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Fly into action right away

WHAT has become of the "flying squad" that was formed to monitor the utilisation of the RM3 billion fiscal stimulus package announced in March? It was established with the sole objective of ensuring that the money allocated to pump-prime the economy get spent, so that the programme's effects could trickle down to the rest of the economy as soon as possible, and mitigate the impact of a global economic slowdown. Here, money not spent is not money saved, unfortunately. Rather, it will be a case of the Government's best intentions and best laid plans going to waste.

Prime Minister Datuk Seri Dr Mahathir Mohamad had on Monday expressed disappointment over the fact that only RM200 million of the supplementary budget has so far been used. It appears that money which has been or in the process of being disbursed currently amounts to about RM750 million, or a quarter of the total allocation. And it is projected that by year-end, RM920 million would have reached the targeted sectors. But this would still represent an under-utilisation rate of nearly 70 per cent.

With the Budget 2002 coming up for debate in Parliament in two months, it looks like the bulk of the allocation will be rolled over in the new fiscal year, which will be a shame as the funds need to be spent now, not later, given the time-critical nature of the package. Will there now be a flurry of activities, as per the final months of every fiscal year where ministries rush to use up their allocations? This might be normal, as suggested by Malaysian Institute of Economic Research executive director Dr Mohamed Ariff Abdul Kareem, because companies and organisations tend to like doing things at the last moment. But does this make it less of a disservice to the initiators of the programme, and to the nation?

Malaysia was among the first countries in the region to recognise the potential adverse impact of a weakening global economy, but more than that, it prompted policymakers to adopt pre-emptive measures to protect the domestic economy from possible shocks. This despite the economy having just posted a strong 6.3 per cent gross domestic product growth for the fourth quarter of 2000 then. As it turns out, the concept of pre-emption is sadly lost on some people. It has been suggested that red tape is the main cause of the delay in kickstarting several big projects identified for immediate implementation. Under normal circumstances this might possibly be tolerated, if not condoned. But such inertia now simply cannot be excused, be it due to weaknesses in the government machinery or, worse, a lack of recognition of the seriousness of the threat faced by the economy.

The country has so far managed to stave off the worst of the effects of the decline in global demand, especially for electronic goods, thanks to fairly good prices for palm oil and petroleum, and also some innovative economic management techniques. But unlike the bigger economies, it does not have the luxury of a big domestic consumer base which can serve as a buffer against poorer international business conditions. This is why the additional government spending under the stimulus package is so necessary. Perhaps, people are simply sitting back and waiting for the Government to solve their problems, as has always been the case before. In truth, all parties concerned - the government agencies, the banks and the private sector - owe it to themselves and the nation to see to it that the programme is successfully implemented. And it starts with the flying squad, which cannot afford to lose any more time. It has to take flight

right away, for its role is crucial to the maximisation of the much-needed stimulus to the economy.

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