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NEWSLETTER

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> In this edition Surely a reason for laughter in Indonesian politics, Arndt Graf explains Gus Dur's [1] humour in terms of political strategy. p.16 ¶ Centred on a Muslim prostitute coming from Muzaffarpur to Mumbai, Fareeda Mehta's film *Kali Saliwaar* is an almost abstract odyssey in to migration, marginalization, and displacement [2]. p.19 ¶ Whereas early-modern Indian medical history is substantially defined by Sanskrit systems of thought [3], Hormuz Ebrahimnejad shows European medical traditions to be more readily incorporated in nineteenth century Iran. p.20-21 ¶ Digital Himalaya: Unlike many early anthropologists, botanical collectors roamed across Nepal. Adam Stainton's travel accounts provide anthropological information of a wide regional scope [4]. p.22 ¶ Is this Wimbledon? Nandana Chutiwongs takes us into a Thai temple in London in her review of 'Making Merit, Making Art' [5]. p.36 ¶ According to Richard Boyd, Japan's Ministry of Finance is surrounded by a mystique, which has long held researchers at bay. Now, Maurice Wright has dared to interview these mandarins among mandarins, who are the pick of the bureaucracy. p.37 ¶

> Asian art & cultures Art theft galore in this issue. Tijhuis and Soudijn explore the illicit trade in Chinese antiquities. p. 29 ¶ Yasser Tabaa gives his view on why the Iraqi's stole from their museums [6]. p.43-44 ¶ IIAS Newsletter opens the floor to your reactions on the latter. ¶ ASEMUS: The exhibition 'Peranakan Legacy' adds an important dimension to exploring Singapore's 'ancestral cultures' [7]. p.50 ¶ Robert Cribb speculates on why the mixed-race 'Indisch' community did not take a more prominent role in the nationalist movement. p.52 ¶ International Conference Agenda. p.54-55 ¶

From the Year of the White Horse to the Year of the Black Horse

Mongolia After Twelve Years of Transition

Following the collapse of communism, Mongolia embarked upon an ambitious path of political and economic reform. The ensuing transition brought new opportunities to the country and its people: an end to international isolation, the introduction of political freedoms and a nascent private sector after many decades of centralized planning. Economic liberalization, however, has yet to deliver benefits to the Mongolian majority. At the beginning of the 1990s, many believed that the market economy would bring unprecedented prosperity within a decade. Instead, it brought unprecedented poverty. In many respects, life for most people is more precarious today than during the communist era.

Forum >
Central Asia

By Sanjaasuren Oyun

Before the 1990s poverty as such was not a problem in Mongolia. With the advent of transition and the sudden collapse of economic structures, the economy contracted and unemployment soared. Surveys undertaken over the last seven years indicate that one in three Mongolians live below the poverty line, earning less than a dollar a day. During the period 1995-2002, the Gini coefficient of inequality increased from 0.31 to 0.37.* Despite the recent return of moderate economic growth, the number of those living in poverty has not decreased.

Mongolia did not recover its 1989 pre-transition GDP of just over USD 1 billion until 2000. Like many post-communist countries, Mongolia began the 1990s with negative growth and extreme inflation (up to 350 per cent). The mid-1990s witnessed economic stabilization and inflation around 10 per cent; growth and single-digit inflation had to await the end of the decade. Unfortunately, Mongolia is still struggling to achieve growth rates necessary for poverty reduction and job creation. According to a 1999 World Bank study of poor developing countries, poverty reduction requires economic growth rates at least twice the rate of population growth. That is for countries with good governance. Without good governance, when the distribution of wealth is unequal and corruption thrives, economic growth needs to be at least three times the rate of population increase. Its population currently

growing at 1.5 per cent and good governance lacking, Mongolia needs a minimum annual growth rate of 4-5 per cent in order to raise general living standards. Yet, over the last several years, Mongolia's growth has been insufficient, averaging 1-3 per cent.

Foreigners are easily impressed by the many jeeps in the streets of Ulaanbaatar and the expensive houses that are being built in the capital's suburbs. In a country with a per capita GDP of USD 450, however, these are not signs of a healthy but of a sick economy. So what went wrong? Mongolia has been, in the words of *The Economist*, 'the star pupil of Western liberal economics', 'the darling of ultraliberals in the West'. Meticulously following the instructions of international financial institutions, the country liberalized its currency, trade and economy, privatized most of its state assets, and brought down inflation. Below are some examples of how these reforms were undertaken.

Tight monetary policies dictated by the IMF and implemented by the Central Bank of Mongolia aimed to reduce inflation; bank rates, however, were kept too high for local businesses to be profitable. Foreign aid (ODA) brought benefits to tens of thousands of Mongolians, but the overall amount is reaching dangerous levels. Over the past twelve years, Mongolia received ODA averaging 20 per cent of GDP. In addition the old (communist-era) debt to Russia has not yet been negotiated or

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settled. Thus the accumulated debt over the last twelve years nearly equals GDP.

Compared to Southeast Asia, where Foreign Direct Investment (FDI) averages 15 per cent of GDP, or China where the figure varies from 20 to 30 per cent, Mongolia attracts FDI amounting to only 3.5 per cent of its GDP. Obviously, Mongolia must strive harder towards creating a more attractive investment climate. It has only been in the last two years that mining investors have expressed greater interest, due to the discovery of a seemingly world-class deposit of copper and gold (Oyu Tolgoi) in South Gobi. Despite ten years of efforts to build a favourable economic and investment climate, Mongolia is still failing to attract investors, both foreign and domestic. Current business taxation rates are prohibitively high and resemble those of developed Western countries, not those of developing transition countries.

WTO and trade tariffs

The wealthy countries controlling the international financial institutions have demanded that poor countries, including Mongolia, eliminate their trade barriers. This Mongolia did in 1997, shortly after joining the WTO. As Mongolia was remote, far away from markets, and highly dependent on imports – so the rationale went – there was no point in retaining import tariffs. Almost overnight, these tariffs were slashed from 15 to 0 per cent. With borders suddenly open and tariffs instantly non-existent, fledgling domestic industries were severely undercut. As a result many domestic manufacturers had to close shop. Given the weak social safety net, the unemployed rapidly fell into poverty.

For products Mongolia cannot produce, eliminating import tariffs makes sense. Meanwhile, those few industries, such as wool, leather, and some agricultural products (flower and



Irina Moresova

milk and the like), in which Mongolia can compete with its neighbours, should be protected until they are strong enough to be competitive. So-called blanket protectionism deserves no praise, but one cannot expect infant domestic industries to compete with their more advanced counterparts in neighbouring China and Russia, let alone the rest of the world, if the government does not initially support them.

Many Western countries built up their economies by protecting key industries until they were strong enough to compete internationally. Even now, the developed and supposedly free-market West annually spends USD 350 billion on agricultural subsidies (by comparison, annual ODA to developing countries totals USD 50 billion). Ironically, the very countries that push developing countries to open up markets themselves maintain trade barriers and import quotas when it suits them.

Over the last decade small and medium-sized state enterprises have been privatized; the selling off of the larger firms is now under way. As a result the private sector today constitutes over 70 per cent of GDP. In total, 440 state owned enter-

Ulan Bator 2001

prises were privatized, out of which 330 shareholding companies were created. Currently, no more than 1,500 individuals, representing 0.5 per cent of the population, own over 70 per cent of the shares of these 330 companies.

Despite certain notable achievements, many things have gone wrong with Mongolia's transition. Paralleling the experiences of other badly managed transitions from communism to a market economy, poverty in Mongolia has soared and inequality has increased. At present, 40 per cent of the population can be categorized as poor or very poor. It is time to start remedying these problems. Mongolia is at a crossroads: will its government come up with home-grown policies for economic development and introduce new, higher standards in the way it leads political, economic and social processes, or will it continue to slide on the path of imprudent policies and the weak rule of law? <



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Note >

* The Gini coefficient is an indicator of inequality in income distribution with a scale ranging from 0 to 1: 0 means total equality of income, 1 signifies that one person owns everything. By comparison: Indonesia scores 0.35 on this scale, while the Netherlands comes in around 0.15.

Hating Americans: Jemaah Islamiyah and the Bali Bombings

Forum >
General

Late on the night of 12 October 2002, Ali Imron walked into the al-Khurobah mosque in Denpasar and performed a prayer of thanks. Shortly beforehand he had heard the massive bomb blast at the Sari Club and felt the ground shake beneath his feet. He had played a key role in assembling the bomb and knew that many people at the crowded club must have been killed or injured in the explosion. He would later say that he was 'pleased and proud that the device he had built had exploded horrifyingly with its blaze reaching into the sky' and that 'the bomb ... was truly the great work of Indonesia's sons'.¹

By Greg Fealy

The attitude and motivation of Ali Imron and his fellow accused 'Bali bombers' deserves close attention, not only to enable scholars of Islam and terrorism to understand the specific dynamics of Southeast Asian extremism but also to provide governments with a basis for designing effective anti-terrorism policies. Most scholars of terrorism agree that context is critical to understanding extremist activity. Factors which drive terrorism in one time or place may not be present in other periods or locations. While much is now known about al-Qaeda's thinking, we should be wary of assuming that the Bali bombers were acting from precisely the same motivations.

The bomb at the Sari Club, along with a smaller preceding explosive at the nearby Paddy's Bar, killed 202 people and seriously injured another 350, making it the deadliest terrorist attack since 9/11. Most of those killed were Western tourists, including eighty-eight Australians, twenty-three Britons, nine Swedes and seven Americans. There is now sufficient material available from police testimony and media interviews to enable a preliminary analysis of the bombers' mindset. The evidence would suggest that an extreme hostility towards the West, and the US in particular, was a critical factor.

Within a month of the bombing, the joint Indonesian and foreign police investigation began arresting key sus-

pects, almost all of whom were members of the clandestine Jemaah Islamiyah (JI) movement. JI is at the extreme fringe of the region's small radical Islam communities and is the only genuine transnational terrorist organization in Southeast Asia. Although most of its leadership and the majority of its operatives were Indonesian, it had active cells in at least four countries and had held planning meetings and training programmes across the region. There is strong evidence of JI involvement in terrorist attacks since 2000, including the 'Christmas Eve 2000' church bombings in Indonesia, which killed nineteen people, and the Metro Manila attacks of the same month, which left twenty-one dead. Jemaah Islamiyah was established by the Arab-Indonesian preacher, Abdullah Sungkar, in the mid-1990s but another Indonesian of Yemeni extraction, Abubakar Ba'asyir, took over leadership of the organization following Sungkar's death in 1999. Estimates of the organization's current membership vary from about 500 to several thousand. At the time of writing, Indonesian police have either charged or intend to charge at least thirty-three people in connection with the bombings.

Public attention has been focussed on four of the accused bombers: Amrozi, Ali Imron, Mukhlas, and Imam Samudra. The first three are brothers. Amrozi purchased the explosives and minivan into which the Sari Club bomb was placed. Ali Imron and

Mukhlas were both veterans of the war against the Soviet Union in Afghanistan in the 1980s; the former helped to design and assemble the bombs and the latter, as JI's operational head, had oversight for the attack. Imam Samudra, another former mujahidin, was the JI field commander leading the bombing.

Anti-American hostility

Police interrogation and media interviews soon established that a deep animus towards the West, the United States in particular, was a primary motivating factor for the bombers. The US was seen as embodying the anti-Islamic struggle of the Christian- and Jewish-dominated Western world. When investigators asked Amrozi why he wanted to bomb the Sari Club he repeatedly told them he 'hated Americans'. Similarly, Imam Samudra made it clear that his main target was the US. He said: 'I hate America because it is the real centre of international terrorism, which has already repeatedly tyrannised Islam'. 'I carry out jihad', he declared, 'because it's the duty of a Muslim to avenge, so [that] the American terrorists and their allies understand that the blood of the Muslim community is not shed for nothing'. He went on to say that he had chosen the Sari Club and Paddy's Bar as targets because he knew they were 'often visited by Americans and even Mossad people'. Later, when informed that many of the victims were Australian tourists, Imam was said to be 'shocked' and



Courtesy of the Police of the Republic of Indonesia (POLRI)

'quite regretful' because they were 'not the right target'. Mukhlas was quoted as saying: '[We wanted] to terrorise the government of America'.²

Arguably, the most complete public statement of the bombers' position appeared on the Istimata (Absolute Struggle) webpage, which Imam Samudra said 'sets out the essence of my struggle'.³ It declared: 'Let it be acknowledged that every single drop of Muslim blood, be it from any nationality and from any place will be remembered and accounted for.' The site referred to thousands of Muslims who perished in Afghanistan, Sudan, Palestine, Bosnia, Kashmir, and Iraq, stating: 'The heinous crime and international conspiracy of the Christians also extends to the Philippines and Indonesia. This has resulted in Muslim cleansing in Moro [southern Philippines], Ambon, Poso and surrounding areas. It is clearly evident the crusade is continuing and will not stop...Every blow will be repaid. Blood will be redeemed by blood. A life for a life. One Muslim to another is like a single body. If one part is in pain, the other part will also feel it'.

It continued: 'To all you Christian unbelievers, if you define this act [i.e.,

the Bali bombings] on your civilians as heinous and cruel, you yourself have committed crimes which are more heinous. The cries of the babies and Muslim women ...has [sic] never succeeded in stopping your brutality. Well, here we are the Muslim men! We will harness the pain of the death of our brothers and sisters. You will bear the consequences of your actions wherever you are.' It concludes by saying: 'We are responsible for the incident in Legian, Kuta, Bali.'

The sense of avenging past brutality towards Muslims, of smiting the infidel hegemon, is common to many of the accused bombers' explanations. The Istimata declaration and testimony from police interviews suggest that the bombers saw themselves as fighting a heroic war against evil. The Christian (and Jewish) West is vilified and dehumanized and the bombers portray themselves as high-minded warriors acting according to the demands of their faith. Indeed, many JI members have stated that they are engaged in a holy struggle and are happy to die as martyrs for the cause. Imam Samudra, for example, told a journalist: 'I have

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