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Help for all, big or small

IN LESS than a week, the Government made two announcements worth RM700 million to the small and medium-sized industries and businesses. The first announcement, made last Friday, granted an additional RM500 billion to the SMI Fund which had been launched on January 2. This will swell the fund to RM1.5 billion. The second announcement on Wednesday, gave an additional RM200 million credit facility for small-scaled entrepreneurs and petty traders. The new credit gives these entrepreneurs a total of RM340 million in funds to finance their businesses.

Made during this difficult economic period, the two announcements, by Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, must have seemed almost miraculous to businesses that have complained about difficulties in acquiring loans. The gestures reflect the importance placed by the Government on SMIs, small businesses and petty traders.

What we will not hear is of anyone crying "bail-out" over these announcements. The reason is simply that SMIs and petty traders do not move or shake markets. Those who have been stoutly against the Government helping corporations seem to sense that it would also be politically incorrect to oppose assistance for small firms or traders. The principle behind the Government helping corporations and the assistance being given to small companies, however, is the same. Prime Minister Datuk Seri Dr Mahathir Mohamad has said the Government will aid every deserving business that needs help, and these two announcements, prove the statement to be no rhetoric.

Big or small, many businesses have been affected by the economic downturn that has followed the regional financial crisis. The large corporations have seen their market capitalisation shrink considerably and profits plunge indiscriminately. Some have gone under because of the effects of the ringgit's devaluation and others have suffered from the inability to get financing and continue with their projects. The SMIs - many of them suppliers and vendors of the larger corporations - are affected when the big companies had to cut back production or reduce costs. As an illustration, take the national car manufacturer Proton, which had to cut both production and its prices. It was hit by expensive imports and shrinking demand. Smaller production means a lower income for vendors and suppliers, who are dependant on Proton and the demand for its cars. Petty traders meanwhile, were hit by the smaller purchasing power of consumers, who may have been asked to take a major pay cut or, worse still, told to find alternative employment as a result of the problems facing the companies.

The corporations, SMIs, petty traders and small businesses are integral parts of the economy. For the economy to recover, these parts cannot remain weak and helpless. And many of them have been weak or helpless since the ringgit and share freefall and since the region's financial crisis began biting deeper into the the socio-economic fabric of the country. Without help, many will fold and cause hundreds or thousands to lose their sources of income. Petty traders and small entrepreneurs, many in sub-urban and rural areas, may also suffer badly or not survive at all when this happens. This is why the Government must - and will - help strengthen all these small parts of the economy: corporate leaders, small and medium industries, as well as petty traders.

This financial aid is called a bail-out when the Government tries to

help corporations or corporate leaders and it is called assistance when an SMI or small trader that is being helped. If we can get over these terms that only serve to add political mileage and feed the vested interests of certain parties, the bigger picture will come into focus. Whether it is RM500 million for SMIs, RM200 million for petty traders or RM1 billion in capital injections for an ailing bank, it is clear that government assistance is not a privilege for any specific group. What is needed is a system that is transparent enough to allow the average Malaysian to realise this and to ensure that those helped, assisted or bailed out will pay back once the economy recovers.

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