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Mahathir-Economy

DISASTER IF MALAYSIA FOLLOWED IMF WAY, SAYS MAHATHIR

By: Azman Ujang

BEIRUT, Jan 21 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad spoke today of how Malaysia would have been destroyed if it had followed the advice of the International Monetary Fund (IMF) in dealing with the 1997 financial crisis.

He said that to achieve economy recovery then, the IMF had advised Malaysia to raise interest rates, have a surplus budget and allow ailing companies to go bankrupt.

"The measures would have resulted in these companies to be bought cheap by foreigners, and increased non-performing loans by banks that would cause financial distress all around," he told some 400 Lebanese parliamentarians and business leaders over lunch on the final day of his two-day visit to Lebanon.

"All these would destroy our economy and end Malaysia's aspiration to become a developed nation," he said.

Dr Mahathir said that given the scenario, Malaysia rejected the IMF formula and devised its own way towards recovery despite it being "frightening" as the country had to go against the whole world.

"Everyone said we were going to destroy ourselves. They were convinced that we knew nothing about finance," he recalled.

"But as you know, we succeeded...we recovered. Now many agree that the IMF way is not the only way to deal with a financial crisis. In fact, the IMF way is a ticket to disaster," said the Prime Minister.

He argued that if recovery was achieved, the debts owing to IMF would keep the country indebted to it for years and years with Malaysia having no financial independence, while the IMF would continuously peer over Malaysia, offering unwanted bad advice.

As he put it, "Malaysians are passionately independent", whereas borrowing from the IMF and placing the economy under its direction would mean a loss of independence.

"This was why from the very beginning Malaysia avoided offers, aid and loans but to try to live within its means," he said.

Siva Subramaniam said there were still heads of department who waited for directives in "black and white" from their departments as they do not trust the circulars posted on the website.

On claims that some heads of department were not aware of service circulars issued as the PSD posted them on its website, Hasniah said every service circular issued by her department was sent to heads of services of every department at the headquarters level.

She said the circulars were posted on the PSD website as an additional reference.

"For instance, for the Education Ministry, we (PSD) send 60 sets of service circulars to be distributed and it is the ministry's responsibility to circulate them to departments under its purview, including at district level," she added.

-- BERNAMA

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