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Dr Mahathir's call to redouble efforts to achieve targets

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THE mid-term review period of the Seventh Malaysia Plan will be remembered as a time when the national economy faced many challenges arising from the effects of the recession in 1998.

The period will also be remembered for the unprecedented measures taken, and the willingness of both public and private sectors to adopt appropriate policy adjustments for economic recovery.

The Seventh Malaysia Plan was launched in 1996, at a time when the economy was robust with relatively strong economic fundamentals, having grown rapidly at an average rate of 8.5 per cent per annum since 1990.

The definitive Plan presented a pragmatic blend of proven and new development strategies and programmes that would propel Malaysia into the 21st century.

Strategies formulated sought to enhance output, augment efficiency and increase competitiveness so as to sustain rapid growth as well as to ensure a balanced development and an equitable distribution of benefits among all Malaysians, States, and the rural and urban population.

After a commendable economic performance during the first two years of the Plan period, the economy was adversely affected in 1998 by the financial crisis which began in July 1997.

The crisis that affected the East Asian region was triggered by speculative activities of hedge funds, which made huge profits through massive short-term capital flows and in the process, seriously destabilised these East Asian currencies.

Malaysia was not spared the regional contagion effects of the crisis.

This crisis compelled the Government to undertake a series of strong measures to ensure the stability of the nation was not further adversely affected.

The National Economic Action Council (NEAC) was established on 7 January 1998 and the National Economic Recovery Plan (NERP) prepared and launched on 23 July 1998.

Besides responding to the immediate economic crisis, the NERP also provided a comprehensive framework to address structural and medium-term issues.

These measures are pragmatic and designed to resolve the critical issues facing the country and, undoubtedly, require the full commitment, not only on the part of the Government, but also of Malaysians from all walks of life to ensure the success of the economic recovery.

Against this backdrop, the Mid-Term Review 1996-2000 (MTR) assesses the progress of the nation's economic development during the first three years of the Plan, 1996-1998, the constraints encountered and the measures taken to manage the pressing issues which affect growth.

The document also addresses the prospects for the remaining Plan period as well as presents strategies that have been fine-tuned to facilitate the attainment of the National Development Policy (NDP) and the status of a developed nation as envisaged in Vision 2020.

The Government will continue with its responsibility and commitment to ensure a conducive economic, social and political environment in which all Malaysians can participate and share the benefits of economic development.

At the same time, the private sector, consumers and each citizen, have to play their respective roles to boost domestic demand, increase competitiveness, expand exports and reduce imports.

Measures will be undertaken to restore investor confidence, revive economic activities, and continue human resource development as well as address falling productivity, low capital efficiency, and inflationary pressures, while new sources of growth will be identified.

Recognising the importance of human resources in the push for productivity-led economic growth, the supply of skilled manpower will be increased, access to education and training facilities improved and labour market mechanisms strengthened.

Through the concerted efforts of the nation, signs of economic recovery are beginning to emerge.

While we are thankful for the support, discipline, perseverance and unity of Malaysians in facing this period of economic turmoil and hardship, we must continue to strive to ensure a sustained economic recovery and restore the growth momentum.

Nevertheless, Malaysia remains vulnerable to external developments in the region and globally.

Having learnt from past experience, we will continue to co-operate and work towards reforms in the international financial architecture so as to ensure such economic devastation is not repeated.

By the end of the Plan period, we would have completed the Second Outline Perspective Plan, 1991-2000.

It is of utmost importance therefore that we double all efforts in the remaining years of the Plan to ensure our socio-economic objectives are fully achieved.

Our success will provide the nation with a strong foothold into the new millennium and a better future for generations to come. Many government agencies as well as the private sector have contributed towards the preparation of the MTR.

I would like to place on record the Government's appreciation of these contributions, in particular the National Development Planning Committee under the chairmanship of the Chief Secretary to the Government and the Economic Planning Unit, and hope that such co-operation will be continued and strengthened in the coming years.

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