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Malaysian dream come true

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"IF you have the talent and the capacity for hard work, then this country continues to provide you various avenues to rise to the top. Our history, over the last 45 years, is blessed with so many examples of people, from all races, in all fields, climbing to the top, in spite of many odds."

When Nor Mohamed Yakcop said this to a roomful of young Malaysian professionals from Promuda at a dialogue almost exactly 11 months ago, he may not have realised that his name would be added on to that illustrious list of Malaysians who climbed to the top against all odds.

Born into a poor family in Butterworth, Penang, in 1947, Nor Mohamed's father, a petty trader, passed away in 1958 just after the country became an independent, sovereign nation. He was the only child and his mother raised him alone. After completing his Form 6 in 1968, Nor Mohamed came to the big city, Kuala Lumpur, and landed a job as a clerk in Bank Negara.

His little room was a transit point for many of his classmates and friends, from equally impoverished backgrounds, who would lodge with him while looking for jobs or going into university. His friends recall that Nor Mohamed is that rare human being who has always been colour blind, counting among his buddies people from all walks of life, religions and race. They remain very close friends till this day, regularly attending reunions, or funerals, or weddings of their children, or just for teh tarik at Syafiz in Sri Hartamas on Sunday mornings.

On a Bank Negara scholarship, Nor Mohamed went through university, graduating with honours with an economics degree from the University of Malaya in 1972. Resuming work as an officer at the central bank, Nor Mohamed rose up the ranks, managing to squeeze in an MBA from the Catholic University of Leuven, Belgium, in 1979.

By 1989, he was one of five advisers of the bank, putting him just a shot away from the deputy governor's job and eventually, the Governor's post. By this time, he had shown his uncanny skill at currency trading. Bank Negara then had one of the most aggressive, profit-focused currency trading programmes pursued by a central bank. In the late 1980s and early 1990s, Bank Negara frequently put billions of US dollars into short-term currency positions and built a reputation as a savvy, potent player.

The policy was endorsed by the ministry and bank and proved highly profitable. Then came the crunch. The central bank took positions on European currencies, in particular the sterling, because they gave higher yields as opposed to the US dollar. Further, the belief then was that the world would move away from the US dollar.

It was fine, until the Maastricht treaty sent European currencies, in particular the sterling, in which financier George Soros betted against, reeling.

Bank Negara suffered billions of ringgit in losses and then Governor, Tan Sri Jaafar Hussein, who took responsibility, and Nor Mohamed, quit their jobs. Even at that time, the Asian Wall Street Journal quoted a currency trader as saying: "I am worried that like Tan Sri Jaafar, Nor Mohamed is going to just be remembered for the forex losses. He's been very committed to developing Malaysia's financial system."

Those were the lean years. A society quick to throw blame was unforgiving. Nor Mohamed's crucial role in spear-heading Islamic banking, the ar-Rahnu (Islamic pawn shop), two-way payment between Bank Negara and central banks of South-South nations, the setting up of the Securities

Commission and the Rating Agency of Malaysia (RAM) were all but forgotten.

He became managing director of RHB but many, save his real friends, shunned him. Very often, he would be seen eating alone at his favourite nasi kandar shop in Jalan Tuanku Abdul Rahman. But his spirit never flagged. It was just about this time that I was introduced to Nor Mohamed. And frankly, just like others who did not know him, I had reservations. But it was his demeanour, his humility, his friendliness and a total absence of airs that endeared him to me.

Together with his loyal friend and classmate, Datuk Wong Sulong, my rival editor-in-chief of The Star, we shared many teh tarik and nasi kandars over the years and I got to know his own circle of close friends, teachers, clerks, insurance agents, remisiers, bankers and just plain ordinary people, who today, remain his house-call friends.

It was in 1997 - three years after his resignation from Bank Negara and just when the Asian economic crisis hit Malaysia - that Nor Mohamed received a call from Tun Dr Mahathir Mohamad's office, asking him to go to Argentina to meet the Prime Minister.

Today, just shortly after being told of his appointment by Datuk Seri Abdullah Ahmad Badawi, Nor Mohamed said: "That phone call (from Dr Mahathir's office) was the one defining moment in my life."

He went to Argentina, met Dr Mahathir and spent hours outlining to the Prime Minister how the foreign exchange market works; about short positions and long positions; about hedging; about how currencies are borrowed and sold, the difference between "bid" and "offer" and how funds can be transferred from one country to another at the click of a button.

To Dr Mahathir the medical doctor, such terms were as alien to him as medical terms would have been to Nor Mohamed. But Dr Mahathir learned fast and his dependence on Nor Mohamed for advice grew.

In his book, *The Malaysian Currency Crisis: How and Why It Happened*, Dr Mahathir speaks of the circumstances which led Nor Mohamed to resign from Bank Negara in 1994.

"It is indeed a strange twist of history that this costly experience in the foreign exchange market provided Malaysia with the knowledge and skill required to implement the selective exchange control regime in order to frustrate the currency traders and help the country's economic recovery," Dr Mahathir says in Chapter 6 of the book.

The current Prime Minister's office looks at the forex losses as a collective mistake, "an honest error". "It does not affect the integrity of the man in any way," a spokesperson for the Prime Minister's office said.

Indeed, Nor Mohamed has proven his worth many times over. He was the only one who initially believed and supported Dr Mahathir's views on the selective exchange control. He was the one, who at Dr Mahathir's behest, studied how to decouple Singapore's over-the-counter trade through CLOB (Central Limit Order Book). Malaysian shares were being short-sold over CLOB, wiping out billions in market cap from the KLSE. And it was Nor Mohamed's plan which Dr Mahathir implemented to eventually stabilise the KLSE and end trading over CLOB.

I remember one breakfast teh tarik where a bleary-eyed Nor Mohamed said he had received a call from Dr Mahathir the previous night, asking him to go to the old Sri Perdana in Damansara. It was almost 2am and the then Prime Minister wanted Nor Mohamed to explain a chapter in a book dealing with derivatives trading. After his explanation, Dr Mahathir thanked Nor Mohamed and bid him goodnight. Nor Mohamed had then been reappointed Adviser to Bank Negara and was again in the job he loved best - public servant.

His wife, Puan Sri Fawzia Mohd Abu Bakar, recalls clearly those months

and years when neither she nor her children saw Nor Mohamed for more than a couple of hours a week.

He was out working till the wee hours and back in the office early before anyone awoke.

But in late April 2000, Tan Sri Zeti Akhtar Aziz was appointed Governor, replacing Tan Sri Ali Abul Hassan, whose contract had expired. Nor Mohamed also left the bank soon after on expiry of his own contract. That day, April 23, was probably the worst in his life. He had no job and on the same night, his beloved mother passed away. But barely a few days later, Nor Mohamed again received the call-up for national service when Dr Mahathir asked him to rejoin the Government as the Prime Minister's Economic Adviser.

In his role as adviser, Nor Mohamed was entrusted with and credited by the domestic and international investment community for remaking corporate Malaysia. Nor Mohamed was responsible for the successful restructuring of many strategic corporations and government-linked companies such as UEM-Renong, Renong, MRCB, Tabung Haji, Malaysia Airlines, Johor Corp and the Putra and Star light rail transit systems. He remained as adviser to Dr Mahathir's successor, Datuk Seri Abdullah Ahmad Badawi, and a member of the Khazanah Nasional Board and member of the National Economic Action Council executive committee.

And today, as he takes the big step from civil servant to Cabinet member, a heavier responsibility which few doubt he will carry out with the highest level of integrity and responsibility, Nor Mohamed's advice to the young members of Promuda will ring true.

He has the talent, he has the capacity for hard work, and this country that he loves so much has allowed him to rise to the top.