

RM4.3b stimulus plan 'a painkiller'

By Freddie Ng

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PENANG, Thurs. A Japanese economics professor today likened the RM4.3 billion stimulus package announced by Prime Minister Datuk Seri Dr Mahathir Mohamad on Tuesday, to "a painkiller".

Professor I Hideo Suzuki of Meijo University, Japan, while concurring that the measure was appropriate, cautioned however that the efficacy of the "prescription", as in the case of painkillers, was best only for a limited period.

Suzuki said the Government's stimulus package was most timely to alleviate the "pain" arising of the imminent global economic slowdown, in the aftermath of the terrorist attack in the United States.

"But like painkillers, one should stop consuming it once the pain is over," he said.

"In this case, I think the Malay-

sian Government's support of the economy should not be for more than two to three years, when the global economy is expected to pick up again," he said.

"If the global economic slowdown ends earlier, then Government support of the economy, should also end earlier," he added, when asked his opinion of the stimulus package.

He was speaking to newsmen after presenting a talk entitled "Pessimism, Optimism and Realism of the Current Japanese Economy" organised by the Malaysian Association of Japanese Studies and the Consulate-General of Japan at the Caring Society Complex here.

Suzuki cautioned that prolonged Government support of the economy may lead to a situation where it would become dependent on being propped-up and may plunge if Government support was withdrawn.

"In the long run, the onus of supporting the economy should lie

with the private sector," he said.

Suzuki praised the Government for its quick and wise action in providing economic stimulus to cushion the impact of an imminent slowdown.

By spending this much money now, the Government will create a multiplier effect to raise the Gross Domestic Product (GDP) which will cushion the impact of the slowdown, he added.

Earlier, in his talk on the Japanese economy, Suzuki said Japan would only be able to regain its economic strength when it was able to resolve a massive problem of non-performing loans (NPLs).

He said because of NPLs, the Japanese economy which had been stagnant for the last 10 years, achieved only one per cent growth per year, compared to an average of 4.1 per cent the decade earlier. The latest economic figures for the first half of 2001, reported a "minus 3.2 per cent" growth rate.