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Economics guru who 'presented' his own ignorance

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ACADEMIC freedom is supposed to be treasured universally. The implication is that academic researchers work better at discovering new insights, without fear or favour, when they are free of vested interests that could cloud their minds or colour their judgements.

Take Professor Paul Krugman of the Massachusetts Institute of Technology, who was in Kuala Lumpur last week to talk on the aftermath of the regional economic crises.

He was supposed to be a "guru" on the subject, since he had written dismissively of the supposed miracle of East Asia's growth five years ago.

But when he made his presentation in Kuala Lumpur last week, he said very little and was evasive when faced with questions on the subject.

He avoided key questions, and in trying to excuse his inattentiveness, kept saying he was "still on Boston time".

Then, when addressing anxieties about possible US efforts to control or influence this region, Krugman dismissed the thought simply by saying "you're giving Washington too much credit" and "they're not so well organised".

While this did not help to heighten regional vigilance, it allowed him to avoid answering more questions.

Despite his firm statements, throughout both speaking sessions last Friday, he showed he knew very little about South-East Asia.

To make it worse, he was not prepared to learn what he did not know.

Krugman referred to the US government's failure to understand South-East Asia since it looks at this region only through the lens of Latin America, a region Washington is more familiar with.

Whether or not it is true of the US government, it is certainly true of Krugman the renowned academic.

When he was asked point-blank in Kuala Lumpur how he got his information on this region, he hesitated.

He finally revealed he got his information from Dow Jones and a few Western newswire services.

But then, so do a lot of laymen when they read a copy of, say, the Far Eastern Economic Review or even a local newspaper.

Much more information is available when they log on to the Internet.

Surely, a world-famous professor should know more, or at least work harder than that in trying to know more?

In Kuala Lumpur, he said even less as an objective observer and a professional analyst.

His main theme today is just as negative as it was in 1994, when he published his essay The Myth of Asia's Miracle.

Given his relative ignorance of this region, and of Malaysia's policies in particular, what basis does he have for dispensing his negative readings?

And given his lack of in-depth knowledge of Malaysian policies, what does he do?

Far from avoiding definite statements on the matter, he unabashedly proceeds to say that capital controls are irrelevant, that they were probably unnecessary, and that they came too late anyway.

Did he know all that from reading somebody's comments in a regional news magazine?

Nonetheless, he had no choice but to admit the obvious - that Malaysia's

limited exchange controls were not as bad as the critics initially thought.

Yet he insists the sooner the controls are removed, the better.

He had said earlier that if such controls were imposed in Malaysia, they should not stay for more than three years.

How did he arrive at that particular period of three years? He did not explain that, among many other crucial issues.

Nor did he specify which aspect of Malaysia's controls were "unnecessary" or "irrelevant".

For an economic specialist to be so vague and yet be so strongly critical of the controls smacks of professional irresponsibility.

At Friday's initial dialogue session, Prime Minister Datuk Seri Dr Mahathir Mohamad had said that while Malaysia could accommodate speculation, it was not in a position to accept manipulation.

Krugman avoided discussion of the issue altogether.

Among the many questions Krugman also failed to address is this:

Since the other badly affected countries in Asia sought IMF help to stage a recovery, how else if not with capital controls does one explain Malaysia's recovery since it received not one cent in IMF aid?

And given the short-selling of the ringgit that was hurting the economy, only an ignoramus would deny the need for exchange controls.

Krugman should consider this as well:

Among all the countries in South-Asia, Deutsche Bank recently found Malaysia to be the most successful in making a recovery.

The bank's chief economist, Prof Norbert Walter, said South Korea and Malaysia ranked as the countries in Asia making the most progress.

Apart from avoiding all these realities, Krugman also neglects the fact that unlike other badly-hit economies in Asia, Malaysia did not have to pay the high social costs of mass unemployment and street riots.

Is this not something that careful academic observers are supposed to spot?

For Malaysia in particular, his goal is to see exchange controls lifted as soon as possible.

Does Krugman have an agenda of his own? His presentation and writings clearly suggest that he has.

He wants countries in the region to practice more "transparency" but is unprepared to consider it in the United States itself, or in the international financial architecture.

He is unconcerned that the position he had adopted is one of blatant double-standards.

It is unfeeling, uncaring and unknowing economists like him who make up deaf, dumb and blind policies such as those of the IMF, causing millions of innocent people to suffer unnecessary misery.