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## Our role in economic revival

THE 1999 national recovery Budget unveiled last Friday is no less important to ordinary Malaysians. Budget proposals and measures invariably touch their lives and its strategies called upon their unwavering support in achieving the desired objectives.

Some analysts see the Budget to be a watershed in that it is a departure from previous ones in terms of policy direction. It aims at domestic revival along the National Economic Recovery Plan, rather than the previous strategy of strong fiscal restraint under a tight monetary policy. The economic environment now is also vastly different from last year's. The regional economic flu has spread and the contagion reached global proportions. The world economic situation today is clearly perilous with the global community still groping for a solution. Needless to say, much depends on the rich industrial nations' will to lead the way.

With the various stimulus measures in place earlier, battered cyclicals such as banks, construction, property, and the motor industries are given a new lease of life. The establishment of Danaharta and Danamodal to deal with the problem of non-performing loans and recapitalisation of banks goes to the heart of the people's anxiety in these difficult times. The strengthening of the banking industry undoubtedly enhances confidence.

Prime Minister and First Finance Minister Datuk Seri Dr Mahathir Mohamad has been true to his word that the inevitable new taxes to raise revenue for the deficit Budget will not burden the people. There were no shocking measures and little bad news. Even the much anticipated capital gains tax to curb stockmarket speculation was not in the budget proposals. Speculation was rife that such a levy might be imposed on contra-trading gain. Fears of an exit tax, as much as RM500 to RM1,000, to promote local tourism and curb foreign exchange outflow, proved unfounded. The expected "sin" taxes on cigarettes, tobacco products, alcoholic beverages and gaming activities materialised but made no waves.

Unexpectedly, there are even a couple of pleasant surprises. For instance, next year's earned income to be waived from income tax and losses carried forward, gives a respite to many individuals and companies as they prepare for tightening belts with the hard times brought by the slowdown. Families will welcome the announcement that the public sector declares one Saturday in a month a holiday to promote local tourism. The private sector has been encouraged to follow suit. With no excise duty on locally-manufactured TV sets, air-conditioners and refrigerators, these items will be made more affordable.

The Government expressed appreciation for the people's patriotism and the workers' understanding at a time when their patience is put to the severest test. In the light of the many challenges ahead for the nation's speedy economic recovery, they must continue the good work and more. Owners, bosses and workers alike have a responsibility towards a higher level of productivity, reducing production costs and good corporate governance.

Workers have to enhance their productivity level by more effective use of knowledge, skills and technology. To further diversify the economy by building local capacity in new activities, corporate leaders have been called upon to be in full control of their organisations and to be "conscious of their individual decisions on the nation's macroeconomic activities".

Good corporate governance will contribute to the Government's effort to address the weaknesses in the control and management of companies arising from the economic crisis. The recent passage of a series of laws towards plugging loopholes, greater transparency, disclosure of financial information and accountability of directors is a step in the right direction. To aid effective enforcement, the co-operation of all, including being the eyes and ears of the authorities, is vital.

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