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## Praise and caution for capital controls

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MALAYSIA found an unexpected ally for its bold measures to revive the economy in the form of a diminutive don from the Philippines.

Dr Walden Bello, professor of sociology and public administration at the University of Philippines, praised Prime Minister Datuk Seri Dr Mahathir Mohamad for implementing capital controls, lowering interest rates and embarking on deficit spending (where State expenditure exceeds revenue) to take the country out of a recession.

Malaysia's brave move was being closely watched by other nations who were toying with that idea to lift their countries out of the economic doldrums, he said at the APPA forum on Privatisation and Financial Deregulation.

But he cautioned that they were merely the first steps towards recovery and should be accompanied by other reflationary measures.

Bello also spoke out against public funds being used to bail out troubled private companies, saying that they were solely to blame for their sad state of affairs. He dismissed the popular theory that crony capitalism led to the fall of the Asian economies, and pointed the finger at speculative foreign capital instead.

While crediting Dr Mahathir, Bello wondered if the latter's handling of political events at home had overshadowed his brave plans.

But Universiti Sains Malaysia's Dr Subramaniam Pillay said these measures were taken to protect the Government's interest. To support his argument, Pillay, a lecturer in international finance, said the measures were implemented before the sacking of Datuk Seri Anwar Ibrahim.

The International Monetary Fund also came in for a tongue-lashing. Universiti Malaya's Prof Jomo K. Sundram accused it of being controlled by a handful of nations. He said to ensure a fair and just distribution of funds, there was a pressing need for an alternative "lender of last resort" to the IMF.

Jomo denounced the Asia Pacific Economic Co-operation as "nothing more than a photo opportunity for the host nation".

The forum loudly condemned privatisation policies for having reneged on their promise to provide better services, causing higher costs in education, health and public amenities.

Too often, profitable Government utilities were handed over to cronies and relatives of the Government, the participants argued.

Dr Jonathan Ross, representing the US-based Physicians for a National Health Programme, said public services such as health care, water and electricity should not be privatised as they were vital to the well-being of citizens.

One participant concurred, saying that not all public services were inefficient. He cited the State-run Penang Water Authority as the best water utility in the country. To revive ailing public services, he suggested that they be turned around rather than sold off.

Seremban-bred British academic Dr Gareth Richards said globalisation diminished the role of the State on its actors - the citizens. The University of Manchester don questioned the need for governments, in the wake of how corporations are usurping their (the governments') traditional role as society's social safety net.

Although the forum was a success and the presentation of country reports was a good way of comparing notes, it appeared to have turned into a

bashing exercise in the end.

Instead of railing against privatisation, the organisers could have highlighted successful examples of privatisation as a blueprint for future exercises.

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