'Private sector can help enhance economy'

SUN 3 1 MAY 2002

PUTRAJAYA: The private sector's role is very important in efforts to spur economic activity and strengthen the economic base so that the country would be more competitive, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

However, he said of late the private sector has not been dynamic enough.

"Their investment rate has decreased sharply by 39% in 2001 compared with the 1997 investment rate. If this trend continues, the medium-term economic growth potential will be affected," he said.

Mahathir said that the country's economic achievement since the financial crisis had been spurred by the public sector, especially through the economic stimulus package which resulted in the government incurring a deficit.

He said that even though the government could still afford to finance the deficit and financial management was still sound, it was not the government's intention to continue to practise an expansionary budget policy.

"We cannot rely too much on the government to spur the economy," he said.

Mahathir stressed the need for the private sector's involvement so that it could take over the public sector's role in stimulating the economy.

"The private sector should rebuild confidence and capability towards increasing competitiveness, efficiency, creativity and productivity.