

Malaysia shows another way of curing economic ills

THE world is watching with interest Malaysia's decision to use currency and capital controls to revitalise its economy. Reaction to this latest development is received with mixed feelings by foreign governments, international financial institutions and other vested groups.

The international financial agencies and major global players in the currency and equity markets, which are controlled by the Western powers, will no doubt want this experiment to fail.

The success of this scheme is naturally not in their best interest as it shows that there is another way of dealing with the

financial and economic ills facing the **developing** world.

Some of these financial institutions will look rather foolish if Malaysia should succeed in its efforts to revive its economy. They have believed that the measures in place, such as high interest rates, the closure of banks and major corporations which they believe are inefficient and poorly managed, should be the standard diet.

They do not seem to take into consideration that such actions may lead to greater economic and social unrest resulting in millions of people being thrown out of jobs and many more millions may face serious starvation.

The International Monetary Fund, for example, has insisted on such measures to be taken by those governments which have been forced to enlist its help in getting out of their financial and economic predicament.

The Mahathir administration has tried to follow this formula and found it is making things worse instead of better. If the government should stick to high

interest rates and a tight credit squeeze, the economy will just collapse as the business sector will never be able to survive such harsh treatment.

Prime Minister Datuk Seri Dr Mahathir Mohamad is a medical doctor by training and acquired his knowledge of economics through personal experience and his years in charge of the trade and industry ministry as well as being leader of



the government.

It is really not necessary to be an economist before one is qualified to propose policies concerning the economy. What is required is common sense and to consult experts on such matters.

A medical doctor's main task is to diagnose what is wrong with a patient and then prescribe the **necessary** medication which will help his **recovery**. It is obvious that the IMF's prescription is not working as can be seen in Indonesia and South Korea.

In these two countries, millions of people have lost their jobs and there is nothing their governments can do to assist

them. If they should do any **thing** **contrary** to the conditions laid-down by the IMF, they would stand to lose the billions in loans promised to them.

Even the IMF now realises that its prescription is not necessary for everybody. But it is at a loss as to how it can loosen its conditions without incurring the displeasure of its contributing members, especially the United States.

The Indonesian situation is sufficient to frighten any government thinking of following the IMF formula because the consequences will be the same. It may be necessary to consider other strategies to overcome their present difficulties.