

30/05/1999

Reflections on fresh deal for a beleaguered Asia

iewed by Sharon Nelson

`HAD this book been written before July 1997, the tone would have been very different. Now, writing about the mechanisms behind Asia's road to prosperity, it is almost as if a ghost were haunting every paragraph and page, whispering quietly "... until the summer of 1997".'

- from A New Deal for Asia, By Datuk Seri Dr Mahathir Mohamad

IT was a tired and bitter nation that met Franklin Delano Roosevelt when he became President of the United States in 1933.

Realising the psychological damage that the Great Depression had caused, he spent hours on the radio every night, talking to and inspiring the people of America.

It was through these `fireside chats', as they became known, that he promised his gloomy nation a bright New Deal.

Likewise, A New Deal for Asia, written by Prime Minister Datuk Seri Dr Mahathir Mohamad, comes at a time when Asia's morale is low, largely because of economic problems.

The book, which is available only in paperback, was launched on Tuesday by Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi.

It is published by Pelanduk and retails at RM25.

Those who expect to read Dr Mahathir's views on the recent political events in Malaysia will be disappointed.

This is not a book about politics, and no apologies are made for it.

Instead, A New Deal zeroes in on the collapse of the East Asian economies.

It sets out one view, and no matter what critics may say of Dr Mahathir's political style, it is a view worth considering.

By now, it is common knowledge that the crash was not foreseen by any of the financial wise men.

Therefore, what caused it remains a hot topic for debate.

For the Prime Minister, the reasons were clear: The tiger and dragon economies, once full of crackle and bite, were brought down primarily by unscrupulous money trading.

When the Thai baht fell in July 1997, traders and economists advised other Asian countries to devalue their own currencies.

The lower baht, they said, would make Thai goods more competitively-priced on the international market, and this would affect the trade of other East Asian countries.

When the other countries refused to devalue voluntarily, currency traders sold off their holdings because they anticipated huge losses.

The moment they did so, Asian currencies depreciated.

But he queries: "Would the currencies have depreciated on their own or did they only depreciate because the currency traders dumped huge amounts of them?"

While the traders saved themselves from losses, no thought was given to the consequences faced by ordinary Asians.

Dr Mahathir's main complaint therefore, is the lack of rules in currency trading:

"Apart from a few people making huge sums of money, it has created no increase in employment, no growth in business, or in the wealth of nations and people... Ideally, currency trading which is purely speculative should be completely banned.

"If that cannot be achieved, such transactions must at least be heavily

taxed and regulated."

He also illustrates the hypocrisy of international economic agencies, quoting Michel Camdessus, managing director of the International Monetary Fund, who said only two weeks before the crash that:

"Malaysia is a good example of a country where the authorities are well aware of the challenges of managing the pressures that result from high growth and of maintaining a sound financial system amidst substantial capital flows and a booming property market."

But when it happened, the same agencies, supported by foreign business publications, did an about-turn and blamed Asian nations and their leaders.

Dr Mahathir, however, is adamant that it was caused by a swiftly-changing global market where huge volumes of currency could be moved in no time at all, rendering nations like ours especially vulnerable.

The soundness of this theory is for the reader to judge.

The reasoning is all there, set out in clear, simple language, and peppered with lively anecdotes.

One interesting feature of A New Deal is that the Prime Minister seems to have had a younger readership in mind.

There is no assumption of historical knowledge here and Dr Mahathir goes to great lengths to explain how his experience of the Japanese Occupation, (ironically), led to the famous Look East Policy of 1981.

In another section, he traces the rationale behind the New Economic Policy (NEP) and the subsequent National Development Policy, offering many examples of the dismal state of the Malays in the early Seventies.

"Of the total registered professionals in 1970, only some 4.9 per cent were Malays."

He also points out that the share of economic wealth held by Malays at that time was only 2.4 per cent of the total.

His active interest in politics began during British rule.

The British, he said, called Malay sultans "rulers" and British appointees "advisers".

But the reality was something quite different.

When the Japanese left, the British returned and demanded blatant control of Malaya.

Resentment flared within the young Mahathir and an activist was born.

In A New Deal, he describes his anti-establishment activities with more than a touch of pride and relish.

It was probably around this time that he acquired his great distaste for foreign rule, be it physical or economic.

This, perhaps, explains his views on foreign aid now.

"... donors usually expect the recipients to be obedient. Recipients of aid are basically not allowed to speak out, not allowed to criticise.

"If your entire economy, including your food economy, is supported by foreign aid, it naturally becomes very difficult for a country to disagree with its supposed benefactors."

For the average Malaysian who receives only fragments of Dr Mahathir's vision and philosophy through scattered news reports, A New Deal offers continuity. Here is a crisp, comprehensive look at the man and his motivations.

The tone of the book, while mostly informal, holds traces of bitterness, the reasons for which the reader is never privy to.

As in any work which attempts to explain thorny issues in a short space, there are missing pieces.

When explaining the reason for the NEP, Dr Mahathir also said that it was meant to eliminate the identification of race with economic function.

Critics could easily find fault with this by pointing to the average

rubber estate, where tappers, mainly Indian, have been performing the same job for three or four generations.

There is also a section where he argues for an "Asian way of democracy", which focuses on the rights of the community, rather than the individual.

Like the average Malaysian, he appreciates the fact that we are an ethnically diverse but peaceful society.

But he remains unconvinced that we are able to manage these sensitivities on our own, a conviction that is pegged to May 13, 1969.

Here again, there is opportunity for critics to point to the entire generation of Malaysians who have no recollection whatsoever of the incident, let alone the sentiments.

These issues aside, A New Deal is a useful reminder of the vision that Asia once had.

And despite the current turbulence, it is a vision well worth restoring.

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