

Critic proven wrong by recovery: NEAC

Sufi

7 JUN 1999

SG

PETALING JAYA: The National Action Economic Council yesterday took to task CNBC Asia's move to sensationalise its exclusive interview with Prime Minister Datuk Seri Dr Mahathir Mohamad by airing a derisive commentary by economist David Roche on the Malaysian economic policy immediately afterwards.

In a letter to CNBC news editor Martin Soong, the NEAC said: "If this programme scheduling was aimed simply to improve CNBC's audience ratings, we can only conclude that sincere efforts to accommodate your interview request were returned by intentions of deliberate ridicule and ill-will."

The letter, signed by Lyn Chai, a member of the NEAC Communications Team, added: "Mr Roche's derogatory views on the Malaysian leadership and its handling

of the economic crisis have been tediously repeated."

Roche said, among others, that the recovery in the Malaysian economy was not driven by capital controls, but rather changing international financial conditions and that the economy will grow "at a miserable growth rate of 2% to 3% simply because of Dr Mahathir's policies".

He also said Mahathir has "stood in the way of the application of free market principles in the restructuring of the Malaysian financial and corporate sectors".

As a result, according to Roche, capital will be less efficiently allocated in Malaysia, in the long term, than in other economies like (South) Korea which has fundamentally changed.

The NEAC said: "His bias has been challenged in the

. TURN TO B39

NEAC notes several endorsements

● FROM B40

past but the best refute is in the current performance of the Malaysian economy itself, reflected in third party endorsement by foreign banking and investment analysts."

It also quoted Morgan Stanley Dean Witter as saying that Malaysia's economic policy is sound and sustainable.

"The current economic environment of low interest rates and inflation, made possible by selective capital controls and the ringgit peg, has seen export and import figures rise, the latter turning positive in April for the first time since July 1998."

The NEAC noted several other endorsements by SG Securities, HSBC Research and the International Monetary Fund, all of which made positive comments

about Malaysian economic policy and performance.

"Yet Mr Roche refuses to recognise the real and fundamental progress the government has achieved. On hindsight, an armchair commentator such as Mr Roche has the privilege to say Malaysia was 'lucky that international financial conditions changed coincidentally at that time'."

It is understood that Roche was previously an economist with Morgan Stanley, after which he set up a London-based research house called Independent Strategy Ltd to provide private sector economic analysis.

Roche had previously written in the International Herald Tribune and Time magazine that Malaysian living standards would plummet as a result of selective capital controls, the NEAC said.