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Another boost for economy

IT is difficult to plan for every economic contingency, but good management can cushion the adverse impact of unexpected developments. Malaysia has managed to handle its economic problems successfully because of a strong political leadership which firmly and decisively adopts appropriate economic measures to deal with any situation.

Such a situation is now staring us in the face. The terrorist attack on the US will cause further damage to the teetering world economy. The Government, in response to this new external threat to our well-being, has announced a RM4.3 billion stimulus package. This will place us in a better position to weather the effects of a slowing world economy. This money comes on top of the RM3 billion earmarked in March this year for infrastructure and the RM28 billion set aside for development expenditure in Budget 2001. All in all, the total sum works out to RM35.3 billion.

The additional package, which will be funded from domestic sources, will result in a bigger Budget deficit, but Prime Minister Datuk Seri Dr Mahathir Mohamad has given an assurance that this will be within an acceptable range. Big budget deficits can add to inflationary pressures, but prudent macro economic policies and management have succeeded in keeping inflation low.

The funds should help to stimulate economic activity, create employment and generate spin-offs such as greater demand for materials and supplies that will benefit various sectors of the economy. This will minimise the adverse effects of a global economic slowdown. But the Government can only do so much. The private sector must also play its part to ensure the economy stays afloat.

Like many newly industrialising countries, manufactures and electronic goods are Malaysia's major exports. However, unlike some countries, our economy is broad-based. We are a leading commodity producer. We are also blessed with abundant land and natural resources. We have a thriving tourism industry which is the second largest foreign exchange earner. These are strengths which we can build on to ride out the difficult times.

Some of the money will be used to provide immediate relief for certain groups such as doubling the welfare payments for poor families and funds for retraining of retrenched workers. It will also go towards enhancing the development of a K-economy over the long term. The stimulus package includes funds for computer labs in schools and allowances for degree and diploma holders to learn information technology, mathematics and languages.

Like all stimulus packages, their effectiveness depends to a large extent on their timely disbursement and utilisation. The beneficial effects will not be felt if the planned projects are not implemented according to schedule or worse if they held up by red tape. Delay in payments to contractors and sub-contractors for jobs done, for instance, has been a frequent complaint. This places a financial burden on businessmen, creating a chain reaction down the line. The Government recognises this problem and has taken measures to overcome it, such as speeding up payments and removing bureaucratic delays. In this respect, it has an ace: the man who now has his hands on the purse-strings also controls the Government machinery.

All efforts must be made to get the projects envisaged in the stimulus package off the ground as speedily as possible. No self-created obstacle

should be allowed to stand in the way.
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