

19/06/1998

Call to hold fast to guiding principles of the struggle

Anwar Ibrahim

THE assembly this time will be different from previous ones. The agenda is momentous, it covers issues of great significance to the Malay community, its economy, its culture and above all, its future in the new millennium, which will be fraught with challenges.

This assembly is different - I can feel it and you can feel it - because of the current circumstances. These circumstances have influenced our thinking, nay, blanketed it - and it is in such a state of mind that we have come for the meeting.

We are facing a grim situation. All of East Asia is covered in economic gloom, and we are no exception. Our people are hard-pressed. The prices of essentials are shooting up. Last year, the economy grew by 7.8 per cent. In the 1998 Budget speech last October, we forecast a slower growth of seven per cent. Last March, we revised that forecast to between two and three per cent. And then, it turns out that in the first quarter of this year, the economy had actually shrunk by 1.8 per cent.

It is clear that we are being seriously tested, and it is a test the likes of which we have not seen since independence. But face it we must with courage, patience and wisdom.

Our economy is in a crisis caused by external factors. The ringgit was knocked down in attacks by currency traders. This came about only because of disorder within the so-called system of international monetary trade. It is a system that is out of date, and out of sync with technological advancements that have made it possible for funds to move and change hands at lightning speed.

With no regulations to follow and nothing to stop them, fund managers and currency traders can act with impunity. And with only profit in mind, they manipulate the currency trade. When they strike, the capital and financial markets are thrown into chaos, like cities under attack by the Garuda. And small economies aren't the only ones in disarray. Even the Japanese yen has slumped.

Indeed, the international financial system needs changing. It needs a new framework, a new architecture, to replace the Bretton Woods accord. It was with this in mind that Malaysia initiated a call for the international community to get together and bring about a reform of the system. The international community has finally seen our point and is working towards proposing reforms that would ensure that capital movements are better regulated and more transparent. There is a need for a framework to regulate the flow of capital and the trade in currencies.

Although currency trading is necessary for international commerce, currency traders should not be allowed to profit at the expense of whole nations, especially when their greed results in misery to ordinary people.

However, as we pressure the international community to correct the weaknesses in the international financial system, we must admit that the economic crisis demands also that we, on our part, make some internal changes. We must upgrade our efficiency, productivity and competitiveness. We must increase our transparency, improve our corporate governance and battle corruption. We must be proactive so that the people's suffering is not worsened.

Our agenda for social justice and Malay interests will not be realised as long as the economy does not recover. There is no wealth distribution without economic expansion. True social justice and proper wealth

distribution are possible only when the economy is growing and expanding at a good pace. Therefore, economic recovery must be our prime concern at this time.

Since the Malaysian economy recovered from the recession of the late 1980s, we have made some radical reforms, which have resulted in turning the private sector into our engine of growth. Thanks to the private sector, Malaysian economic growth has been mind-boggling. Our confidence in the private sector remains. In the past months, we have been in a radically different situation. The private sector, having spurred such fantastic growth for so long, is now panting in exhaustion. It is clear that it is spent.

But this exhaustion must not be allowed to cause a squeeze on the entire economy. If we do not fight it, the economy may recede this year, and inflation will rise because of the fall in the ringgit's value. A protracted slowdown in economic activity will bring with it a host of problems, such as rising unemployment, an increase in corporate failures and bankruptcies and widening debt. The pressure to dispose of assets such as stocks and properties will increase. This will cause asset values to fall, which will in turn threaten the banking system as the market values of collaterals come under pressure. Banking institutions will have to raise more capital with the increase in non-performing loans, and the reduction in the quality of assets pledged to them. The failure of banking institutions to recapitalise raises the spectre of insolvency and a systemic risk.

An economic downturn can have dire consequences. We have no choice but to pluck up the courage and take firm steps towards preventing a further slowdown. The time has come for the public sector to return as the catalyst for growth. Hence, the Ministry of Finance has tabled a counter-cyclical plan to stimulate economic growth. The Cabinet accepted the proposal yesterday. The plan requires the Government to increase the 1998 Budget by RM7.031 billion. By God's will, the increase will enhance real GDP growth from a negative 1.8 per cent.

We must ensure that the larger Budget will indeed help the economy grow and benefit all sectors of society. Hence, we must make certain that the implementation of projects under the recovery plan will not result in the outflow of reserves or liquid funds. We will focus on projects that will stimulate high demand for locally produced goods and services and enhance our efficiency and competitiveness; projects that will help replace imports and increase exports; and projects that will result in the speedy production of goods and services.

The Government will identify projects for immediate implementation in the second half of 1998 and in 1999 to quicken the pace of recovery. Among the projects that can be considered are agricultural projects; the development of low-cost and medium-cost housing and schools, the expansion of vocational institutions and institutions of higher learning, the construction of health clinics, bridges and roads, especially rural roads; and the improvement of water supply systems and basic amenities.

An important step in the effort towards reviving the economy is the establishment of Pengurusan Dana Harta Berhad with a capital of RM25 billion to tackle the problem of non-performing loans (NPLs). By resolving the NPL issue, banks will be able to concentrate on lending to the productive sectors. Economic recovery is important to all big and medium-size businesses.

In times of trouble, we must all the more maintain our calm. Let us not be like one who, having stepped on burning embers, cannot keep from being hysterical. Let us not lose our sense of direction.

We must hold tightly to the guiding principles of our struggle, founded

as they are upon Islamic teachings and Malay traditions. Being certain of the truth for which we fight, we should have no fear. "So lose not heart, nor fall into despair" (Quran III, 139).

Of course, there are opportunists who would take advantage of the situation, those who would set us against ourselves.

If there are members of the foreign media trying to drive a wedge between our leaders, let us not be influenced. We must not be trapped in their game. Neither should we dance to the tune of those who are isolated and disappointed. Never must we be tricked by a conspiracy of the envious and the cohorts in their pay - these are the double-faced who are mired in the filth of calumny.

Umno has its own agenda, for which it must strive. Only Umno can determine its own agenda. We do not want outsiders to meddle in Umno affairs. We ourselves are the ones to formulate our own agenda - our Malay agenda, our economic agenda, our social agenda, our religious agenda, our cultural agenda. We have our Vision 2020 and our programme towards civil society to pursue. So, let us not be distracted by a chess game played by outsiders.

Umno must stand united with the leadership headed by Prime Minister Datuk Seri Dr Mahathir Mohamad in facing the currency crisis. Individual interests must be set aside, and factional and tribal tendencies must be contained. We must learn from mistakes made by those who have resorted before to factionalism.

The spirit of sacrifice must be revived. An sacrifice must come from every quarter - the consumer and the trader, and the ordinary citizen and the leader.

We will not come out of the present crisis if there are, among us, those who work only for their own selfish interests. These people have big appetites and want always to be served first.

During the good times, they wanted everything for themselves. And while we are facing difficulties, they are demanding immediate attention at all costs. They would hector anyone, including government institutions, so that their problems would be attended to first.

They regard themselves as favoured sons and their status as being above that of the rest of the citizenry.

It is the national interest that we must uphold, and the people's interest that we must champion. The community must come before any faction or clique. Reviving the economy is like treating an ailing person. The bitter medicine must be swallowed. Sometimes in the course of treatment, the symptoms get worse. This calls for patience. There are no shortcuts to recovery.

In times of trouble, Umno is wont to turn its gaze towards its Youth and Women's wings.

We appreciate the effort of the Youth leadership in bringing back confidence in the movement, thereby reversing a worrying trend.

Umno Youth has regained its position as the people's voice, calling for social justice and pointing out the weaknesses in society. The Wanita, on its part, has been proactive in dealing with the economic crisis. The launch of ASNITA is Wanita's direct response to the economic crisis. In truth, it is part of party tradition to let the Youth and Wanita lead in traversing new directions.

Idealism must be burnished. Courage must be nourished.

Nevertheless, as we reaffirm our commitment to our struggle, our thinking must change. We cannot be frozen inside our old ways. The new millennium is on the horizon. We are eyeball to eyeball with globalisation and a borderless world, the information explosion and the call for civil society.

The challenges of the new millennium cannot be met with the feudal thinking of old. The challenges of globalisation and a borderless world cannot be met with the mentality of the proverbial frog under the coconut half-shell. The challenges of the information generation cannot be met with ignorance and a closed mind.

It is through the Youth and Wanita movements that we must refresh our ardour and let the spirit of independence bloom again.

Umno is strong because it has always been relevant. It is relevant to society. It is relevant to the times. Indeed, it has always kept its step in the march of time. It can fathom the ruffling ripple or the surging wave. It breathes the same air that the people breathe, sharing in their dreams and aspirations. That is how it has won their heart.

If we look back at the history of modern Malay nationalism, we will see that it had its beginnings in a movement towards renewal and reformation.

The seeds were sown by al Imam, a magazine which first appeared in 1906. Its goal, according to its editor Syed Sheikh al-Hadi, was "to remind the forgetful, awaken those who are asleep, guide the straying, give a voice to those who speak from wisdom."

Remember that Umno itself is the fruit from the seeds of renewal that were sown 40 years before it was established. Umno will always carry the reformist spirit of Datuk Onn Jaafar. And remember too, that a few years ago, our President called for a cultural reformation, saying it was a pre-condition if the Malays were to answer the challenges of the times.

Without reforms, the Malays will become a backward race, lost in the pages of history and forgotten.

Umno must affirm the Malay agenda, which is to elevate national dignity. This is of course difficult in times of economic strife. Resources are limited. Therefore, we have to rearrange our priorities. When the economy was doing well, we could expect the private sector to shoulder part of our social responsibility towards the poor and the weak.

In these difficult times, the full weight of the burden returns to the Government. Our fiscal policy must be directed towards helping those who need help the most. We also have to attend to the needs of those engaged in small and medium-scale businesses. We have to increase resources towards poverty eradication. We have to provide funds for poor students as soon as possible.

We must consolidate our internal strengths our cultural, economic and political strengths. We have to deal with the tide of globalisation and the march of the digital age.

It is only by understanding the nature of the challenges they pose that we will be able to ensure that they benefit our people and our nation, and not ruin them.

At the Youth and Wanita assemblies two years ago - that is, before the economic cyclone started lashing at our shores - I quoted a part of a held aloft as a torch. The verse (Quran II, 88) may be translated thus: "I only desire betterment to the best of my power".

We must desire betterment and reform towards strengthening our faith, nurturing our virtues and building our character. We must seek the flowering of the spirit of consensus and democracy. We must uphold our culture and traditions - the traditions that make us chaste, polite and sensitive, the traditions that place great value on knowledge, wisdom and introspection, not a destructive tradition or a fragile feudal tradition that would take us back to the Dark Ages. We must struggle for social justice and a just distribution of economic benefits "in order that (they) may not (merely) make a circuit between the wealthy" (Quran LIX, 7).

This is the spirit of Umno's struggle. We will not be able to do all this until we revive our ardour in striving to uphold our faith and

traditions and our political and economic principles. The struggle requires an abundance of patience in the face of adversity. We must persevere in good works in order to achieve true victory.

(END)