

Govt to cushion economy from events like war

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KUALA KANGSAR: A fresh pre-emptive package to cushion the country from a possible global economic downturn arising from unforeseeable circumstances, such as a war in Iraq, is being planned.

"We don't know when a war, such as in Iraq, will break out. When war breaks out, the world economy will take a dive, worse than the present economic situation," said International Trade and Industry Minister Datuk Seri Rafidah Aziz.

"We will also be affected as our exports will also be reduced.

"Investors will not invest; not only in our country but in other countries as well as they would prefer to stay on home turf due to the war," she told reporters after attending a graduation of pre-schoolers at

Tadika Kemas-Philips in Kampung Senggang, near here, yesterday.

On the amount of the new stimulus package, Rafidah said this had not been decided yet.

On Monday, Prime Minister Datuk Seri Dr Mahathir Mohamad hinted that the Government may go on a pump-priming this year to boost the economy.

He said measures to inject funds into the economy and spending money on projects may be applied to increase monetary circulation.

The Government introduced a RM3bil stimulus package in March 2001 and followed up with another RM4.3bil deal at the end of that year.

Rafidah said the Government came up with these stimulus packages to pay for infrastructure projects as well as other development projects and pro-

grammes which had a multiplier effect on the people.

For example, she said, a project to build a school would benefit contractors who, in turn, pay salaries to their workers.

"They will spend such money to buy things and this will, in turn, increase the country's gross domestic product," she added.

Responding to a question, she said the Government took into account the possibility that the pre-emptive allocations may not be well spent.

"Some contractors may not be able to complete their projects on time and some district offices may not be able to keep up as they would have too many projects on their hands.

"But due to the experience in the last three years, we are more confident (about utilising such funds) now," she said.