

24 OCT 1999

Mahathir-Sinatra

LIKE FRANK SINATRA, MAHATHIR DOES IT HIS WAY...

By: Neville D'Cruz

MELBOURNE, Oct 24 (Bernama) -- The line that got Prime Minister Datuk Seri Dr Mahathir Mohamad his best response at the World Economic Forum in Singapore was -- "Malaysia is the Frank Sinatra economy: we do it our way".

This is the view of Peter Alford, "The Australian" newspaper's Southeast Asia correspondent.

Writing at the weekend, the Bangkok-based Alford said: "Like the late-period Frank, the Malaysian Prime Minister hits the high notes less often these days, but when he's on song he still blows everyone else off the stage".

He said Dr Mahathir's Singapore speech "should be reprised in any serious attempt at explaining what happened to the East Asian economies in 1997-99, what was done by them in response -- and to them by grand inquisitors of international finance -- and what lessons we should draw from it all.

"It (the speech) was sardonic, eloquent, triumphal and bitter all at once -- Sinatrasque. It was a silky savaging of the economic new world order and its cheerleaders in the Western media and academies and rollicking good fun if you didn't happen to be a paid-up member of the above. But that's not the point.

"What should earn his speech its place in the already bloated catalogue devoted to the East Asian crisis is that it was the most powerful, eloquent exposition yet of the justifications for Malaysia's economic heterodoxy from Sept 1, 1998.

"And make no mistake. What Mahathir, his central bankers and Daim Zainuddin, his chief ministerial ally, once the International Monetary Fund-friendly Anwar Ibrahim bit the dust, did when they lost faith in the IMF and the Washington-Wall Street financial establishment is a matter of considerable international note."

Alford said that already, as World Bank senior vice-president Joseph Stiglitz last week "made bitingly clear...the lessons of the Malaysian experience are being incorporated in forward thinking in at least some influential quarters".

"And if any central bankers of any developing country with an economy open to the wash of hot capital haven't earnestly consulted Bank Negara about the mechanics of imposing capital controls in a crisis, they aren't on the ball," Alford said.

"That's not to say the Malaysian method would suit every emerging nation in a currency crisis -- it's a fair bet nine out of 10 would not have sufficient technical skills, political leadership or residual economic strength to carry it off," he said.

"It is not to say that even if those countries had those capacities, repegging their currencies, imposing limited capital controls and then massively pump-priming their economies would be the right approach in all circumstances.

"But Mahathir doesn't say any of those things.

"What he said at the time -- when many of us weren't prepared to listen because we were transfixed by the ugly spectacle of Anwar's political crucifixion -- was that Malaysia wasn't suggesting what anyone else should do," he said.

Alford quoted Dr Mahathir saying in Singapore: "I know currency control is a hard act to successfully pull off, I do not advocate it for everyone,

I do not even advocate it for Malaysia under very different circumstances".

After going through the IMF's role during the East Asian financial crisis, Alford concludes by saying: "And if he (Mahathir) really is the Ol' Blue Eyes of East Asia, what does that make the IMF? Mack the Knife?"

-- BERNAMA

NDC RM