

06/04/1999

Our way in tackling crisis finally accepted by critics

Zainal Fitri

THE economic outlook of the country seems rosy and upbeat following the release of the Bank Negara report recently.

Gross domestic product is expected to grow at a modest one per cent this year. There is a healthy inflow of funds to finance the RM16 billion deficit this year.

Malaysia has just received a US\$700 million (RM2.66 billion) syndicated loan facility under the US\$30 billion Miyazawa Plan. This is part of the US\$1.5 billion package to Malaysia announced by Japan during the Asean Summit in Hanoi last year.

We received the first tranche of US\$300 million in February.

On top of that the World Bank has also approved three loans totalling US\$404 million to finance social, education and technology sector projects.

Even our gross reserves stand at a healthy US\$26.2 billion, enough to sustain 5.7 months of imports.

The latest good news is that the much berated rating agency, Standard & Poor's, has upgraded Malaysia's outlook from negative to stable.

This is on the back of Bank Negara's decision to impose stricter guidelines and supervision on the banking sector.

It proves that we are doing all we can to live up to our commitment to the call for transparency and accountability in handling our economy.

Even a respected international investment house like Morgan Stanley Dean Witter has praised Malaysia for having one of the highest quality credits in Asia. It also applauded efforts to reform the banking sector as being "comprehensive and well-designed".

What does all this mean to us? What do these developments in the economy mean to the man-in-the-street?

To start with, the new loans and financial assistance to the country reflects the renewed confidence of foreign lenders in our economy.

It shows that the Government's efforts to tackle the economic crisis are finally well accepted by international critics.

Even though the critics have been very harsh on the remedial measures taken by the country's leadership, especially that related to the exchange rate and capital controls, we now see that the same dissident voices have been tamed by our success.

Not only have we stabilised the debilitating effects of the crisis, the speed with which we have taken immediate steps to contain it is surprising even judging by the international standard.

An accurate example is the success story of Danamodal and Danaharta, two vehicles created to undertake restructuring of the banking and financial sector, which managed to meet its target only six months after operation.

Sales of vehicles in the motor trade sector have also surged and our trade balance have been recording surpluses for more than twelve months straight.

Yet we still read foreign media reports constantly painting a gloomy picture of our economy.

There is no other plausible reason for this than an outright international effort to weaken the confidence of investors in this country.

Had we turned to the International Monetary fund for help, we would still be in the economic quagmire as seen in the case of some of our

closest neighbours.

Has IMF assistance done miracles to those economies except breeding more demand for financial aid to help pull them out from the unending vicious cycle?

Malaysians must really be thanking God for giving us a strong and resilient leadership in the person of Datuk Seri Dr Mahathir Mohamad.

Not many countries in the world for that matter are gifted with a strong and visionary Government like Malaysia.

We could have been one of those nations subjected to a cruel, despotic and dictatorial government but our founding fathers chose the path of which we are now enjoying the fruits, that is, peace, harmony and stability.

Let not anything take away from us what we fought hard to achieve in the last 42 years of independence, and we should not allow anybody to trample our rights to manage our own country.

Our continued and unwavering support is critical at this juncture to see Malaysia through in her most trying hour.