

Business Briefs

Economic Policy

Danish paper hits IMF, praises Malaysia

The Danish daily *Jyllands-Posten* praised Malaysia's capital controls and attacked the International Monetary Fund (IMF) on Sept. 1, on the occasion of Malaysia's National Day, in an article entitled, "Malaysia Boleh!" ("Malaysia can!"). This has become the slogan of the country, not only regarding sports results, but has a deeper meaning in the light of two years of economic crisis in Asia, the newspaper reported.

"Where the other countries, which were victims of the financial world's reckless monetary speculation, turned over their economic sovereignty to the IMF, Malaysia defiantly chose another path," the daily said.

"Prime Minister Mahathir, who is more respected than disputed in his own country, while it is the opposite in the West, early on saw the negative side effects of swallowing the IMF's bitter medicine, and instead, established limited capital controls.

"It has quite openly been a better crisis cure than the IMF's budget cutting and high-interest policy, which still holds millions unemployed in Thailand, South Korea and, not least, Indonesia.

"In the weeks up to the Merdeka celebration (the 42nd freedom day since independence from colonial rule in 1957), Bank Negara could say, 'Malaysia Boleh!' The national economy has grown by 4.1% in the second quarter of the year, and the country is now comfortably out of two years of recession."

Mining

WWF demands closure of Papua New Guinea mine

The World Wide Fund for Nature (WWF), a tool of the British Crown to attack industrial society, has denounced the giant Ok Tedi open-cut copper mine in Papua New Guinea as an environmental disaster, and demanded that it be closed immediately, *The Australian* reported on Aug. 23. The mine is 52% owned

by Australian mining giant BHP, and the remainder is 30% owned by the P.N.G. government and 18% by Inmet Mining Corp. P.N.G. is heavily reliant on the mine for national income.

Under new CEO Paul Anderson, an American, BHP has said that it should never have become involved in the mine in the first place, but will continue operating the mine until the P.N.G. government has decided its future.

Ironically, BHP is a takeover target for British mining giant Rio Tinto, and the WWF—whose largest backer has always been Rio Tinto—would seem to be acting as a hit man for its patron.

Capital Controls

India should follow Malaysia, says The Hindu

If India wants to curb speculation, the Malaysian model is relevant, the Indian daily *The Hindu* said on Aug. 30. Reviewing the Indian central bank's Aug. 23 announcement that in order to get the speculation in rupees under control, it would intervene strongly to protect the Indian currency, the daily *The Hindu* rejected the rupee becoming "part of the global casino."

Under the sub-headline, "The Malaysian Model," the daily wrote: "Speculative transactions in the exchange market are those that are not backed by commercial transactions. Banks, active in this, trade as if the currencies were mere commodities. Foreign exchange dealing, a highly specialized activity, involves taking a view of one currency against another. In volume terms, non-commercial transactions have reached mind-boggling figures at the global level. In India, banks do not have the kind of leeway to trade which banks in some other countries have. That, according to one school of thought, is a positive feature and, considering India's present state of integration with the global markets, is to be wholly welcomed.

"The underlying philosophy is exemplified by the Malaysian experiment of reverting to currency controls, after its Prime Minister launched his celebrated attacks on

currency speculators. In Dr. Mahathir's view, speculators had ruined the Asian economies and contributed to their crises. Currency collapses in the affected economies preceded sharp economic downturns. The Malaysian experiment, which is winning over influential adherents, is relevant to India in one important sense."

The *Hindu* recalled that while the central bank of India originally "did oblige" those who said that currency controls should be removed in India, events forced it to rein in that policy. "In the meantime, even in countries where there are minimal controls, there is a feeling that currency trading is akin to gambling on a gigantic scale, and hence some restrictions would be in order. There are critics who call exchange trading the world's greatest casino. The debate goes on in those countries. In India, it is time to look inward even more."

Health

New York City hit with encephalitis outbreak

Encephalitis has broken out in New York City, after sections of Queens, New York were invaded by mosquitos carrying the virus, the *New York Post* reported on Sept. 4. Between Aug. 31 and Sept. 3, two were left dead and 24 hospitalized after being bitten by mosquitos. At a press conference, Mayor Rudolph Giuliani said that the disease "can be very, very dangerous, particularly for people over 60."

In a four-mile-square area of northern Queens, helicopters were dispatched with insecticide, and on Sept. 4, wider-scale street spraying was to be carried out. The City's Consumer Affairs director declared an emergency shortage of mosquito spray, and declared a ban on price gouging. Emergency Management director Jerry Hauer warned residents of the area to remove all stagnant water, including in flower pots, for fear that the mosquitos will rapidly breed.

A medical expert on the virus told the *Post* that St. Louis Encephalitis, the specific strain of the virus carried by the mosquitos in Queens, can cause everything from a low-grade fever to meningitis to encephalitis.

RUSSIA'S population continues to fall sharply. Irina Sbarskaya, head of the Demographics Department of the Russian Statistics Agency, said that in the last seven years, Russia had lost 2 million people. She estimated the loss of 8 million more by 2016. During the first half of the year, the population had dropped by 406,200, to 145.9 million as of July 1, compared with a loss of 226,700 during the same period last year.

LIBYAN leader Col. Muammar Qaddafi called for applying the Abuja agreement of 1991, which established the African economic group, and "reviving the African Development Bank," in statements broadcast by South African television and reported by Arabic News on Aug. 31.

THE KRA CANAL received a flurry of coverage in Southeast Asia, after Thai Science Minister Arthit Urairath said on Aug. 26 that construction of the canal was expected to begin in the next three years and would take six years to complete. However, the Japan-financed feasibility study has yet to be done.

AUSTRALIA'S annual goods trade deficit has ballooned from \$2.9 billion in 1997-98, to \$11.6 billion in 1998-99, a fourfold increase and the largest figure on record. The biggest collapse in goods exports in the year was to Japan and China.

SPACE cooperation between Russia and China to jointly build a new space station to replace the Mir should not be ruled out, Russian Deputy Prime Minister Ilya Klebanov said during a visit to Beijing in late August, Itar-Tass reported.

PRIVATE PENSIONS will be gone after a worldwide stock market crash, economics professor Wilhelm Hankel warned, in an editorial in the German economic daily *Handelsblatt* on Aug. 30. He urged keeping the state-run pension system, but not forcing people into it at age 65, and getting millionaires to contribute to it, as is the case in Switzerland.

Elderly people are most susceptible to encephalitis, and the death rate can be as high as 20%. Of those who survive, 20% may suffer permanent brain damage.

Finance

Currency speculation is a gangrene, says Mahathir

Malaysian Prime Minister Dr. Mahathir bin Mohamad stated that, in his view, an economy, even a free market economy, could function without any currency trading, with no adverse effect on real trade. Currency trading, and in particular, speculative attacks, are "a gangrene that should be chopped off," he said. Currency trading would become superfluous at the moment the governments sat down together and determined exchange rates, he told an international symposium on currency controls and a new financial architecture, in Malaysia's capital, Kuala Lumpur, on Sept. 2, according to the Malaysian daily *New Straits Times*.

Mahathir mocked "the great economist Milton Friedman," who was telling the world that Malaysia's currency controls were "the worst possible choice," while reality proved they were the best choice for Malaysia's economy.

Mahathir said that listening to the International Monetary Fund was, in his view, "the single-most devastating mistake" the government made; it did not achieve anything for Malaysia, nor did IMF policies achieve anything in any other Asian nation. "They wanted to see our businesses crushed and extinguished. We obliged, but it was never enough. Blood, more blood, had to be spilled. . . . The Malaysian economy dropped like a stone. . . ."

"Those nations that went to the IMF for help, have to surrender the direction of their economies to foreign masters — people who could only see revival of the ability to pay foreign debts as the sole objective of having a government. The people may starve, they may riot and loot and kill. These are irrelevant as long as foreign debts are paid. The IMF, with its limited stock of remedies, is no alternative."

Mahathir said that Malaysia did well without the IMF, and can be especially proud of it, because it did well "without having to bend and to bow to anyone, without having to kiss anyone's feet." He added that "Malaysia has not gone kaput," as some analysts had warned when the currency controls went into effect on Sept. 1, 1998.

He added, however, that the genuine crisis of the Western speculative system itself created conditions for Malaysia and other Asian economies to recover from the worst situations of 1997 and early 1998: "The hedge funds have taken a hasty and forced retreat after the LTCM [Long Term Capital Management] fiasco. Their bankers and bankrollers have become much more cautious."

Petroleum

Sudan begins to export its oil

Amid an array of well-wishers in a ceremony headed by Sudanese President Omar al-Bashir, Sudan began pumping its oil overseas on Aug. 30 from the Red Sea port city of Bashayir. Sudan set up, with Chinese help, a refinery with a capacity of 2.5 million tons per year, and also finished construction of a 940-mile-long pipeline from Leglig in central Sudan to Port Sudan on the Red Sea. Sudan also contracted with the Calgary, Canada-based Talisman Energy Inc. to initially pump 150,000 barrels per day.

Dignitaries on hand for the festivities included President of Chad Idris Deby, President of the Central African Republic Patasse, and the Speaker of the Algerian Parliament. On Aug. 30, some 600,000 barrels of oil were put on a ship bound for Singapore.

The Sudan government has said that proceeds from the oil exports will be vectored toward development in the south. The British-run Sudanese People's Liberation Army head John Garang, meanwhile, reiterated in Cairo that the oil pipeline, oil fields, and refinery remain a "legitimate" military target, but so far, he has been unable to carry out his threats to destroy them.