

Anwar calms investor jitters, warns BN
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PKR de facto leader Anwar Ibrahim has assured investors of a free-market stance by opposition parties that now form the government in five states following the general election last Saturday. MCPX

At the same time, he bluntly told the Barisan Nasional to put the economy ahead of its own political dilemmas.

anwar ibrahim pc 110308 5“Whatever the political problem - the infighting - they should not sacrifice the economy and the public. I may be the opposition (but) I will not do anything to disrupt the economic performance of this country,” he told reporters today.

Acknowledging that analysts attribute the Kuala Lumpur Composite Index’s 10 percent nosedive yesterday to increased political instability, Anwar highlighted the pro-business elements of the PKR economic agenda and his own experience to quell investor concerns.

“Contrary to some misgivings about our position vis-à-vis the economy, I managed the economy for eight years (as finance minister). I’m equally responsible, I want the economy to succeed,” he said.

In addition to pursuing business-friendly, free-market policies, Anwar said the five states - Penang Selangor, Perak, Kedah and Kelantan - will strive for enhanced accountability and transparency in business transactions.

Given the unexpectedly significant swing against the BN, he noted, a short-term adjustment in the stock market and weaker ringgit is not surprising.

anwar ibrahim pc 110308 1But this could continue if the BN “pursues a regressive policy of punishment and withholds its commitments for development allocations to the opposition-controlled states” and freezes planned big-spending state development programmes.

“We would warn BN, however, that doing so - particularly in Kedah and Kelantan - will further alienate its position with the people.”

Asked about the status of contracts signed by the previous state administrations, Anwar indicated the incoming governments will review those relating to industries that provide public necessities, like electricity and water.

“Otherwise, as a rule, we’ll have to respect and honour the agreements. But where adjustments are required, we have to look at it, especially those that imposed hardship to the people.”

In the upcoming weeks, he said, the newly-elected state government leaders would reach out to foreign investment communities to reassure them and to identify areas of concern.

‘NEP obsolete’

Referring to the collaborating PKR, DAP and PAS as "the coalition", he said the five new state governments would reduce affirmative-action initiatives and pursue a "no-tolerance policy" on corruption.

budget 2007 2008 multi racial "We consider the (New Economic Policy, NEP) obsolete. I have always felt that it (has benefitted a) few family members of (those in) the ruling establishment. So we'll stop this practice of awarding projects to family-related companies and cronies," he said.

However, given the limits of the coalition's powers, this can only happen at the state level.

Affirmative action approaches would continue, though, insofar as protecting the poor and marginalised in every ethnic group.

"It has to be transparent and accountable. Helping the marginalised Malays will not purely be on the basis of race because the marginalised poor - particularly the Indians on the estates - will have to be assisted.

"Similarly, squatters, slum areas and new villages affecting poor areas of the Chinese community will have to be addressed."

He said this new policy will help boost the economy.

"This will immediately increase foreign investment, improve the state's tax revenue and begin to promote more equity and income parity," he said.

In Penang, new chief minister Lim Guan Eng today announced that he will do away with NEP in favour of non-racially-based policies.

"We want to run the state government administration free from the New Economic Policy that only breeds cronyism, corruption and systematic inefficiency," he told reporters.

"Instead, we advocate a stakeholders' economy for all, based on the principle of shared prosperity in an equitable manner," he said.

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