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BUDGET-COMMENTARY
WHEN THE GOING GETS TOUGH, THE TOUGH GETS GOING

By: Yong Soo Heong

KUALA LUMPUR, Oct 18 (Bernama) -- Much is being anticipated from the 2002 Budget to be presented by Prime Minister Datuk Seri Dr Mahathir Mohamad at the Dewan Rakyat here tomorrow, judging from the numerous comments from various quarters over the past few days.

This will be the second time in four years that Dr Mahathir will be presenting the national budget in his capacity as finance minister. The first was in 1998 when he took over as finance minister at the height of the Asian financial crisis.

There are certainly similarities between then and now: the country is again bracing for a difficult external environment and the national financial blueprint is again presented by Dr Mahathir.

The phrase of "when the going gets tough, the tough gets going" is certainly apt in describing Malaysia's vigorous and far-reaching initiatives to overcome its economic difficulties in the past and it will certainly endeavour to do so again this time around.

The government took the bull by the horns in 1998 when it implemented selective exchange controls and introduced many initiatives to help the economy tide over the difficult period then.

Although Malaysia slumped to its worst-ever recession when the economy contracted by 7.4 percent in 1998, it was able to recover strongly subsequently when it grew by 6.1 percent and 8.3 percent in 1999 and 2000 respectively.

Malaysia would have chalked up another fine run this year if not for the prolonged economic slowdown in the United States and the economic tailspin that followed after the Sept 11 attacks on New York and Washington. The Malaysian economy was originally projected to grow by 7.5 percent this year and this was later revised to 5.0 to 6.0 percent in March this year.

Given the worsened external economic environment, Malaysia's growth rate for this year may not be that rosy and growth is expected at between 1.0 to 2.0 percent.

But all is not lost because of the national resilience to persevere is there. Malaysia's strong economic fundamentals will continue to provide sufficient policy flexibility for the government to implement growth-supporting measures and prepare the economy for a better performance next year.

Dr Mahathir has also called for the rakyat to have confidence in the government's initiatives.

And why not? It has not failed in the past in view of its pragmatic approach to various economic issues. Not too long ago in 1985, Malaysia was gripped by an economic slowdown but the government managed to steer the country away from troubled waters in less than two years.

It did this by placing stronger emphasis on tourism to earn valuable foreign exchange in the shortest possible time and provide greater flexibility to small businesses and the unemployed. Malaysia then went on to enjoy more than a decade of robust growth.

And this time around, the government, with its experience in tackling economic downturns, will certainly employ fiscal measures to place the economy on even keel.

A lot of expectations have been placed on the government and the authorities are expected not to disappoint. -- BERNAMA

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