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PM's response to currency problem courageous and appropriate

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PRIME Minister Datuk Seri Dr Mahathir Mohamad's immediate response to the currency attack by focusing world attention as well as to provoke a sense of shame against fund managers were not only courageous but appropriate.

It is quite clear that there is a conspiracy to damage the regional economies. But why would anyone want to do this? The answer is quite obvious.

Imagine a few big bosses of a few powerful villages who want other inferior neighbouring villages to continue supplying cheap goods and services. If some of the inferior villages were to become richer, they will surely be able to think and act more independently, but most annoyingly they will become disobedient and, therefore, no longer subservient. Perhaps an occasional "raid" or two would destabilise them and keep them in check.

Find an excuse (for no society is perfect), or if the excuse is not so forthcoming, create one through the media.

Whether the Western-controlled media is part of the plot is debatable.

When the "run" happened in Asean countries, the reason given by Western-controlled media was "poor fundamentals" and "corruption."

In the attack on the Hong Kong currency the reason given was "Hong Kong's currency was pegged to the US dollar."

In the wake of the instability artificially created for the Hong Kong currency, the Hong Kong stock market was adversely affected, but much to the surprise of the West, Hong Kong's jitters in turn infected their own markets.

People are now waking up to the fact that globalisation of financial markets makes one market dependent on the next, for what happens to Asean countries and Hong Kong will affect Japan, and what happens in Japan will affect the US.

Hopefully, the fund managers will now learn not to throw stones when they themselves are living in glass houses, but I really doubt it.

The answer must come from the developing countries themselves; get better organised, exchange critical information and force changes in currency trading regulations for greater transparency.

Greed and power know no boundaries. Some analysts are already happily talking about "decoupling" of Asian economies from the West, based only from a superficial observation that the Dow and Europe were hardly affected by the Nov 4 Hong Kong downturn.

Is this a prelude to further "attacks" against the region since the mindset is now changed that raids against other nations can be done with impunity since the Western economy can be "decoupled", or is it merely brashful gloating? Can developing economies expect more turmoil?

Better be safe than sorry. Until Asia can defend itself and at the same time be capable of inflicting pain upon the raider, similar raids can occur anytime, and not necessarily because of poor fundamentals.

Speaking of fundamentals, is the US economy so sound? We should remember that the US is the world's greatest debtor, that needs massive overseas capital to finance its huge balance-of-payments deficit and owes the world 15 per cent of its total economic output. Does this present a picture of invulnerability?

Had Malaysia owed the world 15 per cent of its total economic output, wouldn't we be a basket case by now?

Of course, there are many reasons one can rely upon to "explain" away the difference in applicability.

I am only making an argument and not directing any hostility against any country or the West. But as long as no attention is given by the West to air legitimate wrongs and openly admit that there is something wrong about the way certain fund managers conduct their businesses, this is the natural response.

At the same time, we must not dismiss our weaknesses. We must address all our weaknesses so that we are better prepared for a hostile future.

During the recent currency turmoil, it is instructive to note that the great majority of Western media were in glee and openly gloating. Consider these:

Asian markets ... "meltdown", "plunged" or "crashed", while the mighty DOW merely "corrected" - in reference to the record fall in US history that stopped trading twice in a day.

The recovery in Hong Kong was questioned as ... "was it real?" while in the US, Dow's recovery was a solid buy by small investors.

The recovery in Hong Kong was ... "institutional buying" while in the US it was a "corporate share buy back".

It is now openly acknowledged by the West that Hong Kong's economy is one of the strongest in the world and that it is very important for Hong Kong to remain pegged to the US dollar. What a turnaround in the arguments.

Yet the attack on Hong Kong remains. It really begs the question "why?", and certainly it is not because our Prime Minister is talking too much.

The "raiders" seem intent on giving the developing economies a bloody nose. Only Hong Kong seems to remain in their way. If Hong Kong should succumb now, then there is real danger of another economic downward spiral hitting the Asian region particularly hard.

Perhaps this is a conspiracy but a mistaken one. Those manipulators need to recognise the fact that if a sizeable part of the world does not have the resources to buy goods from the developed world, then the consequence would be a world-wide recession.

If one were to believe the media, the stock market problem in Malaysia was caused by the "weak ringgit", while Singapore's sharp fall was attributed to the Singapore dollar being too strong for its economy to remain competitive.

China's inflation rate of 30 per cent some years ago was "signs of trouble", yet the present inflation rate of two per cent was also given bad news as compared to the good news for the US which had similar inflation figures.

One can just about justify anything - provided one can control the media.

Malaysians should be thankful to Dr Mahathir for his strength in dealing with the crisis. His outspokenness based upon truthful arguments are marks of a true leader.