

22 OCT 1997

Najib-Economy

MALAYSIA WILL PREVAIL, SAYS NAJIB

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LONDON, Oct 22 (Bernama) -- Malaysia may have "paid the price" for speaking out so boldly on currency speculation but as a result the World Bank has agreed to look into the proposal for prudential regulations for currency trading, particularly in relation to hedge funds, the Malaysia-British partnership dialogue here was told today.

Education Minister Datuk Seri Najib Tun Razak told some 300 financiers and entrepreneurs attending the day-long dialogue session on the dynamic partnership between Malaysia and Britain in the 21st century that perhaps Malaysia needed to go through that "shock therapy" to draw the attention of the world bodies to the impact of currency speculation on the developing economies.

He delivered a "bullish" message to the dialogue participants saying: "I would like to categorically state here that we are sanguine; that we will prevail, if not come out of it stronger. This assessment is based on the fact that our economic fundamentals are in place. In fact, I would go further and argue that our fundamentals are constantly being strengthened."

He said that the latest budget announced last Friday showed that Malaysia had the political will to take tough actions where necessary to ensure that its growth could be stable and maintained over the longer term.

Budgetary measures such as the raising of import duties on heavy machinery and luxury items indicated a willingness to take the bitter pill, Najib told the participants of the seminar organised by the Asian Strategy and Leadership Institute (Asli) and supported by the British-Malaysian Society, Asia House, The Malaysia Commonwealth Studies Centre at Cambridge University and the British Department of Trade and Industry.

The financial and currency fracas which resulted in the ringgit depreciating more than 26 per cent against the US dollar and the stock market tumbling by 27 per cent was a "painful experience" for Malaysia, he said.

"We must also bear in mind that we live in an unequal world wherein the free movement of capital can wreak damage to emerging economies. Unfortunately the present international financial system and its proposed liberalisation favour those already dominant and privileged in the world economy at the expense of developing countries, especially those at the poorest end of the spectrum," he said.

These countries would always be a target for the more sophisticated and savvy speculators, he said, observing that some things have not changed since ancient Greek historian Thucydides saw the world as consisting of the strong who did what they could and the poor who accepted what they must.

He said that Malaysia is determined to reduce its current account deficit -- caused by the import of a variety of goods, namely capital items -- from 10.5 per cent in 1995 to 5.2 per cent this year and to reduce it further to four per cent by next year.

It was regrettable that a number of foreign observers had linked the present economic impasse to domestic politics in Malaysia, and some even had the temerity to suggest that there should be a change in leadership, he said.

Najib said: "I would like to state here that the country and the population is behind the prime minister and our confidence in his dextrous ability to manage the country is unshakable."

He reminded delegates of what the futurist Alvin Toffler said of Dr

Mahathir in an article in the Los Angeles Times of Sept 30, this year.

Najib said that according to Toffler, Malaysia's racial harmony under Dr Mahathir may be far from Utopia, but issued the following challenge:

"If any macroeconomist, investment banker or editorial writer thinks he or she can do a better job of holding a complex, multiethnic state together in relative peace, in a world stained by ethnic cleansing and worse, please step forward. Mahathir has done it."

"Mahathir has also had the courage to speak in a majority Muslim country against Islamic extremism in a world where Muslim terrorists from Algeria to Cairo were wrecking havoc; and he is also the only leader in a Muslim majority country with a vision for the 21st century that doesn't resemble the 12th, unlike some of the other Muslim leaders in the 70s and 80s who controlled vast amount of petro-wealth but did little to turn their countries to knowledge-based economies."

Taking his pluck from British wartime prime minister Winston Churchill, "it's business as usual" in Malaysia, he said.

Najib said that Malaysia and Britain have strong traditional links in business, defence and education, with Malaysian students currently numbering 20,000 here.

He said that in future the flow of students would be two-way with Malaysia welcoming British and European students to its institutions of higher learning.

He continued: "Our educational institutions, both public and private, can offer world-class quality education. I would like to call (on) British educational institutions to respond positively towards collaborating with Malaysian interest groups to help achieve the aim of creating Malaysia as a centre of educational excellence."

He also said that Malaysia was watching closely the move towards a European Monetary Union which would bring about a common European currency.

He explained: "As our currencies were under heavy attack by manipulators, a common stand, with a common currency, against such intrusions would indeed be a much more powerful defence. It would also mean that much bigger reserves are needed to mount such an attack, which may not be possible in the future. Therefore the EMU is closely being watched as a possible and potential mechanism for the strengthening of currency unity in other parts of the world."

Najib told the Malaysian press after his address that his message to the delegates was that it was time to show that Britain was more than just a fair weather friend of Malaysia.

The number of Malaysian students in Britain will be reduced in the future, but he declined to set target figures.

Speaking in reply to Najib, British Minister of State for Foreign and Commonwealth Affairs Derek Fatchett expressed his government's confidence in the economic strength of Malaysia.

"I am not a gambling man, but if I were to gamble on the long term of the Malaysian economy it would be in its favour...all the structures are in place," he said.

He also said that the two-way flow in education between Malaysia and Britain was something that he would like to talk about with Najib later. --

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