

07 SEP 1998

APPOINTMENTS-REACTION

MUSTAPA AND ALI'S APPOINTMENT TIMELY AND CRUCIAL

By: Azlina Aziz, Yati Mohd Yassin and Zainab Mohd Yatim

KUALA LUMPUR, Sept 7 (Bernama) -- The appointments of Datuk Mustapa Mohamed as Second Finance Minister and Tan Sri Ali Abul Hassan Sulaiman as Bank Negara governor will give a fresh and broader perspective in efforts to revive the economy.

It would also enable the country's monetary and fiscal policies to work uniformly to ensure a quick economic recovery, economists and analysts said when commenting on the two appointments announced here today.

As Second Finance Minister to Prime Minister Datuk Seri Dr Mahathir Mohamad who is the First Finance Minister, he would play a crucial and supportive role, said former Treasury secretary-general Tan Sri Ramon Navaratnam.

"I think he would actually run the day to day management and leadership of the Treasury but on major policies, as is always the case in the Ministry of Finance, whether it is number one or two, they have to consult the Prime Minister," he said.

The posts of Finance Minister and Bank Negara governor fell vacant when Datuk Seri Anwar Ibrahim was sacked as Deputy Prime Minister and Finance Minister and Tan Sri Ahmad Don resigned from his position last week.

Bank Negara's assistant governor Datuk Dr Zeti Akhtar Aziz has been appointed as Deputy Governor.

Navaratnam said Mustapa has been directly involved in formulating the budget, and carries with him the experience of working under Tengku Razaleigh and Tun Daim Zainuddin, both finance ministers before Anwar.

And given that Daim ably turned the economy around from the recession in the mid 80's, Mustapa would have gained in the process through a deep understanding and appreciation of the economic forces and the application (of economic policies) to national needs.

Mustapa is the right choice for the job, given his background at the Treasury and proven leadership qualities,

Choong Wai Kee, an investment analyst of JM Sassoon Research (M) Sdn Bhd, said: "it is very timely and crucial when the country really needs people to manage the implementation of the government's monetary policy.

He said that Dr Mahathir wants to ensure that there is no "destruction in the implementation of these policies such as the exchange controls announced recently."

He stressed that "we need someone expert to carry out the measures effectively or otherwise we will fall far behind".

Choong pointed out if the policies worked out, there was a possibility that the rest of the region would also be adopting the same measures in reviving their economies.

"I think their appointment really make sense and it will definitely provide us and the country a very positive development," he said.

Federation of Malaysian Manufacturers (FMM)'s President Datuk Paul Low said Ali's experience in macro-economic management will put him in good stead to head the central bank.

He said his participation in mapping the country's industrialisation policy such as through the Industrial Master Plan as well as in the country's financial matters makes him suitable for the post.

"There is no need to worry over his appointment as I think his wealth of experience in the finance ministry and at the EPU, makes him the most suitable candidate for the job," he said.

Datuk Amirsham A Aziz said, the chairman of the Association of Banks Malaysia, in congratulating Ali and Zeti, expressed confidence saying the association looked forward to working closely" with them.

"We are confident that their vast experience in economics and management as well as the implementation of various measures of the National Economic Recovery Plan including the recent capital control measures, will together put Malaysia on the fast track to economic recovery," he said.

An economist, requesting anonymity, said with Ali's appointment, there would be coordination and fine-tuning between fiscal and monetary policies.

The previous governor, Ahmad Don, differed with the government as far as monetary policies were concerned as the central bank wanted a tighter stance in line with prescriptions laid down by the International Monetary Fund (IMF).

That didn't work as the economy in the second quarter slipped into recession with a gross domestic product growth of - 6.8 percent, which forced the government to push for an easier monetary stance via lower interest rates and a fresh perspective to stimulate the economy, analysts said.--BERNAMA

AA/YY/ZMY MR