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Learn from experience and make provision for bad times

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ON the one hand there is upbeat forecast about our economy and, on the other, companies are having to lay off workers.

Although this may seem incongruous, the truth is our economy became ill because of the currency contagion last year and we are having to swallow some bitter medicine to get the economy back on its feet.

By and large it is medication, not major surgery, that has been prescribed and the prescription given is mainly selective capital and monetary controls. Prime Minister Datuk Seri Dr Mahathir Mohamad is overseeing the treatment, true to his initial calling.

Restructuring, with pain as companion, cannot be avoided. Whether relief is short or long term, only time and circumstance will tell.

If there is profit from this experience it is this. We cannot expect good times to roll all the time. We must remember not-so-good or even bad times are also very much a part of life's cyclical realities and make provision.

Admittedly, companies caught in the euphoria of growth expanded rapidly, too rapidly in many cases. In the construction business it was phenomenal, to say the least. In the Federal capital, where it was most evident, it was as if the whole city was one big building site.

Hotels, shopping malls, condominiums and expressways began springing up everywhere.

But the suddenness of the crisis brought movement to a virtual halt. Policymakers did not know where to begin because they had never been faced with a crisis like this before.

There were different policy considerations to weigh but since time was of the essence hard-nosed decisions had to be made and fast.

Leadership was on test and while acknowledging that there is no pleasing everybody, due credit must be given for the decisive action taken.

While a number of projects remain stalled, several others have been given a lifeline - low interest rates and debt restructuring that allows breathing space during these difficult times.

But, for some time, it is not going to be the gravy train we were on for a good 11 years or so. It may never be the same and that may not be a bad thing.

For now, however, there is pain to endure. Extravagance has to give way to prudence.

We are having to differentiate between confidence based on solid fundamentals and that based on an ostrich mentality. We have to weigh between spending wisely and doing so with abandon just because access to funds is there.

Indications are, spending our way out of the crisis is in areas that lay the groundwork for future growth.

Infrastructure development is a key sector and it is being government-driven because the debt-ridden private sector is hard put to plunge in.

The one and only criterion for aid to crisis-hit companies is viability. Otherwise it is so much money down the drain.

Organisational restructuring will have to be clinical so that bleeding is stopped and the entity has a fighting chance to survive.

Companies that have to let go part of their workforce have conscience to contend with.

Voluntary separation schemes appear to be in vogue and are an act of

heart and are also indicative of confidence in long-term viability.

But there will be beneficiaries who see it as an opportunity to milk the cow.

Employees benefiting from the scheme are generally those whose services are not seen as vital. In certain cases they may even be regarded as non-productive but the bottom line is they benefit and so does the company. A win-win situation if ever there is one.

Experience has it that many such employees could well thank themselves and the company they work with for the bold step taken and which finds them better placed at some point in the future, engaged in what they wished they had turned to much earlier.

There is no one way to get out of the present economic troubles. Countries, barring one or two, which have chosen a different path also seem upbeat about their economies and are beginning to grin despite the pain.

The worst may be over but it will be good to keep in mind that there are factors within our control and forces which are beyond us.

We have opportunity to pause and take stock of what we have done, where and how we are headed. There is much to learn from the crisis.

Change and adaptation to suit new realities call for courage and an eye on the long term. Building according to needs will give each generation its share of the national legacy to pass on.

The global call for regulation of financial markets where it is lacking is getting louder. Only consensus and concerted effort will win the day against this symptom of a global malaise.

We could do with new measures of success - low-cost housing targets being met, cleanliness, a culture of maintenance, reduction in waste (such as food, water, electricity), efficient services, effective tackling of social ills and promotion of social values.

Only then will growth be meaningful and the future made secure from one generation to the next.