

Infuriated by the prospects of market collapse, Mahathir called Soros a 'moron' and foreign traders 'wild beasts' who should be shot. In the midst of this quarrel a number of equity players rapidly fled the Malaysian market. The government attempted to contain the crisis by setting up a share-buying fund only to see the market further dive by 21% in a matter of 10 days. The incident showed that foreign investors clearly had the upper hand and could play the game to their own advantage."

Zapatistas, Moonies defend Soros

The mouthpiece of Mexico's Zapatista terrorists, *La Jornada*, rushed to Soros's defense on Oct. 2, as did the Argentina-based flagship daily of Rev. Sun Myung Moon, *Tiempos del Mundo*.

La Jornada fumed that Mahathir had attacked Soros and short-term capital as the cause of Malaysia's economic problems, which in reality are "the consequences of probably excessive public expenditures. . . . Short-term capital flows are neither God nor Satan. . . . What Mahathir needs to understand, is that globalization—including its financial component—is a current which can move countries forward, or can

drown them. But there are no other currents available in the current cycle of world economic history."

Wrote *Tiempos del Mundo*, it is not often that a prime minister stands up and tells "a famous international financier" like George Soros, that what he does is "unnecessary, unproductive, and immoral." What Mahathir needs to learn, is that people like Soros do not create countries' "vulnerabilities," but that Soros and his ilk merely move on "the structural deficiencies of the financial markets of the countries involved."

In the United States, Moon's *Washington Times* on Oct. 5 blustered in its editorial on "Malaysia's Pyrotechnic Display," against Mahathir for his attacks against Soros at the IMF meeting: "Finally responding to Dr. Mahathir's relentless attacks against him, Mr. Soros got it right in his own Hongkong speech: 'I want to express my sympathy for poor Malaysians who were hurt' by the collapse of the Malaysian currency and stock market, Mr. Soros said, 'but not for Dr. Mahathir, because he's responsible.' In case anyone missed the point, Mr. Soros became even more blunt: 'Dr. Mahathir is a menace to his own country.'"

Pakistan's Aziz hits 'footloose capital'

Pakistani Finance Minister Sartaj Aziz, in his speech at the meeting of the World Bank-International Monetary Fund in Hongkong, China on Sept. 24, said that developing nations should be able to open their markets at their own pace, without being forced, by international lenders, to go faster. While Pakistan supports a decision by the IMF and World Bank to push for capital account liberalization, they should "rely to the greatest extent feasible on the judgment of members as to pace and sequencing," Aziz said, according to the Pakistani newspaper *Dawn*. He also urged the multilateral financial organizations to "eschew deadlines or conditions, particularly in the context of the use of Fund resources."

Aziz said that World Bank and IMF should not simply accept that free markets mean "large and unexpected changes in exchange rates among developing countries," which can have major implications for developing markets. "To argue that there is little or nothing that can be done about them is to accept too quickly the rhetoric of free marketeers, who find much private profit in undermining the defenses that have been built by developing countries . . . to protect their still embryonic institutions from the onslaught of transnational financial conglomerates," he said.

"There is too much footloose capital at play, that moves from one country to the next," forcing developing countries to make policy adjustments "that are destructive of business confidence and throw their economies off-track." Aziz cited large and unexpected changes in exchange rates among the major currencies, as among the external forces to which the developing countries are exposed in a globalized economy.

Aziz suggested that institutions such as the Bank for International Settlements could inform central banks about large-scale buying and selling of their currencies, which would enable the countries concerned "to take timely measures, if necessary, to safeguard their position." He also warned that the increased capital flows into developing countries that follow market liberalization should not be seen as a reason for cutting aid.

Aziz has said that advanced countries should desist from using labor standards, environment concerns, and human rights as a disguise for renewed import restrictions. Despite what he called the "third successive year of robust global economic growth . . . widely shared by all regions," the optimistic scenario is overshadowed by other developments. He said that slow growth in global trade, mainly caused by sluggish imports in some advanced countries, had adversely affected the export performance of many developing countries. For the South, he added, the primary concern was revival of sustained growth, which should be supported by improved access for their products in world markets and inflow of resources at reasonable terms.