

01/06/1997

Anwar: Malaysia can afford to take unpopular actions

Ramlan Said

KUALA LUMPUR, Sat. - Acting Prime Minister Datuk Seri Anwar Ibrahim said today Malaysia is able to introduce unpopular measures to tackle problems because it has political stability.

He said there were countries which despite having the knowledge and information beforehand, could not afford to introduce pre-emptive measures to address various problems due to internal political turbulence or their governments were weak.

"But in Malaysia we have the advantage. But we cannot be arrogant or over-confident that we will be able to sustain the vibrant economy forever, unless we are prepared to take the necessary measures whenever the need arises."

Although they did not go down well among some quarters, Anwar said the Government had proven itself right when it introduced several measures when dealing with matters like the country's inflation rate, liberalisation of imports and increasing local production.

Citing the recent Bank Negara ruling on property and share loans, which caused a sharp drop in share prices on the Kuala Lumpur Stock Exchange, Anwar disagreed that it was done in haste.

"We recognise there is now a demand for housing, office and commercial space, but it cannot be allowed to move that fast like what we saw happening many years ago.

"Some restrictions are needed to ensure the property market will not go out of control in a few years, which will have an effect on the economy as a whole."

The country's strength, he said, depended on its ability to act fast and introduce pro-active measures.

Reiterating his statement in Marang yesterday, Anwar said Malaysia would not be able to sustain its strong economic fundamentals if it did not have the political will (to make unpopular decisions).

"If there is no political stability and a strong Government, the Prime Minister will not take leave for two months," he said.

Anwar, who is Finance Minister, was speaking at the ground-breaking ceremony of the 25-storey Menara MCOBA at Jalan Syed Putra.

The modern intelligent building with a lower ground basement will feature an interactive indoor shooting range - the first of its kind in Malaysia - office and commercial units, banking facilities, and a state-of-the-art mechanical car park.

The project, a joint venture among the Malay College Old Boys' Association, Bina Puri Holdings Berhad and World Network Sdn Bhd, is expected to be completed in 1999.

Anwar, an MCKK old boy, took the opportunity to reiterate the Government's stand on the new lending guidelines in view of the many MCOBA members present who are corporate figures.

Prime Minister Datuk Seri Dr Mahathir Mohamad had also explained the rationale behind the ruling.

Asked by a fund manager at a luncheon while he was in London last week, Dr Mahathir said Bank Negara's directive to banks to limit their lending to property developers was a pre-emptive move to prevent a collapse of the property sector.

He said the move was not intended to curb growth of the property sector. Rather it was one that was intended to give an early warning to financial

institutions and developers against excessive investments in it.

On May 13, Anwar had defended the curbs on property and share loans, saying the measures were necessary in the management of the economy.

Thus far, he said investors had viewed them quite positively, adding that in the final analysis, what was important were the fundamentals which had remained strong.

Under the Central Bank ruling taken to prevent a bubble economy, which took effect April 1, banking institutions are required to observe a limit on credit facilities extended to specified property sectors of 20 per cent of total outstanding loans.

(END)