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No more reason for doubting resolve

AT first glance, the 1998 Budget presented by Finance Minister Datuk Seri Anwar Ibrahim on Friday is not as tough as it was widely speculated to be. The much-touted belt-tightening measures may not be as punishing as expected.

But hidden within it are some of the most radical policies, rules and regulations ever introduced by Anwar since he took over the finance portfolio in March, 1991.

This Budget, some say, is Anwar's defining moment as the country's economic manager and one which will test his mettle as a popular and charismatic leader.

It will be interesting to see in the days and weeks to come how the foreign media, analysts and fund managers react to his Budget.

But with his having put on paper some of the things expected and demanded by them, it would be terribly disappointing if the reaction was less than positive.

It was said at the peak of the currency and stock market problems that currency traders and foreign fund managers were sceptical of the promises that the implementation of several large projects would either be delayed or cancelled altogether in an effort to improve the balance of payments position.

Now that the Deputy Prime Minister has not only confirmed the shelving of these projects but also identified them and tabulated the amount saved (RM65.6 billion), there is no reason for the fund managers and foreign media to doubt his resolve.

But pleasing the foreign fund managers, investors and media cannot be Anwar's only objective. The interest of the local parties, in particular the ordinary rakyat, is as important.

Although the Finance Minister had clearly tried his best to safeguard the interest of the majority, it is unavoidable that one or two of his proposals will have a negative effect on them.

The raising of driving licence fees, the withdrawal of tax relief for parents of children studying abroad and, to a degree, the imposition of higher fees for international passports may affect people in the lower income group adversely.

The Government would have enjoyed considerable goodwill had these fees not been increased. The withdrawal of the tax relief for overseas education may seem insignificant to most people, but for the poorer parents, who now have to grapple with the higher cost due to the fall of the ringgit, the withdrawal may be seen as insensitivity on the part of the Government.

Perhaps there is still an opportunity for the Finance Minister to re-examine some of these proposals. The withdrawal of the tax relief may be more appropriate when the ringgit has regained its former value and the expansion of local tertiary education takes root.

On the policy side, the Budget's biggest task is to ensure that the move to strengthen and broaden the financial sector will not cause additional problems to the already troubled property sector.

The move to strengthen the financial sector is inevitable if we want to avoid a crisis worse than that besetting Thailand.

Given the prevailing circumstances, the seven per cent growth forecast for next year is healthy. What is more important is the quality and

sustainability of growth.

DAMNING as it may sound and arrogant as it may seem, the views expressed by Gerald Segal, the director of studies at the International Institute for Strategic Studies, in London in the Oct 20 issue of the Newsweek magazine are worth pondering.

Never mind if his views do not really represent the world view as the magazine's column is called, and he shows no mercy towards us. There are points in his argument which are stimulating.

Writing under the headline "Wanna buy a miracle?" Segal, among other things, made the following points:

- * Asians are paying the price for their mistakes and learning their lessons;

- * The movers and shakers of the global financial markets too have lost a great deal of money, but Segal doubts if they even know they have lessons to learn;

- * Asians were enthusiastic about their own markets but foreigners were even more foolish by not keeping their money at home;

- * There is something frighteningly herdlike in the behaviour of markets. Stampedes tend to gather unthinking cattle when the destination is something alluring like an "Asian miracle"; and

- * There is no such thing as a "miracle" economy, or even an "emerging market". There are just specific countries with good policies and companies with good prospects. (He does not think Malaysia falls into this category.)

I must say I find Segal's demolition of the so-called "Asian miracle" interesting. We in Malaysia, the Prime Minister, Datuk Seri Dr Mahathir Mohamad, included, have repeatedly argued that our economic success was not the result of a miracle.

It was the product of hard work, sacrifices and strong policies, some of which were opposed by our own people and condemned by the West as racist, anti-market and closed.

The New Economic Policy (1970-1990) was one of them. It stood condemned by many in the West despite the fact that it had brought political stability and economic progress to an otherwise divided and backward nation.

With the benefit of hindsight, we must now admit that part of our problem was caused by our own untempered belief among some of our own people in the so-called miracle.

Even the best and the brightest in our midst failed or were unwilling to accept the reality that growth is not perpetual. It has its ups and downs, which we call a cycle.

While it is true that much of our problem today is caused by the fall of the ringgit and the stock market due to excessive speculation and manipulation, we have to admit that there are weaknesses in some aspects of our economic fundamentals.

This is one of the many things that the Finance Minister was seeking to address via Friday's Budget, proving yet again that we are not relying on miracle for our success.

And is Dr Mahathir wrong or foolish to suggest that the world should consider doing away with currency trading or, if that is not possible, to have rules and regulations that will make it transparent?

Segal seems not to think so. Although he thinks Dr Mahathir "may be going too far" in calling international currency traders morons, he wrote: "But Mahathir is right to identify irrational aspects of market mechanisms."

So is it wrong for him (Dr Mahathir) and Malaysia to speak up against

these irrational and potentially damaging aspects of market mechanisms?

Our quest for market rationality received a boost last week when the World Bank and the International Monetary Fund agreed to give attention to the proposal.

The World Bank managing director for operations, Gautan S. Kaji, who was in Kuala Lumpur to consult with Anwar and other Malaysian officials, said the World Bank and IMF understood Malaysia's proposal.

THE admission by the Parliamentary Secretary to the Ministry of Transport, Chor Chee Heung, in Alor Star a week ago that some 10,000 saman ekor were believed to have been wrongly issued does not bode well for the system and the police.

It shows that an arbitrary system such as this gives rise to mistakes and abuse. Under this system, the police can issue summonses for traffic offences without stopping the vehicles.

The fact that traffic offences are on the rise and road casualties on the increase does not justify the sacrifice of justice.

There has been a deluge of media reports concerning the weaknesses of the system - of citizens being issued with summonses when they possess neither a driving licence nor a motor vehicle.

It has been acknowledged that there are as many vision-impaired policemen as there are overweight ones. So mistakes are possible.

There is nothing to replace the good old method of being stopped by a policeman. Saman ekor will not encourage people to be better drivers. Instead, the system angers and alienates those who are unjustly fined.

Motorists learn a lot more when they come into contact with policemen. I have personally gained a lot from these experiences.

Several months ago, I was stopped by a policeman for an offence relating to the use of cellular telephone. I must say I was struck by his confidence and professionalism.

He did not bother about the size and type of car I was driving. He asked for my driving licence, identity card and cellular telephone and went on to issue a compound - no hesitation, no question and no negotiation. I like that.

He did, however, say thank you and selamat malam (good night) before riding off on his motorcycle, which did not look like a departmental issue.

In another incident, I was stopped along the Federal Highway past midnight on a weekend for exceeding the speed limit. The middle-aged policeman apologised profusely for stopping me and asked if I knew why.

He went on to inspect my car and spent a considerable length of time looking at the road tax and other stickers on the windscreen.

He came around asking who I was, my job, my place of work and suggested that he had seen me somewhere. I said there was no need to talk about who I was and, as for his having seen me somewhere, I told him it could be a case of pelanduk dua serupa (a Malay saying that two mousedeers may look alike).

It took him several more minutes before writing a summons after which I asked him why he wanted to know who I was and was hesitant to issue the compound summons.

He replied: "Susah encik. Orang kereta besar ni kena jaga. Kadang-kadang kita saman dia marah. Dia tanya awak tak kenalkah saya Datuk ini, Datin ini, Tan Sri ini, Puan Seri ini." (It's difficult, sir. We must be careful with people driving big cars. They ask us if we don't recognise that they are Datuk, Datin, Tan Sri and Puan Seri.)

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