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When it's better to rely on own judgment in tackling problems

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ACCORDING to the Oxford English Dictionary, the word "advice" means "opinion given or offered as to future action". By this, one can give advice to others as to how best they should react or respond to a given situation.

The person giving the advice may think that the suggestions would be the best possible way to resolve problems or to make choices. This does not mean, however, that the advice must be taken or followed to the letter.

The economic problems the country is now facing have given many the opportunity to give advice to the Government on how best to tackle them. Some of the advice was unsolicited, and at face value, was probably offered with good intentions.

It is in this light that one should view Datuk Seri Dr Mahathir Mohamad's comments on the International Monetary Fund in Cyberjaya on Monday. The Prime Minister was asked whether interest rates would be raised to help overcome the economic problems.

Raising interest rates would not necessarily overcome the problems but it would help in some other ways. While foreign capital may flow in, the investors may take their investments out as and when they find new centres where the rates are better or more attractive.

But if interest rates are raised, companies with limited funds may fold.

Commenting on the IMF suggestion, Dr Mahathir said Malaysia was not ordered by it to do so. "It is only giving advice to us and we'll look into it," Dr Mahathir said.

There must be good reason why advice from the IMF and others should be closely studied before executing them. A despatch from the United States to the Business Times over the weekend suggested that some of this IMF advice may backfire and could lead to widespread panic.

The despatch was based on an internal IMF report quoted in the New York Times. The report said the fiscal and monetary policies offered to Indonesia and South Korea had caused panic that helped set off financial market declines in parts of Asia. It pointed out that the situation in Indonesia was made worse when the IMF insisted that it close 16 banks.

"Far from improving public confidence in the banking system, these closures, however, have instead set off a renewed 'flight to safety'," according to the report. The run on the banks was intensified and by the end of November two-thirds of the country's banks "had experienced runs on their deposits".

It is hoped that IMF managing director Michel Camdessus will not give similar advice to Malaysia. To his credit, he has since declared that Malaysia does not need IMF help, even if this came a bit late in the day.

Well before Camdessus said so, Dr Mahathir had already made the obvious known, that the Malaysian situation was not similar to Thailand, Indonesia and South Korea which had little choice but to swallow national pride and kow-tow to IMF's do-this, do-that, don't-do-that conditions.

Outside help is not always the best, as everyone knows. And even if there is outside help, how sincere are they? Thai Prime Minister Chuan Leekpai can offer some views on this.

Chuan's comments, as reported over the weekend, was food for thought indeed.

He told fellow citizens that they should not take for granted that countries like the US would come to their rescue when times were bad.

His comments came amid a flurry of high-level US visits during which top American officials took pains to rebuff criticism that Washington neglected Thailand.

"We must learn to rely on ourselves," Chuan told his people in a newspaper interview. "We can't beg others to come and help us the way we want because we have our dignity and others also have their own priorities."

Nevertheless, Chuan said his Government was grateful for the help extended by the international community and the IMF which engineered a US\$17.2 billion (RM74 billion) bailout for Thailand.

Chuan's statements triggered several comments from another prominent Thai, Thanat Khoman, who is one of the founders of Asean.

He told the Bangkok Post that Washington was not really interested in friendship with Thailand.

Thanat said the US was suddenly worried about the effects of the Asian problem on its economy. For America, "it is the profit that counts", he said, adding that Thais "should have known" that the US friendship in Thailand was based on "national interest" and would "erode" as the economic situation deteriorated.

While the US and the IMF cannot be made out to be one and the same, the fact is that the US has considerable influence over the multilateral body.

The wrong kind of assistance would bring negative results and undo all the good, painstaking foundation work done over the years.

In the final analysis, you are your best adviser - not the professors from their ivory towers, not the economic pundits, not the IMF big boys.

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