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Cushioning against a global recession

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MALAYSIA is unlikely to be badly affected by global recession as the Government has put in place stimulus packages to ward off effects of a global economic slowdown.

Prime Minister Datuk Seri Dr Mahathir Mohamad said: "We may not be affected too badly as we are doing all these things. If we do not do anything at all, I think we will go down together with the rest of the world.

"Even if we do go down, it will not be so bad," he told a Press conference in Putrajaya yesterday.

He also said growth for this year was expected to be between one and two per cent. Malaysia had earlier forecast a growth of between five and six per cent for 2001.

Dr Mahathir, who is also the Finance Minister, yesterday announced another RM4.3 billion stimulus package to generate economic activities with the biggest spin-off effects.

This is in addition to the RM3 billion stimulus package announced in March this year for the development of infrastructure and utilities projects such as schools, community colleges and new universities.

The pump priming measures were to encourage domestic consumption and cut reliance on exports, in the face of a further slowdown in the US economy following the Sept 11 attacks.

Dr Mahathir said in view of the imminent slowdown in the US economy, the Government had to look at promoting growth of the domestic economy.

"That is why we have this package because we want the money to spend on projects and hope to stimulate the economy internally.

"We want consumers to spend because it will help retailers. We also want Malaysian manufacturers to seek bigger markets. The reason why we are pumping money is because we want people to spend the money."

He said the Government was also looking at stimulating the private sector and help them to increase capacity and export their products to countries which were not too badly affected by the economic slowdown.

"There are other things we can do to help reduce the impact of external factors."

Asked on the long-term impact on the Malaysian economy, Dr Mahathir said at the moment, it was difficult to predict.

He pointed out that for now, hotels had not reported any slowdown in occupancy by tourists.

"Fortunately for us we are not dependent on American tourists. We are not looking to benefit on other people's problems but we have to find ways to promote domestic growth."

On efforts to promote globalisation, he said it might slow down for now, "simply because now you cannot have meetings".

Demonstrations by non-governmental organisations have of late gathered such momentum that it adversely affects the smooth running of international meetings.

"Meetings of heads of government now become a problem because of the threat. They are nervous that it may not be just demonstrations but much worse than that.

"There may be no discussion of world trade in the near future or the shape of globalisation in the near future."