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Doing the unthinkable pays dividends

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PRIME Minister Datuk Seri Dr Mahathir Mohamad was not alone in suffering world condemnation for daring to be different by rejecting conventional wisdom in confronting the currency-induced economic crisis.

Instead of surrendering to the International Monetary Fund bailout as many countries did or copying the IMF methods as his former deputy Datuk Seri Anwar Ibrahim did, he decided to do the unthinkable.

He implemented what was condemned as anti-market measures that included fixing the exchange rate of the ringgit and limiting capital flows.

He was condemned to fail for his heretical act and the Malaysian economy was compared to that of isolationist Myanmar.

Initially, many Malaysians believed the anti-Mahathir propaganda spread by the Western media on behalf of his detractors at home and abroad.

The sacking of his pro-IMF deputy last September only worsened the condemnation against his policies and programmes.

Dr Mahathir's policies are actually pretty simple. Firstly, he believes that the better way of overcoming the crisis is for the affected nations to isolate their currencies from market-induced devaluation.

Secondly, he believes that funds must continue to be made available to the economy so that it can continue to grow instead of trying to balance the budget and controlling loan growth as Anwar did from November 1997.

Understandably, the two men are worlds apart in their knowledge and experience in economic management.

While Dr Mahathir has his own mind on development and economic management, starting from his school days in Alor Star in the 1940s when he was a trader at the Pekan Rabu Malay bazaar, Anwar's involvement with economic management did not start until he was appointed to the powerful Finance Ministry in 1991.

When the currency crisis hit Asia in the middle of 1997, Anwar immediately came under the spell of his new-found friends in Washington, in particular IMF managing director Michel Camdessus. He proudly proclaimed to know Camdessus on a first-name basis.