of recommendations pertaining to the regimes for public-listed companies, intended to strengthen investor protections, increase directors' responsibilities, and raise the level and standard of information to shareholders and prospective investors. However, no time frame has been attached to the programme of reforms. In the same month the Report was released, the Kuala Lumpur Stock Exchange (KLSE) announced new requirements for public-listed companies to publish quarterly financial and corporate reports, replacing the existing half-yearly practice. The Securities Commission has also begun a phased move towards a full disclosure-based regulation system in the capital market by 2001.

This survey of developments in Singapore and Malaysia indicates that respective governments are eager to project themselves as committed to transparency reform. But just how deep are reforms, and what is the likelihood of a generalised shift towards more transparent economies and polities over time?

The Limits to Reform

Before answering this question, it must be underlined that both countries start transparency reforms from very low bases. The Singapore government points to high rankings in the annual Corruption Perception Index published by Transparency International (TI), a Berlin-based independent watchdog organisation. In the same exercise, Malaysia consistently ranks poorly. However, these results are simply produced by asking business people how much corruption they perceive in a country. That is not at all a measure of transparency – whether defined in terms of information availability, the visibility of state or corporate policy processes and decision-making, or in broader terms of political openness. As David Mason (1999), a partner in an international accounting firm in Singapore for fourteen years, observes: 'Singapore has the reputation of being one of the worst places in Asia for corporate disclosures, despite its overall good record on governance rules'. Similarly, IMF directors observed in a Public Information Notice (No. 99/26) in March 1999 that 'policy analysis could be enhanced by making more transparent the fiscal and monetary policy frameworks'. The Notice added that directors 'encouraged the authorities to improve data on consolidated public sector operations and on medium-term fiscal projections, as well as on external trade, reserves, and government assets held abroad'. In both countries, however, it is the opaqueness of state activities and the associated resistance to political openness that poses the most fundamental obstacle to transparency.

In Singapore, policymakers and bureaucrats view control over information as part of their strategic management. Information is not seen as a public good, but something to be harnessed to the commercial and political ends of the state. Moreover, citizenship claims about the right to information represent a threat to the PAP's paternal political culture. The government, therefore, has different attitudes to pragmatic market pressures for increased information, and what it regards as political demands. The lack of transparency within state institutions is all the more significant given the enormous direct and indirect influence they exert over the Singapore economy.

One aspect of the strategic control of information involves operations by government and government-linked companies (GLCs). For the far greater part, investment detail is shielded from detailed public record or scrutiny. The Government Investment Corporation (GIC) manages in excess of S$100 billion of taxpayers' money in overseas investments, while its sister firm Temasek Holdings presides over S$34 billion, mostly invested through the more than one thousand GLCs. Under Singapore's legal and regulatory regimes, both are exempted from routine external reviews of operations. The GIC is particularly secretive, outside the purview of the Auditor General and Accountant General and with no requirement to report to parliament. It only reports to its board, chaired by Lee Kuan Yew. Temasek reports selectively and only to the Finance Minister and a small parliamentary budget committee (Vennewald 1994). Full enumeration of its portfolio and its performance is thus not publicly discussed.[10]

Strategic control of information extends to some basic economic data, one of the clearest cases being the suppression of Singapore-Indonesia trade figures. Their publication would invite comparison with Indonesian records and may reveal discrepancies that expose smuggling into the city-state, not to mention the extent to which the official embargo on trade with Indonesia during *Konfrontasi* (Confrontation) in the 1960s was observed. These sensitive political considerations stand in the way of disclosures that would contribute to a more accurate picture of Singapore's current account surplus and capital flows.[11] Attempts to get around the political controls over basic data through investigative journalism are fraught with danger, notably risk of prosecution under the Official Secrets Act (OSA).[12] Freedom of information legislation to open up access to state-controlled files is certainly not on the reform agenda either.

The difficulty of obtaining information from state institutions was ironically highlighted in 1999 by a controversy involving outgoing President Ong Teng Cheong. The President's constitutional responsibilities include safeguarding of Singapore's official reserves. At the press conference announcing his decision not to seek a further term, Ong complained about the protracted and unsatisfactory process of simply obtaining information about the reserves. His request of the Accountant-General was met with the response that 'it would take 52 man years' to produce the list of physical assets which made up the reserves (Zuraidah 1999). He claimed to have received something nearly three years later (Hamilton 1999). When someone with the authority of an Elected President has such experiences, the problem of opening up information access obviously has to address deeply embedded and institutionalised state practices and culture.

The PAP government's sudden rhetorical embrace of transparency nevertheless represents a potential political opportunity for advocates of greater political openness in Singapore. Thus far, however, endeavours to exploit this rhetoric and engage the government over the concept have been limited and ineffective. An attempt at this was initiated in May 1999 when two of the city-state's most prominent opposition leaders, Chee Soon Juan of the Singapore Democratic Party (SDP) and Joshua Jeyaretnam of the Workers' Party (WP), established the Open Singapore Centre (OSC). The press release that accompanied this announcement read: 'Transparency and democratic accountability, whether in the public or private sector, will not come about unless we have an open society with accurate and verifiable information available to the citizens at all times'. In a letter to Jeyaretnam, though, Tan Tee How, Principal Prime Secretary to the Prime Minister, asserted there 'is no need for your Open Singapore Centre' and that 'Singapore is already widely recognised as an open society which practises transparency and democratic accountability'.[13] The OSC's opening meeting also appeared to be the subject of surveillance by internal security agents (Gomez 1999), hardly encouraging for other would be activists on this issue.

In Malaysia, state institutions have also largely been insulated from any general reform that would enhance serious scrutiny of the bureaucracy. However, this is less symptomatic of a coherent conception and execution of strategic information control as in Singapore, but equally a reflection of political resistance to citizenship claims. Moreover, contradictory stances on a range of disclosure and regulatory issues have fuelled a growing perception that, in the name of transparency and improved governance, government opponents and their associates have been the subject of political persecution.

As in Singapore, access to and possession of information continues to be circumscribed by an OSA. This means that none of the recent regulatory and information improvements, nor those projected in both the *National Economic Recovery Plan* and the *Report on Corporate Governance*, will change the fact that authorities continue to have considerable capacity to suppress information. Under the Act, a Head of Department has the incontestable discretion to determine what constitutes an ‘official secret’. Neither is official sensitivity over information about the activities of GLCs and statutory bodies, and particularly the terms and conditions of the various privatisations and mega-deals involving them in recent years, any less acute today than before the crisis. GLCs enjoy similar exceptions from public scrutiny to their counterparts in Singapore, though not the same reputation for commercial hardness. Khazanah Holdings, the Malaysian counterpart to Singapore’s Temasek Holdings, reports only to the Finance Minister and not parliament, although investing huge amounts of taxpayers’ money.[14] Similarly, the national oil company, Petronas, reports directly to the Prime Minister’s office and its accounts are not lodged with parliament. Instead of full annual reports, it releases abbreviated financial information. Even one of its founders and retired managing director, Rastam Hadi, now asks: ‘is there any country in the world where revenues like [US]$10 billion a year get spent without knowledge of parliament?’ (quoted in Jayasankaran 1999: 11).

Hopes that the new emphasis on transparency might oblige the government to be more forthcoming on information about its controversial mega-projects have also been disappointed. One of the most significant and opaque cases concerns the Bakun Dam. The non-government organisation SUARAM (People’s Voice of Malaysia) has made this a special focus. It has called on the government to be transparent about the cost of the project, the tenders for the contracts’ as well as reveal why Ekran Berhad Hydroelectric Corporation received RM950 million compensation from the government over the project. These appeals have been ignored. The Anti Corruption Agency (ACA), which operates within the Prime Minister's Department, and the SC have also been criticised for what many see as selective investigations and prosecutions. So far, for example, nothing has transpired from investigations begun in October 1996 into alleged misappropriation of funds by government politicians associated with the Perwaja Steel project.[15] Similarly, serious allegations by Anwar against senior government figures have not translated into charges by the ACA. However, public revelations about the ACA's investigations into these cases by Anwar ally Mohamed Ezam Mohamed Nor led to him being charged under the OSA (Wong 2000).[16]. Similarly, in July 1999, former Assistant Governor of Bank Negara and Anwar associate, Abdul Murad Khalid, was charged with failure to declare assets worth RM24 million (Lopez 1999). The SC also charged Ishak Ismail, the head of KFC Holdings and Idris Hydraulic, and Wan Hasni Wan Sulaiman of Abrar Corp for allegedly breaching securities laws – both believed to be connected to Anwar (Toh 1999).[17]

In yet another demonstration that the practice on transparency lagged behind the rhetoric, Cabinet decided in August 1999 to block any public availability of the Air Pollutant Index to avoid adverse publicity that would 'drive away tourists'. In recent years Malaysia has suffered the annual problem of smoke from forest fires in Indonesia. The firm monitoring air quality was told that its data were not for public consumption, and a clause in its agreement with the government pertaining to 'official secrets' was drawn to its attention (Wong 1999).[18]

Finally, one of the most alarming and revealing indicators of the gap between transparency rhetoric and the actual commitment to reform was provided by a survey conducted by the Kuala Lumpur Society for Transparency & Integrity in late 1999. The questionnaire was sent to 19 registered political parties to ascertain their stances on transparency and accountability. It included such fundamental questions as whether or not: there should be declarations of assets by politicians and senior public servants to an all-party parliamentary committee; the ACA should be granted more independence; there should be transparency in the awarding of government contracts; there should be an independent Electoral Commission; the OSA should be repealed. Even though an election was imminent, only four parties replied - all members of the Barisan Alternatif (Alternative Front).[19] Neither UMNO nor any other member of the ruling coalition responded.

These shortfalls obviously put the shifts towards greater transparency outlined earlier into context. Nevertheless, social and political activists, as well as some elements of the private sector and bureaucracy, are attempting to capitalise on the government's rhetoric. This is also a great deal more extensive and effective a process than in Singapore. Through the Kuala Lumpur Society for Transparency & Integrity, Malaysia has an established independent watchdog with world-wide credibility and networks. The organisation has been active through press statements and opinion pieces in the local press, not to mention through the surveys and studies it undertakes. In a less conspicuous way, professional organisations such as the Malaysian Institute of Corporate Governance and the Institute of Public Listed Companies have expressed views on government advisory bodies, such as the National Consultative Committee. They have particularly pushed for improved protections for minority shareholding interests. In Bank Negara and the Securities Commission, and within the constraints of the power that they operate, there are also professional and bureaucratic elements pushing for improved systems of transparency and accountability. However, in the absence of committed bureaucratic and political leadership their influence is constrained.[20]

Most significantly, opposition political parties and NGOs with broad political agendas have seized on the discourse about transparency and good governance. The Barisan Alternatif identified the 'enhancement of government transparency and accountability' as one of its six main objectives in its *Joint Manifesto* for the 1999 general election. The newly formed Malaysian Democratic Party (MDP) committed itself to 'transparency and accountability at all levels of government and privatised bodies' (*New Straits Times* 1999a). A *People's Manifesto* (1999) involving 10 NGOs also demanded that: 'Civil institutions such as the Attorney-General's (AG's) office, the Judiciary, the Anti-Corruption Agency (ACA), the police, the Election Commission and the Human Rights Commission, must be independent, transparent and accountable to the public'. Similarly, a joint statement by 11 major ethnic Chinese organisations - and endorsed by hundreds of others - which contained 17 reform proposals, declared at the outset that 'we are very concerned about corruption, deviations in the implementation of government policies, lack of accountability and transparency'. Thematic reform prescriptions among parties and NGOs included: the repeal of the OSA and the Printing Presses and Publications Act (PPPA); the introduction of a Freedom of Information Act; mandatory declarations of assets by senior public servants and MPs; increased independence for the ACA; and greater public accountability for GLCs.

This focus on transparency is likely to be an ongoing feature of opposition politics. Shortly after the election, the Barisan Alternatif issued a media statement through its Official Spokesman, Rustam Sani (1999), reading: ‘The support that we received from all the major ethnic communities give us hope that they share our vision for a Malaysia founded on the principles of justice, transparency and fair-play’.

What we have seen thus far is that in both Singapore and Malaysia the reform content governments attach to the concept of transparency has been narrow. Certainly there is more responsiveness to practical concerns about business information needs than to broader appeals for political openness. But where does this leave press freedom? Surely the very information needs of business pose a threat to tight media control. After all, the fastest growing area of media product expansion – in Asia as elsewhere – is in the provision of business products (Rodan 1998). In the interests of speedier and more reliable information, should we not expect a pragmatic, even if begrudging, loosening up of controls on the media?

Resisting Media Freedom

Instead of the crisis opening up the scope for greater press freedom, there has actually been a hardening of the resolve by governments in Singapore and Malaysia to limit critical and investigative reporting. Indeed, Malaysian authorities and business elites seem to have drawn instruction from the successful Singapore strategy of media control. Increasingly, legal intimidation combines with sophisticated public relations exercises to limit the extent and impact of critical reporting.

Well before the Asian crisis, Singapore’s experience contradicted the idea of market development as a force for media freedom. As a result of enforced closures in the early 1970s and amendments to the Newspaper and Printing Presses Act (NPPA) in 1974, independent domestic media had been largely replaced by government-controlled organisations. Local media have thus long been harnessed to what is officially described as ‘nation building’ (Lent 1984, Seow 1998). From the mid-1980s, attention turned to the international media. A series of costly libel, defamation and contempt of court cases then combined with circulation restrictions imposed under further revisions in 1986 to the NPPA to tame the international press (Rodan 1998). The Minister for Communications was empowered to limit circulation where reporting was deemed to constitute ‘interference in domestic politics’.

Authorities have been especially sensitive to reporting on alleged government corruption or nepotism, and any questioning of the independence of the judiciary. Insistence on the government's right of fully published replies to critical reporting is another theme to clashes with the international press. Annual publishing permits add to the difficulties for the media, encouraging caution not to jeopardise renewal. Journalists have also become aware that a comprehensive network of official monitoring and surveillance of their work and communications exists, involving MITA, the Prime Minister's Office, and the Internal Security Department. The net effect of all this has been widespread self-censorship. Indeed, over the last decade, remarkable increases in market sophistication have gone hand in hand with reductions in critical reporting.

In the last few years, though, the capacity of authorities to reconcile press censorship with market development has faced new questions. For one thing, the Asian crisis has focused minds more sharply on the extent, quality and timeliness of information. For another, the clamp on information flows could be more problematic for investors in the finance sector than manufacturing. Fund managers, stock brokers and their clients, for example, often require daily information on, and analyses of, variables affecting investment. Thus far, however, all we have witnessed is a consolidation of existing relations between state and media.

Since the crisis, the government-owned Television Corporation of Singapore (TCS) has launched an 18-hour all-news television channel - Channel News Asia (CNA). CNA began broadcasting as a free-to-air domestic service in March 1999, with plans to go regional in the future. The express purpose of the new station, as explained by the then Minister for Information, George Yeo, is to provide an 'Asian viewpoint' on current events (Dolvin & Granites 1999: 48). This initiative may be intended to pre-empt domestic aspirations for general access to satellite television in Singapore. Ratings surveys revealed a strong public demand for more news and information once the regional crisis began (Borsuk 1998). But as Yeo observed: 'People are not going to wait till 10.30 for the news. If the news is not on, people will search for information elsewhere. We might as well be the one to provide that information' (quoted in Tan 1999). More particularly, the government views with alarm the enhanced stature and influence of foreign satellite television arising out of coverage of the tumultuous events in the immediate neighbourhood. Yeo remarked in parliament on 12 May

1999: ‘Just look at the way foreign channels have become part of the domestic politics in Malaysia and Indonesia. We should worry for ourselves.’ Of more direct political significance, the Singapore government was especially irritated by international media coverage of oppositionist Chee Soon Juan, twice jailed in early 1999 for speaking in a public place without a permit.[21] Yeo put foreign television stations on notice that there will need to be less coverage of government critics by the time of the next election. [22]

The driving force behind the government’s push to make Singapore an international finance centre, Lee Hsien Loong, shows no signs either of embracing a more open and critical media. He recently rejected the claim that debate is stifled, pointing to the letters to the editor published in *The Straits Times* and Singapore-hosted discussion groups on the Internet to illustrate his point (Tang 1999). His colleagues have been more forceful in dismissing the prospects of change. In late 1999, Minister for Home Affairs, Wong Kan Seng, berated the English-language daily, *The Straits Times*, for what he charged as a three worrying trends towards arousing public alarm, unbalanced reporting and crusading journalism. In particular, he took issue with a report critical of police behaviour during an arrest. These three trends, he warned, could not go unchecked, ‘lest they erode public confidence in the law enforcement agencies’ (*Straits Times Weekly Edition* 1999). Senior Minister Lee weighed in with support for Wong, with further reinforcement and elaboration by Prime Minister Goh. Echoing his predecessor’s line over many years, Goh underlined the limits to the press role as watchdog: ‘If you want to set a political agenda, then you have to be in the political arena. Otherwise you don’t have the accountability and the responsibility of looking after the place’ (quoted in Mitton 1999: 23) [23] *The Straits Times* subsequently ran an opinion piece titled ‘How should the press be positioned?’ which essentially endorsed this argument Chua 1999).

The Singapore government’s rhetoric therefore about the desirability of greater transparency is not indicative of a revised view on the media. On the contrary, the government has been quite explicit in insisting the role of press does not extend to enforcing public accountability on either the government or bureaucracy.

There are strong parallels with Singapore in the constraints on the media in Malaysia. Apart from the OSA, already discussed above, 1987 amendments to the PPPA empower the Minister of Home Affairs to ban publications deemed contrary to Malaysian national interests, national security or public morality. An annually renewable publishing permit system is built into this legislation. The ISA and Sedition Act are also available to clamp down on the media, as was done as recently as 1987 under ‘Operation Lallang’ (*Aliaran Monthly* 1997). Through two conglomerates, the domestic media are also largely owned and controlled by political parties within the ruling coalition.[24] Throughout the 1990s, prominent local business tycoons with close connections to the ruling coalition also took a leaf out of the Singapore government’s book. They were responsible for an unprecedented and exorbitant string of writs against journalists and media organisations.[25] Nevertheless, nothing like the degree of systematic official monitoring, scrutiny and surveillance of the media in Singapore was present in Malaysia. Also in contrast, as economic growth gathered momentum and Mahathir’s political supremacy consolidated through the 1990s, official anxiety about critical reporting moderated, even if it remained significant (Rodan 1998). To some extent this also reflected the adoption by media organisations of more cautious reporting.

However, when the Asian financial crisis spread to Malaysia in mid-1997, Mahathir was quick to lay blame for Malaysia’s predicament on a conspiracy of external forces, including the international media. He observed that: ‘Quite a few people in the media and in control of big money seem to want to see South-East Asian countries, and in particular Malaysia, stop trying to catch up with their superiors and to know their place’ (quoted in *Straits Times* 1997). This was, in part, an instinctive and defensive political reaction intended to whip up domestic nationalism. But Mahathir was also intent on minimising negative portrayals to the international business community. Consequently, such statements were accompanied by real changes in the reporting climate.

Almost immediately, international research and brokerage companies were threatened by government officials that people who ‘sabotaged’ the economy could be arrested under anti-subversion laws. This translated into self-censorship among brokerage houses, including the public suppression of some reports, or the release of truncated versions, and avoidance of the media (McNulty 1997). The government also announced the establishment of a committee to screen all foreign media reports on the Internet about Malaysia, and called on the local media to refrain from negative reporting that could be utilised by ‘foreign’ media to tarnish Malaysia’s image (*Star Online* 1997).

But the financial crisis also fanned internal UMNO power struggles that temporarily opened up opportunities for the media to exploit, including speculation about an assumption to the helm by Anwar. This was fuelled in part by increasingly divergent explanations of the causes of, and remedies to, the crisis by Mahathir and Anwar. While Mahathir emphasised international conspiracy, criticised IMF intervention in the region and repeatedly questioned the unrestrained power of financial capital, Anwar made more reassuring noises to the international business community and other advocates of market liberalism – including the vast bulk of business and finance journalists within the international media.[26] His quotes on specific domestic problems and reform needs were utilised in the international press to question and scrutinise government policy. However, a significant turning point came in June 1998, when Anwar and close ally Ahmad Zahid Hamidi, head of the UMNO Youth wing, called for an end to nepotism, cronyism and corruption. Zahid asserted that: ‘In the current economic situation, we should never condone nepotism whereby the interests of family members and certain groups are given priority’ (quoted in Pereira 1998a). This was not only a direct attack on the Prime Minister and those aligned to him,[27] but precisely the sort of rhetoric which preceded Suharto’s downfall in Indonesia.[28]

Mahathir’s response included a warning at the June 1998 UMNO general assembly to ‘foreign media’ not to interfere in Malaysian domestic politics and a new round of attempts to intimidate international journalists (Pereira 1998b). At a closed-door meeting of UMNO’s Supreme Council, Mahathir also condemned local media for critical coverage of his government (Lopez 1998: 5). They had examined allegations of corruption, nepotism and cronyism – including the government-sanctioned rescue of the shipping company controlled by the Prime Minister’s son, Mirzan (Wang 1998, Lopez 1998: 5, Stewart 1998, Suh 1998). Not co-incidentally, in July, close allies of Anwar stepped down from strategic positions in the domestic press after the main shareholder of New Straits Times Press and TV3 appointed a new chairman.[29] The next month the chief of TV3 and another Anwar ally, Yunus Said, also resigned.

The subsequent appointment of veteran government MP Daim Zainuddin as advisor to the Cabinet with special economic functions undermined Anwar’s authority as Finance Minister. Spectacular developments quickly followed. In complete contradiction of Anwar’s market-oriented ‘bitter pill’, on 1 September 1998 Mahathir announced capital controls limiting short-term stock trading and withdrawing the local currency, the ringgit, from international circulation. The following day, Anwar was sacked as Deputy and Finance Minister and another two days after that expelled from UMNO. Far from going quietly, Anwar described the allegations of homosexuality, sexual misconduct and abuse of power levelled against him as part of a high-level conspiracy. His public denunciations of Mahathir and his regime attracted large crowds who rallied behind Anwar's call for a 'reformasi movement'. Mass arrests for unlawful assembly and police efforts to disperse crowds failed to deter gatherings. Instead, Anwar's arrest, initially under the ISA, on 20 September precipitated riots and massive demonstrations. Official anxiety about the way the media projected, what was now, a deep political crisis intensified.

In the initial stages of the public demonstrations, the government was especially sensitive to images conveyed through international television. Mahathir singled out CNN and CNBC for criticism (Wang 1998). The differences between Anwar and Mahathir were no longer the window of opportunity they had temporarily been for reporting. On the contrary, as economic crisis translated into political crisis, the situation changed to what one experienced correspondent in Malaysia, Raphael Pura, described as 'a guerrilla warfare atmosphere' (interview 5 July, Kuala Lumpur). The formation of an UMNO defamation panel was announced in February 1999, which, according to the panel chairman, would 'scrutinise accusations or statements or articles published in newspapers and magazines against the party leadership and government' (*Straits Times* 1999b)[30]

The government's growing resentment of the international media was further underlined by a directive in February for government agencies to discontinue subscriptions to the *International Herald Tribune*, *Asiaweek* and *FEER* because they 'clearly show they are unsympathetic toward our nation' (*Associated Press* 1999a).[31] Cable news channel CNBC was then moved to channel 25 - the last station on the local satellite television network, Astro (Political & Economic Risk Consultancy 1999: 9). The political crisis had also significantly increased the discrimination between the domestic and international press, with the latter excluded from many press conferences involving the government, government-related companies and the private sector. In the ensuing polarisation of the international and local press, the latter not only adopted an even more pro-government stance than previously, but assumed a role in attacking the former.[32] As the credibility of the local media plummeted, a host of alternative media came to the fore - not only included the Internet, but opposition political party organs (Chen 1999b, Pereira 1999b). Part of the government's response to this was to repeatedly threaten *Harakah,*[33] the most successful alternative publication, with a ban unless it restricted sales to party members. This intensified after the 1999 election. *Harakah* and four other publications – *Detik*, *Wasilah*, *Tamadun* and *Ekslusif* – were threatened with loss of publication licenses on various technical grounds (Ng 2000). Harakah's editor, Zulkifli Sulong, and the owner of the company that prints it, Chia Lim Thye, were also charged under the Sedition Act for coverage of the Anwar trial (Elegant 2000).[34]

It was not just overtly political stories about Mahathir's leadership, corruption and crony capitalism that aroused sensitivities. Almost any negative story about the economy and its management elicited serious official concern. This is why the NEAC Communications Team brief included 'clarifying or rebutting factually incorrect or misleading articles about Malaysia' and the Team was required 'to monitor all statements said about Malaysia' (Daim 1999). It thus devotes a great deal of energy to challenging media reports. One form this takes is the writing of letters of rebuttal to individual journalists, which are simultaneously copied to all media organisations and posted on the NEAC web site's 'Press Room'. Malaysian authorities are also now writing much more frequently to newspapers to publish letters of reply to critical pieces, sometimes with assistance from the NEAC. A less visible element of the new public relations offensive is the attempt to cultivate journalists who are regarded as more balanced or sympathetic. This can include selective invitations to international journalists or organisations to attend press conferences and briefings.[35] In short, a new dual strategy of increased media surveillance and spin doctoring is emerging that has strong resonance with established practices in Singapore.

Added to these developments, concerns about the attack on freedom of speech through lawsuits have been considerably heightened of late. In particular, *Far Eastern Economic Review* correspondent Murray Hiebert was convicted on 30 May 1997 for 'scandalising the court' and sentenced to six weeks' jail the following September. Hiebert (1997) had written about a lawsuit brought by the wife of a Court of Appeal judge on behalf of her teenage son, following his exclusion from a school debating team. He quoted a lawyer expressing surprise at the speed with which this particular case was heard. After two years awaiting appeal, during which time Hiebert was unable to leave Malaysia, he opted to start his prison term on

September 11 1999. He thereby became the first journalist to be imprisoned for contempt in the course of his duty since Malaysia's independence in 1957 - and the first in 50 years in the 54-nation Commonwealth.[36] Nobody has been convicted in Britain for 'scandalising the judiciary' for over 70 years. Following the conviction of Christopher Lingle and the *International Herald Tribune* for a 1994 article (Rodan 1998), Malaysia has joined Singapore in a rare contemporary enforcement of this arcane law. Other recently-initiated legal cases have also compounded the climate of intimidation for journalists and media organisations in Malaysia.[37] Cases against social and political activists for printing and publishing 'false news', including the 18 month jailing of Lim Guan Eng,[38] also raise serious questions about the capacity for free expression in Malaysia (Elegant 1999).

Clearly, the Singapore and Malaysian governments' transparency reform agendas do not extend to any greater tolerance of critical and investigative reporting, especially that which is in the service of increased political openness and accountability. But how does this square with the views and needs of international business? What are the implications of this for investor confidence?

Does Transparency Matter to Business?

Singapore was nowhere near as scathed by the Asian crisis as Malaysia, Thailand, Indonesia and Korea, even though transparency levels - however measured - were among the lowest in the city-state. This alone suggests the link between transparency and market performance is at the very least mediated by other factors. Positive perceptions by international investors and business analysts about political stability and the effectiveness of government in Singapore appear to override concerns about the absence of transparency – if, in fact, significant concern actually exists. A brief examination of the respective economic recoveries underway in Singapore and Malaysia adds currency to the notion that the importance of transparency is, in part, contingent upon other factors.

In 1998, economic growth stalled to just 0.3 per cent in Singapore. But for 1999 it is officially, and conservatively, projected at 4-5 per cent. Private estimates for 1999 are around 6.3 per cent and similar for 2000 (Borsuk 1999). No less pleasing for the government than the speedy economic recovery underway is progress in the prized financial sector. Since late 1998, substantial bond issues by Jurong Town Corporation (JTC), the Housing Development

Board (HDB), General Electric Corp, European Bank for Reconstruction and Development, and Ford, for example, have all made substantial and well subscribed bond issues.[39] Assets under fund management also grew 36 per cent in the first half of 1999 to reach S$204.1 billion, during which time the number of asset management firms managing discretionary funds increased significantly (Loh 1999). Furthermore, stock market activity reached a new high in the first half of 1999, nearly 20 per cent above the previous peak in June 1996 of S$265 billion (Sivanithy 1999).

What is especially significant is that there appears to be little attempt by the international financial community to push for broad transparency reforms. The MAS established an International Advisory Panel (IAP) in late 1998, comprised of heads from major international finance companies such as Goldman Sachs, Deutsche Bank and Tokyo-Mitsubishi Bank. Conspicuous by its absence from IAP recommendations to the MAS after its inaugural meeting in January 1999 was any call for a free media to assist the finance sector's development. *Asiamoney* magazine also pronounced Lee Hsien Loong Asian Banker of the Year in May 1999, with no qualifications about Lee's hard line on the media.

Restoring international investor confidence in Malaysia has faced bigger hurdles. The economy contracted by 7.5 per cent in 1998. Economic problems were compounded by negative perceptions in the market about business-state relations. Criticisms and concerns were widespread among credit rating agencies, financial analysts, business journalists, the IMF and, most importantly, investors. The introduction of capital controls in September 1998 intensified much of this, as did Anwar's dismissal and the political turmoil it precipitated. Yet, during 1999, there was a decided, if not uniform, shift in market sentiment about Malaysia. The economy is officially projected to grow by 1.0 per cent in 1999 and up to 5 per cent in 2000 (Chen 1999d). More competitive manufacturing exports as a result of the pegged ringgit contributed significantly to this - especially electronics exports.

In conjunction with recovery, reassessments of both political and economic conditions came from previously critical quarters. Professional economic analysts projected much stronger growth than official estimates, ranging from 4 to 5.6 per cent for 1999 and up to 6.3 per cent for 2000 (Chen 1999d). A great deal of 'talking up' the market was discernible among those with an interest in a positive perception of the Malaysian economy. Initially some of this came from Salomon Smith Barney, appointed as advisers to the Malaysian government in September 1998 and entrusted with the task of boosting bond sales, but before long it was widespread (*Straits Times* 1999c). Stockbroking house SocGen-Crosby recommended the purchase of Malaysian stocks in early 1999 as ‘too juicy to be missed’ (quoted in Stewart 1999a). Credit ratings agencies also progressively upgraded their assessment of Malaysia’s currency and sovereign risk. Before the year was out, Morgan Stanley announced that the KLSE would be reinstated on the Morgan Stanley Capital International Indices (MSCI) from the end of May 2000. These indices are widely adopted as benchmarks by international fund managers. Malaysia had been removed from the MSCI when capital controls were introduced.

In a major public relations coup for Mahathir, World Bank Senior Vice-President Joseph Stiglitz praised Malaysia’s achievements and argued that capital controls had been shown to be successful in stabilising speculative money flows. This was at sharp odds with the IMF and an endorsement of what Mahathir described as Malaysia’s ‘Sinatra Principle’: doing it ‘our way’ (*Star Online* 1999d, Reyes 1999a, Alford 1999a, Khanna 1999). Mahathir’s and Malaysia’s treatment in the international press also took a turn for the better (Funston 1999). Journalists started documenting the acknowledgements and support the Malaysian approach had attracted. The heading of one such piece, ‘Mahathir supported in journey from lunatic to fiscal visionary’ (Stewart 1999b), neatly encapsulated the mood swing. As election speculation mounted, the international financial press contained increasing depictions of Mahathir as pro-business, supported with quotes from investors emphasising the importance of political stability. In an *Asian Wall Street Journal* article entitled ‘Victory for Mahathir May Cheer Investors’ (Appell 1999), for example, one fund manager observed: ‘You have a multiracial population and a recession. The last thing you want is to deregulate on the political front’. In the 24 June edition of *The Financial Times,* Sheila McNulty also favourably contrasted Malaysia with economic recoveries in Thailand, South Korea and Indonesia for the absence of ‘strikes, riots and mass job cuts that others’ orthodox reforms provoked’ (quoted in Funston 1999).

To be sure, there remain very serious reservations about the Malaysian market by sections of international business, highlighted in the international press. Mark Mobius, Emerging Market Fund President of Templeton Asset Management, for example, has blacklisted Malaysia out of concerns over crony capitalism and the implications of this for minority shareholders

(Reyes 1999b: 68-9). Similarly, David Roche, of London-based investment firm Independent Strategy, warns that 'Mahathir's Miracle' is 'doomed to burst in a couple of years at most' (Roche 1999). It is, he adds, 'in no way underpinned by the factors that make sustainable economic growth possible – namely balanced budgets, transparent financial institutions and an efficient allocation of resources' (Roche 1999).[40] Not surprisingly, the new public relations machinery has swung into operation to counter these views.[41]

It is, of course, premature to fully assess whether the absence of more substantial transparency reforms and/or any serious shift towards greater political openness is viable in the medium to long-term. That is a question of the systemic needs of business. But the lack of significant progress in these areas has not prevented economic recoveries thus far of remarkable speed and scale in both Singapore and Malaysia. To the extent that there is some apprehension about the absence of transparency by international business, this pertains to Malaysia by sections of finance capital. Since levels of transparency and political openness are indistinguishable between the two countries, this suggests that the absence of transparency, *per se*, is probably not the chief concern.

Conclusion

The Asian economic crisis has given birth to a new international consensus about the need for increased and more timely and reliable information to sustain and develop markets. It is little wonder that the leaders of two nations heavily dependent on global investment would respond. However, the form this has taken is pragmatic accommodations to specific informational needs of business rather than any commitment to generalised transparency improvements. The governments of Singapore and Malaysia remain extremely nervous about broader conceptions of transparency. Ideas about the rights of citizens to information, the importance of a free press to more transparent and accountable systems, and attempts to subject state institutions to greater public scrutiny are resisted with vigour.

Whether the minimal agendas preferred by the Singapore and Malaysian governments will be sufficient to satisfy the calls for change remains to be seen. However, this international consensus comprises diverse constituencies, interests and priorities. Neo-liberal advocacy of transparency, for example, rests chiefly on the grounds that it can facilitate enhanced international capital mobility – not liberal democracy (see Gill 1998, Jayasuriya 1999, Sinclair 2000 forthcoming). From this perspective, limited but strategic improvements in market information, which would not necessarily include a free press, may prove adequate. Certainly that is the premise on which the reform processes in Singapore and Malaysia appear to be based. Leaders in these countries would be encouraged by the strength of economic recovery to persist with this approach.

The comparison between Singapore and Malaysia also suggests that the importance of transparency to business appears to be relative rather than absolute. How else could we explain the extremely high degree of international business confidence in Singapore, both before and after the crisis? As we have seen, and as the IMF has noted, Singapore lacks market transparency in a range of basic areas. However, political stability and positive perceptions of the government and bureaucracy mediate the impact of this on investors. Where those perceptions are absent, as in Malaysia, transparency shortfalls arouse greater suspicion and concern.

An argument can be made, of course, that there is a difference between the systemic requirements of sustainable market systems on the one hand, and the perceptions of individual investors and those regulating their environments on the other. It is too early, then, to draw the conclusion that substantive transparency, including a free press, can be sidelined without cost to these economies. However, if serious tensions were to emerge between globalistaion and existing levels and forms of transparency, it is not axiomatic that deeper reforms will ensue. That is contingent on the emergence of effective constituencies and interests associated with greater transparency to exploit these tensions through political action. These are more likely to come from broader social and political forces, whose advocacy of transparency goes well beyond instrumental and economic arguments.

Ironically, authoritarian governments have now legitimated a domestic transparency discourse that opponents can be expected to try and harness for their own causes. While this attempt is very embryonic and ineffective in Singapore, extensive efforts are under way in Malaysia from diverse forces. The Asian crisis has not unleashed irrepressible and objective forces of global capitalism for transparency reform that includes political openness and a free press, but it has created a political opportunity that some are trying to capitalise on to achieve such goals.

Endnotes

[1] All three are subscribers to the Special Data Dissemination Standard (SDDS) of the IMF which was announced in March 1996. The SDDS is intended to facilitate international capital markets through information provision. Under the SDDS, the IMF prescribes specific economic indicators and policy data that are to be publicly available. As from late 1996, this has taken the form of an electronic IMF Dissemination Standard Bulletin Board. In many cases this involves hyperlinks to national Internet data sites, as with Thailand and Indonesia for example. Their letters of intent describing the programmes of reform are also placed on the IMF Web site.

[2] Underlining the World Bank's new commitment to this idea, in an unprecedented move it joined with the Washington-based Freedom House in its May 1999 press conference announcing its annual country rankings on press freedoms. Press freedoms, the Bank signalled, will from here on be part of its development agenda.

[3] World Bank Vice President Joseph Stiglitz (1999) is quite explicit about this. According to him: 'A government that engages in secrecy, making it impossible for citizens to have informed opinions about policies that are critical to their lives and the well being of the country, weakens accountability and the quality of decision making'.

[4] Stiglitz (1999) calls form a strengthening of civil society as part of the promotion of good governance. He also asserts that ' governments should not only increase transparency, but also recognize that there exists what I have termed the basic "right to know". Citizens have a right to know what the government is doing and why'.

[5] Deputy Prime Minister Lee Hsien Loong explained: 'In the absence of information, in times of uncertainty investors fear the worst and tend to over-react. This penalises sound, well-managed institutions together with weaker institutions facing real problems, and can undermine the financial system' (quoted in Tan 1998:1).

[6] The new disclosures soon had an impact. Annual reports in early 1999 by two of Singapore's leading banks , OUB and OCBC, revealed details for the first time about off-balance sheet items – including contingent liabilities, financial derivatives and other commitments – which totalled S$62 billion between them (Balan 1999). Improved property and investment details were also added to these statements. In the case of OCBC, for instance, 'hidden assets' involving extensive property and land holdings turned out to be valued at S$2.11 billion – roughly half the figure analysts had previously assumed existed (Siow 1999). Clearly, this new information makes for better-informed market assessment of company stock.

[7] http://dsbb.imf.org/

[8] The new reporting is a result of SSIC 1996, which is the seventh revision of the SSIC since 1958. The SSIC is the common framework in statistical surveys and administrative databases.

[9] Letters to the NEAC Executive Director, Daim, from international wire service companies were referred to the Team for recommendation.

[10] Those GLCs listed on the Stock Exchange of Singapore (SES) must observe the same regulations as required of other public-listed companies, but, with few exceptions, GLCs are among the poorest performers in independent rankings of corporate transparency in Singapore.[10] They have also been distinctly uncooperative with financial journalists and openly discriminatory towards international media, as have various statutory boards and the SES itself – excluding them from important press conferences.

[11] Other basic data that are concealed include information about the number and nationalities of permanent residents and guest workers in Singapore. This restricts informed debate about the labour market, both in terms of supply and social issues. The government may periodically release unpublished data on these matters, but this is always at its discretion and guided by political considerations**.**

[12] In June 1992, the local *Business Times* reported seemingly innocent 'flash estimates' of economic growth for April and May of that year which exposed official confidentiality as less than foolproof. This led to the economics director of the MAS, the editor and a journalist from the *Business Times*, and two economists from stockbroking firm Crosby Securities being found guilty of breaching the Official Secrets Acts (OSA) (Seow 1998: 218). There has been no countenancing of a review of this Act in the wake of the crisis.

[13] Tan conveyed this view in correspondence (dated 28 June 1999) to Jeyaretnam after the latter had written to the Prime Minister (on 21 June 1999) seeking a grant to support the organisation's activities.

[14] During the Budget debate in early November 1999, DAP Secretary-General, Lim Kit Siang, criticised the government for not taking effective measures to improve off-budget transparency to reduce the problem of 'contingent liabilities'. In particular, he called on the Finance Minister to give a full accounting of Petronas and Khazanah Holdings.

[15] Anwar contends that Perwaja's managing director in 1996, Eric Chia, had continually claimed that his actions had the approval of the Prime Minister. It is alleged that tendering procedures were ignored and questionable payments were made.

[16] Anwar maintains that in 1997 he reported to the Prime Minister that the Attorney-General, Mohtar Abdullah, had preferred charges against former Malacca Chief Minister Rahim Thamby Chik, and that other preferred

corruption charges involved International Trade and Industry Minister Rafidah Aziz. Anwar actually made a police report claiming there was a prima facie case to prosecute Rafidah on five counts of corruption pertaining to the allocation of shares to a family member. Anwar further claims that letters revealing Daim was the recipient of RM600 million in shares and cash from three leading business tycoons were given to the Prime Minister (Dalliah 1999) The tycoons were Renong's Halim Saad, Land and General Berhad's chairman Wan Azmi Hamzah, and Malaysian Airlines berhad and Celcom Berhad chairman Tajuidin Ramli. Anwar lodged a police report on 30 July 1999 charging that Daim 'received money and corporate shares worth hundreds of millions of ringgit' from them. See *Straits Times Interactive* (1999a).

Allegations against Rafidah and the Prime Minister's intervention in the case were detailed in the parliamentary speech by opposition leader Lim Kit Siang on 19 July 1999. In the same speech, Lim alleged that contracts for mega-projects and other work had been awarded without open tender, particularly in the construction industry which was the main provider of Barisan Nasional campaign funds. He called for the full list of successful contractors in the interests of transparency.

[17] In an attempt to undercut the political impact of Anwar's allegations, they have been returned in kind at consecutive UMNO annual general meetings in 1998 and 1999. In June 1999, the government released a list of 27 government projects valued at RM34 billion, allegedly awarded to Anwar and his allies. Later that year the exercise was more focussed and coordinated. It included allegations that over 20 'master accounts' worth RM3 billion had been kept by certain people on Anwar's behalf. The US-based Asia Pacific Policy Centre was singled out as one recipient of funds. Since it was Abdul Murad Khalid who made the allegations, there was instant speculation about the motives behind them and claims that his accusations 'bore the marks of one being "turned over"' by the Special Branch (Quek 1999, also see Yusoff 1999). In the ensuing days after Khalid's claims, additional allegations of corruption by Anwar from UMNO's secretary-general Khalil Yaakob, Rural Development Minister Annuar Musa, and Johor Mentri Besar Abdul Ghani Othman, were foreshadowed. ACA Director-General Ahmad also wasted no time in announcing he wanted to interview Khalid about Anwar's alleged Bank Negara slush fund. Transport Minister Ling Liong Sik portrayed all of this as demonstration that transparency was alive and well in Malaysia: 'Everyone wants transparency, transparency…this is transparency when everything is disclosed and everyone knows from A to Z' (quoted in *Star Online* 1999a). For his part, Anwar described the allegations as 'unfounded, scurrilous and baseless'. He added that: 'This is also a method of shifting the focus away from the people's properties being robbed from the nation by Datuk Mahathir Mohammad and Tun Daim (Zainuddin) and their allies, part of which are proven in police reports and in court' (quoted in *Star Online* 1999b).

[18] In late May 1999, the Department of Environment had ceased posting daily readings on air quality on its web site, citing siftware problems as the reason. Subsequently, Environment Minister Law revealed that the detailed readings would be replaced by ratings of 'good', 'moderate' or 'hazardous'. See Chen (1999a).

[19]The four parties were Democratic Action Party (DAP), Parti Se Islam Malaysia (PAS), Parti Keadilan Nasional (National Justice Party) and Parti Rakyat Malaysia (PRM).

[20]Bank Negara Governor, Ahmad Don, and his deputy, Fong Weng Phak, resigned following Mahathir's adoption of exchange controls. The new Director-General of Bank Negara is widely regarded as a political ally of the Prime Minister.

[21]Yeo could not conceal his annoyance that editors would take issues such as free speech so seriously: 'We have witnessed many interviews on CNBC and BBC with some populist politicians in Singapore of late for frivolous causes' (*Associated Press* 1999b).

[22]'During election time, the rules of campaigning must apply to these foreign channels, as they apply to TCS and STV 12. Otherwise, some candidates may be tempted to lobby channels or even by airtime from them' (Fernandez 1999).

[23] Goh also reiterated another key plank of Lee's position on the press, namely the right of reply. He told journalists in early November in the Philippines: 'If you have one whole page to criticise us, we have the right to reply to you, you give us one whole page' (quoted in *Straits Times Interactive* 1999c).

[24]The conglomerates are The New Straits Times Press (NSTP) and Utusan Melayu (Malaysia) Berhad.

[25]This coincided with a change to the complexion of the judiciary stemming from official interventions in the late 1980s (see Khoo 1999).

[26] Anwar pronounced, for instance, that: 'The crisis has compelled governments to accept the need for transparency and the necessity of making adjustments and instituting reform, no matter how painful. They must swallow the bitter pill' (quoted in Anwar 1998).

[27] Mahathir rescued his party's commercial interets (Renong and United Engineers Malaysia), his son's corporate flagship (Konsortium Perkapalan) as well as the controversial mega-project, the Perwaja Steel mill, and the national airline MAS. (see Gomez and Jomo 1999: 195-6, Alford 1999a).

[28] Indeed, at a Johor UMNO convention a short while later, Anwar warned that without reforms Malaysia was headed down the same path as Indonesia (Pereira 1998a).

[29] Abdul Rahman was appointed chairman of Malaysian Resources Corp (MRCB) after replacing Nazri as the leading shareholder of Realmild, which controls MRCB. MRCB is the main shareholder in NSTP and Sistem Televisyen Malaysia (TV3).

[30] The Panel had lodged more than 21 reports to police by October 1999, including alleged cases of sedition, defamation and contempt (*Star Online* 1999c).

[31] Deputy Education Minister Fong Chan Ong also explained that: 'These publications are giving blatantly one-sided coverage on the political and economic situation in Malaysia and putting us in a bad light in the eyes of the world' (quoted in Deutsche Presse-Agentur 1999).

[32] In an editorial titled 'Anwar and the vengeful foreign press' on 27 September, *New Straits Times* editor Kadir Jasin criticised the British press in particular for 'their eagerness to malign the Government and the law-abiding citizens of this country'.

[33] *Harakah* is the oficial newspaper of the Parti Se Islam Malaysia (PAS).

[34] *Harakah* was deemed by the Home Minstry to be in violation of its permit by selling a political part publication in places other than the party headquarters and to non-party members. Other publications were brought into question for covering political stories when their permits did not allow this. Harakak has begun reducing its production as a step towards complying with the directive, but PAS has also applied for a new publication license for another publication, *Purnama*, and is speculating about an Internet edition of *Harakah* as well.

[35] Daim, for instance, has nominated to Dow Jones organisations certain journalists he would and would not want at certain meetings.

[36] Hiebert served four weeks before being released and subsequently withdrew his appeal after it was deemed that he would have to return to Malaysia to attend the appeal and deposit a RM2000,000 security deposit. Hiebert's lawyers observed that: 'We are not aware of any jurisdiction in the Commonwealth that requires an appellant who already has served his sentence to continue to attend court proceedings' (quoted in *Straits Times Interactive* 1999b). He had already taken up a new post in Washington.

[37]These include: two defamation cases by Mirzan Mahathir pertaining to an article about Malaysia Inc. in the 4 January 1999 edition of *Asian Wall Street Journal* - one of RM200 million against the *Journal* and the other against its Malaysian Printers, Star Papyrus (*Asian Wall Street Journal 1999*); and another RM200 million defamation suit by Vincent Tan, Berjaya Group chairman and chief executive, against the same defendants over 'Malaysia Props Up Crony Capitalists', penned by Malaysian academic K.S. Jomo in the 21 December 1998 edition of the *Asian Wall Street Journal*. These cases sit alongside earlier and yet unresolved cases, together with settlements outside of court involving journalists and media organisations.

[38]Lim Guan Eng, an opposition parliamentarian and prisoner of conscience, was sentenced to 18 months jail for sedition and printing 'false news'. His conviction related to the publishing of a pamphlet in 1995 entitled 'Cermah Kisah Benar' ('The True Story'), which prosecutors argued contained false information on a sex scandal involving a schoolgirl and a former government chief minister. At the time, Lim was both a parliamentarian and National Chairman of the Democratic Action Party. In a separae case, Women's rights activist Irene Fernandez was also charged with publishing 'false news', about the ill-treatment of detainees in camps for migrant workers. Lawyer representing Fernandez argued that: 'The prosecution was intended to have a chilling effect on the way activists and the press pursue public-interest issues, especially relating to the police and other institutions'. (quoted in Elegant 1999).

[39] JTC's separate 10-year issues in January and June 1999 attracted healthy subscription rates of 3.1 and 2.4 by institutional investors (*Business Times Online* 1999).

[40] See also a piece by Michael Alan Hamlin (1999), Managing Director of Team-Asia.

[41] In addition to the rebuttals on the NEAC web page, see *New Straits Times* (1999b), *Star* (1999) and *Star Online* (1999e).

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