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Looking towards happier times

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WE all want to know what the economic outlook will be in 2002 before we can confidently wish each other "A Happy New Year!"

It's difficult to be sure but most analysts think the world economy will turn around from the US and Japanese recessions and the global slowdown some time in the middle of this year.

But is this expectation realistic? We cannot take it for granted. We have to work for recovery and should not be complacent.

Kim Hak-Su, executive secretary of the Economic and Social Commission for Asia and the Pacific (Escap), said last month the US economy was expected to grow by less than one per cent this year and the Japanese economy would shrink by another 0.5-one per cent.

Countries in Asia and the Pacific need to expand trade links with each other if they are to weather the most widespread economic slowdown in five decades.

For the New Year and the future, therefore, it is essential for the Asian region to diversify away from the US and trade more within Asia and with the rest of the world.

More national and Asian infrastructure development, such as the proposed Asian Land Bridge, could therefore be expanded at a faster pace to harness the great opportunities for economic and business co-operation, in the more empathetic and fraternal environment of Asia.

This is why the agreement at the seventh Asean leaders summit in Brunei in November to form the East Asean Economic Grouping (EAEG) is not only historical but ominous.

Former US Secretary of State James Baker in particular opposed the EAEG as divisive between Asia and the US. Because of the extraordinary domination of the US, many Asian countries dared not differ from the US stand.

But the Sept 11 attacks on the US have changed the international strategic calculations. Now we all know that the US is also vulnerable in its own homeland. Countries and individuals don't have to be militarily superior to deal tough and even deadly blows against the mighty US economy and the unfair international economic system.

The US can no longer dictate terms at international fora such as the WTO and IMF and so easily abuse its veto at the United Nations to dominate the world political economy without expecting sudden devastating retaliation like Sept 11.

Therefore US foreign policies in economics, trade and finance, and its international relations have to be restructured and made more universally democratic and humanistic.

Then there would be greater chances for world peace and prosperity that would propel continuing economic growth and well-being for all peoples on earth, and not just the world's minority rich and powerful.

But the US may deliberately drag its feet and be slow to change in order to protect its domineering position and comfortable status quo.

In the meantime, we in Malaysia have to soldier on to improve our economic prospects. This we can do - if we have the will.

Prime Minister Datuk Seri Dr Mahathir Mohamad stated after his Hari Raya open house that the economy would register a 0.5 to one per cent growth for 2001.

Actually the Malaysian economy has, for the first three quarters of 2001

taken together, recorded a positive growth of 2.3 per cent. But the third quarter alone recorded a decline of 0.5 per cent. Hence if the fourth quarter also registers a negative growth, then technically Malaysia could get into a recession.

However, unless the economy declines by more than 2.3 per cent in the fourth quarter (and this is highly unlikely), the economic growth for the whole of 2001 will be positive.

Now we must ask what will happen this year.

The estimated growth of four per cent for this year is possible only if the US and Japanese economies turn around soon. The continuing recession in the US and Japan and the slowdown in Europe can still adversely affect our exports.

Hence Malaysia must adopt more innovative economic policy changes. We cannot delay too long to change for the better, lest we lose out.

It is in this context that the Prime Minister's Hari Raya message on Dec 16 is highly significant.

He made several remarks which have important implications on our future and could provide the basis for new economic policies for the New Year and beyond.

He said Muslims in Malaysia, in other Islamic countries and also in non-Islamic countries must acquire knowledge and skills in order to compete successfully with non-Muslims. He also urged Muslims to be more determined.

From an economic point of view, these statements stress on competitive spirit among Malaysian Muslims and others. They underscore the importance of reducing the "subsidy syndrome" especially among those who have benefited greatly from good education.

It is still pertinent that our affirmative action should ensure that all the poor and underprivileged Malaysians, regardless of race, must be given better opportunities to get out of poverty and move up the socio-economic ladder.

However, those who have been given these wide-ranging privileges and opportunities should be made to compete with others, to encourage them to further improve themselves and the Malaysian economy. If they do not improve their knowledge and competitiveness, they will develop a "dependency syndrome", which will weaken their will to progress at their own peril, and that of their society and country.

There should be a system where those who are weak should be helped, but those who are already educated and equipped should be urged to strive on their own. Too much protection will lead to weakness and inability to compete under globalisation.

However, the Prime Minister's message will soon be forgotten unless there is a follow-up action by the Government at all levels. Political leaders have to change their mindsets and enlighten their constituents that the Prime Minister's message has to be taken seriously.

All those who distort the Government's socio-economic policies, through ethnic and religious deviation in policy implementation, should be regarded as anti-national and punished severely. Those who claim to have unintentionally distorted and deviated the implementation of government policies should not be allowed to get away with that weak excuse. It would not have been tolerated in my time as a civil servant.

The alleged racial segregation at government schools should be thoroughly investigated. Those found guilty should be severely dealt with. Otherwise this deviationist implementation of national policies can set a dangerous precedent and the Government will not be able to deliver to the people effectively.

Corrective action must be taken speedily to enhance faith and confidence

in the economy. Otherwise national unity will be eroded and Vision 2020 will be badly undermined.

Public confidence in good governance is a key factor for economic recovery and future sustainability.

Overall, I believe that 2002 will be much better than last year if the Government and people adopt the national resolution to become more self-reliant, competitive and more Malaysian in our basic outlook and in the implementation of national policies.

Then we can all look forward more confidently to a peaceful and prosperous future. I believe that we will continue to do well. Hence, Happy New Year to all our readers!

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