

03/04/2002

PM: Stimulus package helps boost economic growth

Kamarul Yunus

THE RM7.3 billion fiscal stimulus package announced by the Government last year had been effective in bolstering the country's economic growth, especially in increasing domestic spending and demand, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

For instance, he said, private consumption had increased by 2.8 per cent following the announcement of the stimulus package last year.

Through the package, he said, the construction sector too registered a growth of 1 per cent in 2001 against the previous year, while the manufacturing sector, especially those related to building materials, saw an increase of between 4.7 per cent and 12.5 per cent.

"To sum up, the projects and programmes that were carried out under the stimulus package had benefitted small Bumiputera and non-Bumiputera contractors alike as well as the rural folk," he told the Dewan Rakyat yesterday.

The Prime Minister was responding to a question by Datuk Railey Jeffrey (BN-Silam) who wanted to know how far the projects implemented under the pre-emptive package last year had succeeded in stimulating the country's domestic economy.

To ensure continued economic growth and as a pre-emptive measures to the slowdown in the US economy, the Government announced the stimulus package of RM3 billion in March, followed by another RM4.3 billion in September last year.

Dr Mahathir also said the private sector had been able to play a major role in stimulating the country's economy following the implementation of the projects under the stimulus package.

"Last year has been a daunting and challenging year for the Malaysian economy due to uncertainties in external risks. Although we achieved a lower growth rate, we have been able to avoid recession, unlike other countries considered as more stronger and developed," he said.

With the implementation of the pre-emptive measures stimulus package, Dr Mahathir said he is confident the country will register a further encouraging growth this year.

Of the RM7.3 billion, a total of RM1.865 billion was allocated for community development projects, programmes for universities and schools (RM1.3 billion), entrepreneurs programme (RM1.2 billion), small projects (RM1.1 billion) construction of government quarters (RM970 million) and other projects (RM865 million).

Dr Mahathir explained that the community development programmes include subsidies given to re-plant oil palm, training programme for retrenched workers as well as special allowances for graduates participating in the temporary deployment scheme, with the hope they would secure jobs in the future.

He also said a sum of RM1.1 billion was allocated to implement 26,577 small projects nationwide.

These projects include building small tarred-roads, bridges, drains and hawkers' centres, quarters for the soldiers and supervisors as well as government buildings.

To a supplementary question by Datuk Jamaludin Jarjis (BN-Rompin), who wanted to know whether the Government would introduce the pre-emptive measures due to its effectiveness in stimulating the country's economy in three months, Dr Mahathir said the Government will introduce similar or

new stimulus packages if it has the means and adequate money.

"If we have the capability and enough money, we will spend for the benefit of the people and nation's development," he said.

He chided the opposition who bluntly claims that Malaysia has not been able to attract foreign investment, even the existing closing operations in the country due to September 11 terrorist attacks in the US.

"You have always been accusing bluntly that there is no investment and foreign direct investments without substantiating any figures. When you've got the proof, then I will answer your question," he said in response to a question by Abdul Rahman Yusof (Keadilan-Kemaman) who wants the Government to continue to implement stimulus package to attract foreign investment which had been affected due to the September 11 incident.

To a supplementary question by Jeffrey, Dr Mahathir said the 99.6 per cent achievement in the performance of development expenditure for 2001 does not include the stimulus package announced last year.

"This (development expenditure) is an annual allocation to all ministries. Every year, the amount of allocation was not fully utilised and many project were abandoned.

"However, last year we have taken special action which resulted the almost full utilisation of the fund," he said.

At the opening of the fourth session of the 10th Parliament on March 11, the Yang di-Pertuan Agong Tuanku Syed Sirajuddin Syed Petra Jamalullail said that he took pride in the performance of the development expenditure for 2001, having achieved 99.6 per cent, the best achievement since 1996.

(END)