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MAHATHIR-STIMULUS

SPEND MONEY TO PROMOTE LOCAL GROWTH

PUTRAJAYA, Sept 25 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia will look into its own domestic economy to promote growth and wanted the money allocated by the government to be spent.

In announcing a stimulus package of RM4.3 billion at a press conference here today, he said the amount is not big in terms of yearly expenditure but this additional fund will help stimulate the economy internally.

He said the funding of the package will be mainly from domestic sources and, as such, next year's Budget will have a bigger deficit but within an acceptable range.

The stimulus package will help to reduce the impact of external factors and enable Malaysia to still register positive growth this year, of between one and two percent.

Following the recent terror attacks, the US economy will be affected and it will have no capacity to take up Malaysian exports and this in turn will affect the local economy and that of other countries as well.

However, he said, the government is making efforts so that "even if the whole world goes down, we will not go down that far".

As such, the government wanted the money it has allocated to be spent.

"Our experience is that while the government provides the money, the capacity to spend the money is not there. For example, if we have a project, stage one is just to acquire land...then nothing is being spent for the whole year. Although we have a big budget, in fact we are not stimulating anything".

He said the Treasury will be supplying the money to the various Ministries to facilitate and expedite transactions.

For example, for small projects, he said the government will be paying 70 percent straight to the banks so that progress payments can be made.

With the package being a pump-priming measure, it depends on the work to be done in the country.

He said the government is looking at ways to stimulate the private sector and whether it could do something to help the sector's manufacturing capability and for (private sector companies) to expand the market for their products to non-traditional markets such as the Middle East (West Asia).

The stimulus package also includes efforts to promote tourism and Dr Mahathir said it is fortunate that Malaysia is not dependent on American tourists alone.

He said the hotels has not reported any slowdown in their activities and it remains unclear whether there is an increase in tourist arrivals because of the tourists' inability to go to the US.

He said the stimulus package effort is not to benefit from other people's problem but rather to help the local economy. -- BERNAMA

SHO SEL