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Mahathir: Recovery in Asia demands courage, skill

CRISIS-hit Asian countries must devise their own individual recovery formula as there is no single East Asian model for success post-Crash of 1997, Prime Minister Datuk Seri Dr Mahathir Mohamad writes in a leading Japanese daily.

In his column "Dr Mahathir's World Analysis" that made its debut in the Mainichi Daily News yesterday, the Prime Minister rejected the "quick fixes" dispensed by many experts and organisations who want Asian governments to think that they can be on the road to salvation only if they liberalise, allow international capital and market forces complete freedom, or allow foreign financiers to buy up their banks.

"I believe the road to our salvation does not lie in line with a simple theology. We must be completely pragmatic, proceeding with a policy only if it yields the desired results. It does not matter if the cat is black or white. We must only make sure that it is wonderful at catching the mice," he said.

Mainichi Newspaper said Dr Mahathir's column is to appear on the first Monday of every month and is carried in Japanese and English in the Mainichi newspapers as well as on the Internet.

In his first essay headlined "Recovery in Asia demands courage, skill", Dr Mahathir said "what is required is not a simple step but a hundred steps".

"The road to our recovery does not lie in a single plan for all our economies. One shoe does not fit all.

"I believe that for policies to work they must fit the specific needs, the specific conditions, the specific circumstances.

"Just as there was no single East Asian model for success before the Crash of '97, there is no single East Asian model for success post-Crash of '97. As in the past, while we can and must learn from each other's experiences, we will all have to devise our own individual winning formula."

However, in order for the various formulae to work, Dr Mahathir said, he believes they must have at least six common characteristics.

"First, our massive recovery efforts must have a comprehensive perspective. We cannot afford to neglect political stability, social tranquility and cohesion.

"Unfortunately, there is now too much advice from financial experts who do not seem to be too aware that there is a world out there that goes beyond money and finance, who therefore do not even take the broader economic picture into their reckoning, still less the wider political and social significations.

"If we neglect political stability, social tranquility and cohesion, we do so only at our own peril."

Secondly, a recovery formula must have a clear and productive order of priorities. Dr Mahathir rejected the views of experts who talk about "moral hazard" if governments in the region "bail-out" the local and domestic banks from the folly of their past loans but who, nevertheless, say that it is essential that the foreign banks be fully paid.

"The question of "moral hazard", seriously, is not something to be too unduly worried about," Dr Mahathir said.

Thirdly, the imperative of focus. "Resources are always limited. Finite. There is need to concentrate them on achieving the most critical

objectives. A strategic plan that focuses on a hundred objectives is not a strategic plan. It shows a singular lack of strategy."

Fourthly, Dr Mahathir underlined the need for balance, especially between the demands of social development and welfare, political stability and cohesion, and economic and financial objectives.

"Fifth, I believe that we must not be blinkered. We must closely examine all the sacred cows. In the present circumstances, we must have the courage and the creativity to be, more than ever, determinedly pragmatic," he said.

The sixth and last characteristic that a winning formula must have is "total national effort". "The entire nation must be united. More, the entire nation must be fully mobilised, working as one organic whole, united behind a single purpose. This is where the societies of East Asia have a comparative advantage."

Dr Mahathir said Malaysians know they are in deep crisis, that they need to reform and rebuild to recover and be fully revitalised.

"Since we went against economic orthodoxy and introduced selective currency controls on September 1, the Malaysian currency has retreated from the brink of utter disaster.

"We have been able to reduce interest rates. So now our companies can start breathing again, and investing again. We have ensured liquidity, so that the engine of growth can now start purring again.

"Since September 1, the Kuala Lumpur Stock Exchange has been the No. 1 performer in the world, more than doubling in price.

"It is still too early to say that Malaysia is well on the road to recovery or that Asia will recover. But it is clear that most of us are on the mend.

"I believe that almost all of us will find our way back to the road of dynamic growth - to resume our interrupted growth run."

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