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Economy will grow 1pc in 1999, up from -4.8pc this year: PM

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THE Malaysian economy is expected to grow by 1 per cent next year and this will be reflected in the national budget for 1999, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

This means there will be a 5.8-per cent turnaround from the forecast 4.8-per cent contraction for 1998, Dr Mahathir, who is also First Finance Minister, told reporters after chairing a two-hour Dewan Rakyat and Dewan Negara pre-council meeting in Kuala Lumpur yesterday.

The economy had posted negative growth rates of 2.8 per cent in the first quarter and 6.8 per cent in April-June of this year.

The Prime Minister said, at the meeting, he explained the country's financial situation and the strategies being adopted by the 1999 Budget which will be tabled in Parliament on October 23.

"We will have a deficit budget... but one of the main points (of the budget) is that we believe our economy will grow by 1 per cent, or a turnaround of 5.8 per cent from the negative 4.8 per cent this year," he said.

"The budgetary measures are designed to stimulate the economy. So some taxes will be introduced... but not anything which will burden the public," Dr Mahathir said.

The main thrust would come from fiscal policies, he added, declining to be specific.

"It is very difficult for me to give an indication... for instance, people may start hoarding (essential goods) and this will create problems."

Dr Mahathir also said the Government is unlikely to pay civil servants a bonus this year, advising the people to "tighten their belts" and help work towards the country's economic recovery, on which he is confident in view of the various measures that have been put in place.

On the impression given by the foreign media that the country is facing political instability following the dismissal of former Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim on September, he said tourism has been badly affected by the adverse publicity.

"For example, they show continuously scenes of demonstrations in Malaysia... they make it appear as there is political instability. We have a political problem... not political instability."

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