

21/02/1998

Malaysia urged to come out with plans for firms hit by woes

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MALAYSIA has to quickly come up with policies to deal with companies which are affected by the economic problem in the country and the region, says director of a Norwegian-based research institute.

The policies should include "strengthening the control mechanism, where people are held accountable and where there is weeding out of unsuccessful entrepreneurship.

"And this has to be done fairly quickly," said Dr Just Faaland at a lecture on "Asian Economic Crisis and Globalisation: The Challenges to the Future Malaysian Development Planning and Strategies" in Petaling Jaya last night.

He also asked if arrangements for example, had been made to write off debts of companies and if these debts were to be written off by the Government.

"If the Government were to refinance the companies, then one way will be for the Government to take over the company, write off the debt to the bank but not to the capitalist or the company.

"In this manner you then have a new start and new operations without the burden of debt and with better management injected into the company," he said.

It is important, if policies are also geared towards making credit available for productive use, said Faaland who was once director of the Harvard University Development Advisory Service Malaysia project whose contribution was instrumental to the formulation of the country's New Economic Policy.

"You have to make sure that banks will for example give working capital credit and if something is not done to ensure this, then banks will hold back (their loans)," he said.

Equally important, is ensuring that production and operations are not halted or slowed down as a result of "companies going bust", said Faaland.

He added that another way to ensure that production continues is if someone from abroad comes in with capital and this should be "discussed as there are people out there who are willing to buy these operations and then run them," he said.

Faaland who is the director of the Chr Michelsen Institute in Norway hoped that "Malaysia will decide on its future policies where the market will accordingly adjust to these policies".

He did not see the need for Malaysia to seek assistance from the International Monetary Fund at present or the future "if it comes out with these policies and if they come out clearly and convincingly".

Faaland who was here for a week had met with the Prime Minister Datuk Seri Dr Mahathir Mohamad, Foreign Minister Datuk Seri Abdullah Ahmad Badawi as well as executive director of the National Economic Action Council Tun Daim Zainuddin.

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