

Govt may inject more funds: PM

Fiscal measures necessary to stimulate economy, he says

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SUN 10 SEP 2001

KUALA LUMPUR, Fri: The National Economic Action Council (NEAC) will meet soon to decide on the fiscal measures Malaysia should take in the wake of the terrorist attacks in the United States.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the government is considering fiscal pump priming, the injection of more funds into the market, in order to stimulate the economy to avoid slip-

ping into a recession.

"We are looking at it and we will think about it at the NEAC meeting," he said, when asked if the government will be taking any measures to cushion the impact on the country's economy in view of further weakening of the US economy.

Mahathir announced a RM3 billion fiscal stimulus package in March as an additional allocation to the RM28 billion 2001 budget in efforts to face the negative effects of the US economy.

The package includes the development of infra-

structure projects such as schools, community colleges and new universities, but officials say it was still too early to see the benefits of the package.

Speaking to reporters after signing a condolence book at the US Embassy here today, accompanied by Foreign Minister Datuk Seri Syed Hamid Albar, Mahathir, who is also finance minister, said Malaysia's economy is closely linked to the US economy, and repercussions there will also be felt in the country.

"I am quite sure all this

will divert attention from pure trade to matters of security. So the US economy will suffer and we will feel the impact," he said.

The Kuala Lumpur Stock Market, was one of the most resilient in the region, fell 3.8% yesterday, in comparison with regional bourses which dropped between 5% and 8%, a day after Tuesday's terrorist attacks on the US.

The benchmark KLSE Composite Index closed at 664.52, down 26.02 points or 3.77% yesterday, and shed almost 20 points today to close at 644.53 points.