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Critics are eating humble pie now

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GIVEN the harshness of the treatment the country has endured from foreign critics since the imposition of selective exchange controls last September, even a minor shift in their attitude constitutes a major victory.

From predicting a country condemned to rot in economic isolation and wrecked by the reformasi-type chaos, the very same critics are gradually changing their minds.

An increasing number of such critics now say that the policy may very well work, and that recovery is beginning to look real.

Recovery may be too strong a word. But as has been aptly described by a Government White Paper released in Parliament on Tuesday, there is the emergence of a "feel better" sentiment on the economy among investors and the public.

This, says the 66-page document, is in addition to the initial signs of recovery after 21 months of crisis, indicating that the worst is over and that the economy has bottomed out.

Last week, the cautious Bank Negara Governor Tan Sri Ali Abul Hassan Sulaiman stuck to the growth prediction of one per cent although he acknowledged that there were signs suggesting that the recovery rate could be as much as two per cent.

"Bank Negara prefers to be conservative," said the new governor at a Press briefing before the March 31 release of the bank's 1998 annual report.

Even at one per cent, the recovery is respectable given the fact that last year the economy contracted by 6.7 per cent, and Malaysia did what the critics said would destroy the economy altogether.

To achieve a one-per cent gross domestic product growth, the country has, in reality, to expand the GDP growth by 7.7 per cent. This is by no means a small achievement given the fact that the situation was hopelessly chaotic until the exchange control measures were imposed.

For a nation that had enjoyed 13 years of uninterrupted growth averaging 7.5 per cent annually, the 6.7 per cent contraction could have had dire political consequences had it not been for the reasonableness of the majority of its people.

These are people who have seen or, at the very least, understand the best and the worst of the nation's history - reform-minded people who believe in taking charge of their own destiny rather than pandering to the wishes of others.

Had they allowed such people to lead them, they would still be panhandling in front of the International Monetary Fund headquarters in New York with no assurance that the Michel Camdessus prescriptions would work.

We could very well be in the same boat as other IMF-rescued regional economies which are still in chaos. And thanks to reformasi, one of them is on the brink of political collapse as well.

Of course we do not want to contemplate such an eventuality in any of the regional economies lest we want our country and the entire region destabilised by waves of refugees.

So democracy, independence and self-esteem, no matter how subjective they are, are better than anarchy, street violence and dependency.

Our home-brewed prescriptions and the determination of the majority of

our people to determine their own destiny are gradually paying off.

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THE White Paper is not exaggerating when it contends that the country's initially strong economic fundamentals and the pragmatic measures taken by the Government have lessened the impact of the crisis and averted the more extreme effects like massive unemployment, starvation, collapse of the corporate sector and civil unrest.

Yet before Prime Minister Datuk Seri Dr Mahathir Mohamad wrested control of the economy, we were heading towards the very same direction with the voluntary imposition of the IMF-type response measures - tight money supply, high interest rates and a freeze on public sector spending.

But for now and maybe in the future, Malaysians will have to be more reasonable in their expectations. At the very least, we should not allow ourselves to be lulled into complacency again.

No matter what we say or how confident we are of our economic and political fundamentals, we can no longer run away from the fact that we have to improve the way we govern ourselves as a nation and an economy.

Good governance, no matter what its origin or who is defining it, will become an important yardstick for measuring the global standing of any nation in the future. So are transparency, accountability and trustworthiness.

Before others force it on us, it is best that we begin by acknowledging that our society is not perfect. It is not free of corruption and abuse of power.

Even such a noble policy as Malaysia Incorporated is being undermined and corrupted by unscrupulous individuals on both sides of the table.

No matter whether it is a junior law enforcement officer receiving a few ringgit as duit kopi from an illegal empat nombor ekor operator or a middle level Customs officer foregoing promotions for as long as he can stay in his cozy pelabuhan (port) assignment, rasuah is evil.

Tumbuk rusuk, as corruption is referred to among the older Malays, is also evil when a big-time businessman jacks up the price of a bid in return for a paid holiday to Las Vegas for his public service counterpart.

Whether we like it or not, what others think of us will remain important to our standing as a member of the international community and a major trading nation.

Already our economic fortunes are closely linked to the rest of the world. This will only increase as our economy expands and our global trade grows.

As the White Paper points out, the performance of our economy this year will depend as much on the speed and the effectiveness of the implementation of the stabilisation and structural measures as on the performance of the other regional economies and the economies of the OECD countries.

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AMONG the many encouraging signs that the economy is responding well to the home-made remedy is the reversal in the balance of payments situation.

According to the Bank Negara report, the current account in the balance of payments turned around to record a surplus since 1989, amounting to RM36.1 billion.

The bank's external reserves have also been strengthened by the selective exchange controls - rising from US\$21.7 billion at the end of 1997 to US\$26.2 billion last year. By the end of February this year, the amount had risen to US\$28.7 billion.

Similarly, the balance of trade has also improved, recording a surplus of RM58.5 billion last year against a deficit of RM45 million in the previous year. For the first two months of this year, the surplus rose by

another RM9.2 billion.

Driven by the need to conserve foreign exchange and to support local employment, Malaysians are consuming fewer imported goods while increasing their purchases of locally-made products.

The Buy Malaysian campaign has been so successful that many previously imported items carrying international brand names are now made locally.

They are not only cheaper but their quality is as good as those found in stores in London and New York. After all, Malaysia is one of the world's largest suppliers of consumer durables.

The country excels in such manufactures as electronics and electrical equipment, textiles and garments, rubber-based goods and timber products.

Unfortunately, not every Malaysian shares such a pride. Many still think of imported goods as being superior even though they come from inferior manufacturing areas.

So it does not come as a great surprise to me when stories are told of people and companies trying to import simple products like display cases from abroad.

What is worse, we hear that some of them even have the audacity to seek tax exemption on the pretext that these products are not for commercial use.

Are we so backward or are these people so advanced that even display cases have to be imported?

Are we not one of the world's largest manufacturers and exporters of timber products, yet timber display cases have to be imported?

Are our designers and carpenters so deprived of ideas and skills that they cannot be asked to design and manufacture display cases?

It cannot be, for we hear from the same sources that we are making timber-based products for sale at Harrods in London and other chic stores around the world.

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ANOTHER lesson that we have to learn urgently is to keep our country hygienic. The outbreak of Japanese encephalitis and the discovery of the newly-named Nipah killer virus are a clear sign that we have neglected cleanliness.

Four or five decades ago, mosquitoes were associated with malaria only. Thanks to the effective control of anopheles mosquitoes and the use of anti-malaria drugs, the mosquito-borne epidemic was largely eradicated.

But today, not only is malaria making a comeback in more life-threatening forms, other mosquito-borne diseases are also springing up.

First there was the dengue haemorrhagic fever transmitted by the aedes mosquitoes and now JE which is spread by culex mosquitoes.

Maybe we should consider bringing back hygiene and health science to schools and reintroduce the post of inspektor nyamuk (malaria inspector) to control the spread of vectors.

While the pledge by Health Minister Datuk Chua Jui Meng in Parliament on Tuesday that the Ministry would take steps to ensure mechanisms are in place to combat new emerging microbes is laudable, such a promise is not new.

We have heard it before. The last was during the outbreak of the Coxsackie B epidemic in Sarawak in 1997 that killed 31 children and infants.

Maybe the available scientific knowledge the Minister alluded to in his speech is no longer sufficient or good enough unless complemented by a global network of collaboration and co-operative efforts involving the best research institutions and brains in the world.

We should spare neither efforts nor money to set up the best mechanisms referred to by Chua to face future calamities.

What good is a multi-billion ringgit pig or any other industry if basic health and cleanliness are neglected, putting life and limb at stake?

If need be, we should consider discontinuing the pig-rearing industry for a period of time to enable centralised modern pig-farming centres to be set up.

In the meantime, our Ministers, in particular those responsible for health, the local government and agriculture, should speak less. Instead they should concentrate their time and energy on some real actions to clean up the environment so that we can control the spread of vectors like mosquitoes, flies, rats and cockroaches.

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