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Dr M's views on reform of world financial structure wins support

PRIME Minister Datuk Seri Dr Mahathir Mohamad's views on the much needed reform of the world financial structure has received strong support from a British magazine.

Justin Marozzi, a contributing editor for The Spectator, wrote in the weekly magazine last month that the lack of attention to the need to institute the changes put forward by the Prime Minister could lead to disaster in the world economy.

He said Dr Mahathir's approach to globalisation and the world economy had "saved" Malaysia from deterioration during the recent economic crisis.

"Ever since the 1997 Asian crisis sent currencies in South Korea, Thailand, Indonesia, Malaysia and the Phillipines into free fall, Mahathir has been arguing loudly against IMF orthodoxy.

"While, one by one, his Asian counterparts trotted meekly to the fund, to be subjected to a one-size-fits-all regime of tight fiscal and monetary policy, and freer trade and capital flows in return for their multi-billion dollar bailouts, Mahathir alone remained defiant."

Marozzi said Dr Mahathir's refusal to accept the conventional economic theories was heavily criticised but was successful in bringing the Malaysian economy back on the path of growth.

"Economists, the very species which so conspicuously had failed to warn of impending doom on the currency markets, predicted catastrophe for Malaysia. Mahathir was having none of it.

"Less than three years later, the shoe is on the other foot. Malaysia finds itself basking in the tropical sunlight of economic growth while the prodigious IMF has been hauled into the dock, charged with a whole litany of crimes, from insufficient capital resources to lack of independence, overt politicisation and deeply flawed...economic prescription."

And he said the economic growth in Malaysia was real and even returning to "boom-like" proportions.

"The cranes are moving (in Malaysia), shopping malls are heaving, restaurants are difficult to book and the notorious traffic jams snarl along Kuala Lumpur's roads once again.

"Not bad for a country whose decision not to submit itself to the wonder cure prescribed by the IMF won it so many critics," Marozzi said.

Marozzi said Malaysia's success exposed the weaknesses of the present world financial arrangements.

"The uncomfortable truth is that...Mahathir talks a good deal of truth (when criticising the IMF)."

Marozzi said it made "profound" sense to design a more ordered and secure financial architecture on the one hand to mitigate the "calamitous effects of the herd mentality of Western investors."

This was also needed, he argued, to "clarify opaque financial systems in developing countries."

"The failure to respond to the challenge may, as Mahathir warned... be disastrous," Marozzi said.

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