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Enhancing the recovery process

FIRST Finance Minister Tun Daim Zainuddin gave a broad outline this week of the millennium Budget he will present in October. Nine months down the road since the presentation of the 1999 Budget, there is no doubt that the country has come a long way. It could be recalled that when Prime Minister Datuk Seri Dr Mahathir Mohamad presented the Budget last October, the Malaysian economy was still mired in the regional financial crisis that has swept across a number of East Asian countries.

Into the second month of selective capital controls then, the country's unorthodox and unprecedented measures to protect its economy were much criticised with so-called economic pundits forecasting a host of disastrous scenarios. But the nation's leaders and the people were undaunted and unwavering in their steadfastness to steer the domestic economy out of the morass. Clearly, the effort is paying dividends.

To the surprise of sceptics and those who have spoken derisively of the country, "the results are proving to be very favourable and seemed a rational decision", as one foreign asset manager told a recent seminar here. He is not alone in saying that the consequences of Malaysia's measures could well be that the country's economic recovery process will be shorter than other Asian countries and less painful. Indeed, the majority of Malaysians are thankful that compared with some International Monetary Fund-aided Asian countries, the Government's policies and stimulus measures to counter the crisis have been implemented effectively without causing further aggravation or social unrest. Local confidence, the key to recovery, is growing.

Bullish foreign forecasts of Malaysia's growth this year notwithstanding, Daim and his team remain cautious. Surely, complacency has no place during this critical period. The recovery process has to be strengthened and this will be the thrust of the forthcoming Budget, with measures to stimulate domestic demand a priority.

The Government's plan to give emphasis to new opportunities, especially in the services sector, such as information technology to serve the engine of growth, is a move in the right direction. In the competitive years ahead, hi-tech industries have been identified as among the high growth areas with the greatest wealth creation opportunities. That the Budget will continue to stress on growth with equity, particularly efforts to distribute income, eradicate poverty and help the unfortunate, is reassuring.

It is apt that Daim chose to highlight the private sector's role in the recovery process and for sustainable growth in the years ahead. His latest statement is consistent with his efforts to prod the nation to greater heights of achievement through a massive productivity push. To enhance Malaysia's resilience and competitiveness, there has to be much greater use of technology in every area of Malaysian life - in manufacturing, in the services sector, in agriculture and in the non-economic as well as the economic spheres. Paramount to this national crusade to do better is that corporate decision-making will be based on sound economic calculations, having regard for the true gain and costs to the economy.

The importance of banks and financial institutions in fuelling the recovery process cannot be over-emphasised. This is no excuse for banks not to lend to productive sectors and viable projects.

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