

19/06/1997

Building today for tomorrow

MR MICHEL Camdessus' remarks about how well Malaysia is managing its success is certainly music to our ears. The International Monetary Fund (IMF) managing director singled out Malaysia's amazing success in his address to the World Affairs Council in Los Angeles. It was not reported by any of the major foreign news agencies that keep a Malaysian presence, probably because that is not what they assume people want to hear about Malaysia. If Camdessus had instead criticised the way the Malaysian Government or central bank is running the economy, then there would probably be some mention about this in their reports.

The IMF boss said Malaysia is a good example of a country where the authorities are well aware of the challenges of managing the pressures that result from high growth and in maintaining a sound financial system amid substantial capital flows and a booming property market. Over the last year, he said, output growth has moderated to a more sustainable rate, and inflation has remained low. The current account deficit, which is primarily the result of strong investment spending, has narrowed substantially. The increase in the fiscal surplus targeted for this year is expected to make an important contribution toward consolidating these achievements. Camdessus said the Malaysian authorities have also emphasised maintaining high standards of bank soundness. Non-performing loan ratios of financial institutions have fallen markedly in recent years, risk-weighted capital ratios are above Basle recommendations, and steps were taken to restrain lending for the property and stock markets. In an effort to increase the flow of comprehensive, up-to-date and reliable information to markets, Malaysia was also among the first to subscribe to the IMF's Special Data Dissemination Standard." Camdessus also quoted Bank Negara governor Tan Sri Ahmad Don as saying "Despite this positive outlook, there is no room for complacency. Given rapidly changing market conditions, there is a need to remain vigilant". This, the IMF boss said, is the type of attitude which fully justifies the confidence of the markets in the positive prospects of countries persevering in such endeavours.

The World Bank and various reports on competitiveness, trade and development by internationally-recognised institutions have in the past sprinkled praises upon Malaysia's accomplishments and how they were achieved. Camdessus' remarks are timely, though, in view of the new wave of negative reports being filed almost daily on Malaysia's future following some currency and property shocks that hit some countries in the region. When the Bank Negara representatives met with officials from the financial institutions last week, the news that got around was alarmist in nature and designed to cause panic in the markets. Earlier, when the central bank announced new lending guidelines affecting the property sector, share prices tumbled and the central bank was promptly blamed for failing to anticipate the response by the players in the market.

It will be too much, of course, to expect the critics to suddenly appreciate how Bank Negara and the other relevant authorities have been running the show just because the IMF has said some nice things about what they have been doing so far to help sustain the country's growth and prosperity. In the spirit of Bank Negara governor's philosophy, it would be ill-advised for the central bank and the relevant authorities to start letting their guards down just because Camdessus has said they had been

making all the right moves. The market will still behave as it always did and the analysts will continue to find what is wrong in every right situation. The key is to continue making the rights moves and proving the detractors wrong. Malaysia's success story is just reaching its first decade. Just as the fundamentals for today's strong economy were built yesterday, today's policy makers have to build them right for tomorrow's prosperity. As Prime Minister Datuk Seri Dr Mahathir Mohamad was saying, Malaysia's success lies in policies enunciated today that are good not only for today or tomorrow but for decades.

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