

## Remembering the Prof\*

ISIS Focus reproduces an article written by **Nor Zahidi Alias**, Chief Economist at the Malaysian Rating Corporation Bhd (MARC), in memory of Dato' Dr Mahani Zainal Abidin. The article was published in *The Edge Malaysia* on July 1, 2013.

Last Saturday (June 22) was a sad day for the Malaysian economics fraternity for it marked the passing of Datuk Mahani Zainal Abidin, CEO of the Institute of Strategic and International Studies Malaysia. A prominent intellectual, Mahani was a columnist with *The Edge* (her last article appeared in Issue 958). She was also known for the crucial role she played as a working group member of the original National Economic Action Council (NEAC) that was established in 1998 and headed by Tun Daim Zainuddin to formulate policies to deal with the 1997/98 Asian financial crisis.

Mahani was a dear friend who helped me understand the workings of a real economy (as opposed to the theoretical one), how policies were crafted and the politics involved in their formulation.

Working closely with Datuk Mustapa Mohamed, the then executive director of the NEAC after Tun Daim, Mahani led the team that monitored global economic developments that affected the Malaysian economy. She also studied regional policies and their potential influence on Malaysia's own policy direction.

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*Mahani Zainal Abidin*

I owe a debt of gratitude to Prof — as I fondly called her — for her unwavering belief in me and for persuading my former CEO (when I was working at an investment bank) to let me assist her on the 'Globalization Team' in Putrajaya on secondment in the early 2000s. Of course, I also remain thankful to my then CEO who agreed to let me gain such invaluable experience with her team.

Working with Mahani was, without a doubt, an enjoyable experience. I am sure anyone who had this privilege would say the same. She expressed her opinions on economic policies candidly and with fiery passion. Yet she took the time to consider what others had to say, no matter how illogical their arguments were.

I recall to this day how fascinated I was with how she viewed various economic policies during my early discussions with her in Putrajaya.

I had initially thought (to my dismay) that there was nothing I could contribute to her team as she was so well versed in economics — evidently her greatest interest. However, even with her vast experience and hectic schedule, she made time to converse on the mechanisms of the financial market to have a better understanding of how it works and how it affects the real economy.

Mahani was intrigued by what she saw as a new "force" that had a significant impact on macroeconomic fundamentals — the interplay between market confidence and the financial market. She scrutinized the issue of capital flows more closely than anyone else I knew and tried to comprehend how confidence in the financial market was intertwined with other forces to influence macroeconomic fundamentals.

She frequently discussed the role of market confidence and the herd mentality that she believed were the root causes of the Asian financial crisis (AFC), although this was not a popular view at the time. But with the benefit of hindsight, we all know that she was actually way ahead of others in thinking about this issue.

Most economists now tend to agree that they have yet to understand the way financial market players behave and how they influence the real economy with their actions. I also shared her view on the contentious issue of market liberalization, on how critical the sequencing is and how detrimental it will be to rush into it without a proper regulatory framework and other considerations in place.

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*Mahani Zainal Abidin*

Her deep thoughts on economic policies and how to deal with economic crises such as the AFC were captured in her book *Rewriting the Rules*, that was published in 2002. This is one publication that still manages to sustain my interest despite my having read it several times to understand what happened behind the scenes in 1998 when Malaysia was taking steps to combat the crisis. Her vivid description of the mood during the crisis clearly showed her humility in discussing human tragedies during a deep economic downturn.

Mahani's creative and imaginative ways of looking at economic issues deeply captivated me, such that I often quoted her in my articles and in my book *Musings of a Financial Economist* that was published in 2011. I remember personally handing her a copy of the book and thanking her

for allowing me to quote her as well as for inspiring me to publish a book in my name.

Mahani was always gracious in accepting my invitations to speak at conferences that I helped to organise in the past. The last one I recall is the CEO Breakfast Forum that my company, Malaysian Rating Corp Bhd (MARC), organised a few years ago at which Mahani was a special guest. She was undoubtedly a crowd puller at the forum.

Mahani was also kind enough to invite me on several occasions to present views on the financial market whenever ISIS organized special forums. We would always end up lamenting how unfair it was that the financial market seemed to be 'calling the shots' with regard to what policymakers should do to appease investors.

Mahani was a role model that economists should strive to emulate — she was an exceptionally good listener and did not just write or tell people what they should do when faced with economic difficulties.

I never had problems expressing my thoughts, no matter how unconventional, when

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discussing economic issues with her. She was an individual who was open to constructive criticism — a good counterbalance to her candid nature when assessing other people's ideas. It will not be easy for me or my peers to find someone like Mahani with whom we would feel at ease with engaging in open discussions on the pros and cons of our country's economic policies.

I feel tremendously blessed to have known Mahani all those years and I know anyone who has shared even a small part of his working life with her will feel the same. We have lost a great thinker, an individual who was fiercely passionate about her work and, most of all, a good friend. We will miss her dearly. May Allah bless her soul. *Al-Fatihah*.