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Mid-term fillip to economy

NO crisis can be allowed to halt Malaysia's progress. This observation by Prime Minister Datuk Seri Dr Mahathir Mohamad also sums up the prevailing sentiment of the rakyat whose resilience was severely tested in these trying times. Like a rudder navigating a ship in stormy waters, much of Dr Mahathir's optimism and indomitable spirit have rubbed off on most of us.

Such sanguineness is seen in the tabling of the Mid-Term Review of the Seventh Malaysia Plan by Dr Mahathir. The rousing welcome to the captain who is now back on his feet after a brief ailment is a feeling that the rakyat shares. This coupled with the economic indicators swinging to the path of good health augurs well for the plan which aims at transforming the economy from being input-driven to one which is premised on productivity and quality.

As always, the rakyat is the centre-piece of Malaysia's economic blueprint as seen from the RM22 billion increase in public sector spending for the five years. This 33.3 per cent boost will no doubt help stimulate the economy, necessarily a priority in the National Economic Recovery Plan. This will ensure that the country's socio-economic objectives will not be sacrificed in the bid for recovery and thus reduce the incidence of poverty, narrow inequalities and improve the quality of life. Against the backdrop of a crisis characterised by a liquidity crunch, it is reassuring that funding will not be a problem as the country has sufficient domestic sources.

Many will be heartened by the plan's projection that per capita income will improve from RM24,548 to RM25,980 next year. This improvement in the purchasing power parity will boost confidence where consumer spending is the prerequisite in ensuring sustained recovery.

The revised growth rate for the plan from eight to three per cent per annum is, no doubt, the lowest growth rate for any plan period. Nevertheless, it is a commendable achievement in the prevailing economic scenario. Inevitably, such lower projection will bear some impact on the Vision 2020 plan but adjustments will be made to ensure all is not lost. For the people, long imbued with a sense of Malaysia Boleh, such adjustments will not dent their determination to realise the nation's aspirations in the new millennium.

The increase in education and training by RM6 billion to RM16 billion will accelerate the country's transformation into an information technology-based economy. With the RM4 billion increase in allocation for ministries and agencies involved in information technology programmes and projects, the country can further capitalise on the opportunities brought by the rapid changes in IT and multimedia. A lesson well-learned from the crisis is the urgent need to be competitive and this can only come from a well-planned investment in research and development. But a R&D hub is not possible without active private sector participation.

The expectation of a five per cent growth next year is not unrealistic. But the success of the plan hinges on efficient implementation. The continuing efforts to address longer term structural issues will enable the economy to enter the 21st century with strength and renewed optimism. But without the necessary reforms in the international financial architecture, the unregulated financial market lurks like a predator ready to pounce and suck the lifeblood of the economy.

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