

Private sector as prime mover

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PM: Reduce dependence on Government to spur economy

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PUTRAJAYA, Thurs. — Next year's Budget will look to the private sector as the prime mover in the economy as the Government cannot continue to sustain a deficit budget, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Dr Mahathir, who is also Finance Minister, said the 2003 Budget would be themed *Promoting a Dynamic and Resilient Private Sector*.

Today he chaired the first of four pre-Budget dialogues aimed at gaining feedback from the various sectors whose input will help structure the Budget to be tabled in Parliament in September.

Dr Mahathir noted that the private sector was not as dynamic as before, with last year's total investments 39 per cent lower than in 1997.

"If this trend continues, the potential for medium and long-term economic growth will be jeopardised," he said in his opening speech at the dialogue.

He said the country's economic recovery since the 1997 financial crisis was largely driven by the public sector through fiscal measures.

"This caused the Federal Government a deficit. Although we can sustain it and our fiscal policies are thrifty, it is not the Government's wish to continue with an expansionary budget. We cannot depend too much on the Government to stimulate the economy."

While the 2002 Budget was focused on strengthening the domestic economy and boosting consumer spending, next year's Budget will seek to encourage greater private-sector involvement.

"The private sector needs to build up their capabilities and confidence towards being more competitive, creative and productive.

"They must be willing to take risks in this era of globalisation and liberalisation," Dr Mahathir said.

He said small and medium industries needed to strengthen themselves and expand partnerships with multinational companies. This would help them fulfil their role as the pulse of the country's economy and become world-class companies.

In his speech, Dr Mahathir also said that the country's Gross Domestic Product (GDP) had grown by 1.1 per cent in the first quarter of this year. This was an improvement over the third and fourth quarters last year, which recorded 0.9 per cent and 0.5 per cent growth, respectively.

Malaysia's foreign reserves as of mid-May this year had increased to RM124.5 billion. This amount was able to sustain 5.5 months' worth of imports and was more than five times the country's short-term foreign borrowings.

Dr Mahathir said Malaysian sovereign bonds were successful on the international market. The bonds have been over-subscribed by 7.5 times the initial issue of

PM to meet MBs, CMs and backbenchers

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RM1.98 billion (US\$520 million) as of early this year. The Government has added another RM2.85 billion (US\$750 million) to the bonds, which are due to mature in 2011.

He added that foreigners found it cheap to invest here despite high corporate tax rates, as they saved on other incentives provided by the Government.

The three-hour dialogue was attended by representatives from var-

ious chambers of commerce, banking and economic associations, and Government ministries and agencies. Research groups attending were the Institute of Strategic and International Studies (Isis), Asian Strategy and Leadership Institute (Asli), and Malaysian Institute of Economic Research (MIER).

The vice-chancellors of several public and private universities were also present, as well as Chief Secretary to the Government Tan Sri Samsudin Osman, Bank Negara

Governor Tan Sri Dr Zeti Akhtar Aziz, Science Adviser to the Prime Minister Tan Sri Dr Ahmad Zaharudin Idrus and National Economic Action Council executive director Datuk Mustapa Mohamed.

Dr Mahathir is to chair three more pre-Budget meetings with other industry and non-governmental groups. Such meetings are held every year but this year, for the first time, he will meet with Menteri Besar, Chief Ministers and Parliament backbenchers.

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