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Govt studying possibility of extending Malaysia Plan period

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THERE is a possibility that the current national five-year development plans may be formulated to cover a longer period to allow for continuity.

Several private economists have put forward the suggestion, arguing that a 10-year plan may be better in plotting the nation's growth, as the current five-year plan is too short a period for substantial effective economic and development planning.

The shorter five-year plans also seem to suggest that the Government is employing short-term measures to manage economic cycles.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government is not against the idea.

"We are studying the possibility because each plan merges into the other," Dr Mahathir said to reporters after declaring Putrajaya a Federal Territory at Dataran Perdana yesterday.

He said like the annual budget, the Eighth Malaysia Plan must also merge with the previous ones.

"For example, in last year's budget, not all money has been spent so it continues into this year but this year, we have to begin new projects."

The Eighth Malaysia Plan, designed for the period 2001-2005, is expected to be tabled by the Prime Minister at this year's first Parliamentary session in March.

Dr Mahathir also said ministries are now being monitored to ensure that their allocations are spent within this year.

"Sometimes, they (ministries) make a request for projects and when we approve them, they are just going to acquire the land. Of course, land acquisition may take six months, construction is going to take three years, so they do not spend the money.

"We have to work out how to implement things more efficiently," he added.

Sources said the Eighth Malaysia Plan (2001-2005) has been completed by the Economic Planning Unit and will include economic review, expenditure figures, development budget, and new projects to be constructed as well as the financing involved.

These strategies, programmes and projects contained in the blueprint are expected to prepare Malaysians for an aggressive shift into knowledge-based economy and the implementation of the Asean Free Trade Area (Afta) in 2003.

"While the new plan may not be significantly different from the Seventh Malaysia Plan, the focus will be more on infrastructure, as we have not exhausted the infrastructure spending.

"Other issues may include utilities such as power and water, and in a certain aspect, of transportation and the upgrading of the country's transportation sector," the sources said.

Economists contacted by Business Times said they are looking forward to the plan, which they said will chart the course of the Malaysian economy in the next few years.

A senior economist from a local securities firm suggested that the period of planning be extended to 10 years, rather than the usual five. The need was highlighted during the 1986-1996 period when Malaysia experienced "a wave of strong growth". The country would have been better served by one longer development plan, rather than two five-year plans.

Another economist said the next Malaysia Plan will give them a picture

of what the next policy measures are, as since the economic downturn, Government policies have mainly focussed on crisis management.

"While this is a credit to our policymakers, they must also look forward. We need to see whether this recovery can be turned into a sustainable growth for the country," he said.

For the stock market, he said the blueprint will give a clear picture of the economy particularly on two important sectors, namely manufacturing and construction.

"Given the fact that there are lots of outstanding issues, it is interesting to see how the plan will tackle issues like corporate restructuring, globalisation and liberalisation. "The Eighth Malaysia Plan must have realistic targets and implementable measures which can be done within realistic timetable.

"The blueprint is most important... It is important to have a plan which is not just based on what Alan Greenspan (the US Federal Reserve chairman) is doing. These are factors which are out of our control.

"The slowdown in economy is inevitable but we won't fall back into recession, that is for sure," he added.

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