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Something for everyone

THE RM4.3 BILLION STIMULUS PACKAGE ANNOUNCED BY Prime Minister Datuk Seri Dr Mahathir Mohamad in late September is the second off-Budget pump-priming measure this year. The first was a RM3 billion package announced in March.

The new package focuses on small development projects, welfare, training of retrenched workers and the unemployed, and tourism promotion. A substantial amount, including RM1 billion for small projects and RM300 million for upgrading works, would be spent within the year, said the Prime Minister.

The stimulus package comes in the wake of the terrorist attack on the US on Sept 11, which has triggered fears of a US recession and a slowdown for the rest of the world.

The key features of the new spending plan includes RM1 billion for selected rural and urban development projects like roads, wells and bridges. Part of the allocation, to be spent within the year, has already been channeled to individual states, the Prime Minister said.

Some RM80 million will be used to double welfare payments to poor families, with immediate effect. This measure will continue indefinitely. RM300 million will be spent by the year-end to upgrade and maintain government buildings and quarters, particularly schools, police stations and rural infrastructure. A total of RM300 million, meanwhile, have been allocated to build and equip computer labs in 2,000 schools.

In addition, other allocations include RM150 million (until end 2002) to be disbursed as monthly allowances of RM500 each for 10,000 degree and diploma holders to learn information technology, mathematics and languages. This measure is targeted at the unemployed. Another RM150 million will be spent for training of retrenched workers.

Recognising the impact of the events of Sept 11 on the tourism sector, which had been a bright spot in the Malaysian economy but now is predicted to lose colour, the Prime Minister also announced a RM110 million allocation to intensify tourism promotion activities.

The stimulus package will most probably be financed domestically through bond sales, say economists. While they welcome the stimulus package, saying it will generate a certain level of economic activity, they also worry whether it can be disbursed fast enough to make a difference to the economy this year.