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More for those who have less (HL)

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KUALA LUMPUR, Fri. - It took three hours, but at the end of the day, the proposed Budget 2004 will be remembered for its strategy to re-engineer the economy with an eye at making Malaysia a global player.

Yet Budget 2004, tabled by Prime Minister Datuk Seri Dr Mahathir Mohamad in Parliament today, was also pushing for a social agenda that promised to give more for those who have less.

Apart from the expected bonus for civil servants, and the hike in tobacco and alcohol prices, the Budget proposal, which carried the theme "Building on Success, Investing for the Future", seems like a mini masterplan that would surely be a guiding principle for the immediate future; it defined the challenges and tasks ahead for Malaysia to remain competitive. It also sought to unleash the people's latent potential and collective experience so that they will venture beyond the shores and be major players in the globalised world.

The issues covered by the proposed Budget 2004 were so wide and deep, ranging from the Government's fiscal policies to a proposal to replace shoddy hawkers' stalls with gleaming aluminium carts and colourful canopies.

Budget 2004 also seeks to bring a holistic approach to the quality of life by tackling issues like public amenities to day-care centres to cheaper white canes and braille machines for the visually impaired all the way to making the annual pilgrimage to Mecca for Muslims cheaper.

There were also proposals to make more affordable housing available, better educational opportunities with cheaper study loans, as well as giving a leg up for rural folk to participate in the mainstream of the economy with programmes like the micro-credit scheme.

Dr Mahathir also envisioned various possibilities for the country if the people were united and resolved. Nothing was impossible from developing world beaters to even the possibility of Malaysia being the rocket launching centre for the region.

"We must also seek new markets for our exports. We must become a truly trading nation whereby we produce our own goods and export directly to foreign importers."

The development of home grown strengths, especially among small and medium-sized enterprises and the production of quality locally-made products, would be promoted via a slew of incentives, including making Government procurement policy favour local content.

Perhaps the longest ever Budget tabled, Dr Mahathir, who is also Finance Minister, punctuated his speech with digs at the Opposition, especially Pas, on matters such as the state of development in the States it controlled as well as its members' seemingly regressive posture as far as development was concerned.

"The perception that Islamic nations must be poor, backward, with a government that is always asking for aid and weak, as in States governed by those not competent in administration, indeed humiliates Islam.

"These States cannot become the model of Islamic nations capable of bringing back the past glory of Islamic civilisation."

Early in his speech, Dr Mahathir detailed how the economy was transformed from an agriculture based to manufacturing as well as forays into heavy industries and information communication technology.

The transformation would continue with the strategy of boosting private

sector and stimulating the services sector. For next year, the Government has forecast the economy to grow, as measured by the Gross Domestic Product, by between 5.5 and 6 per cent, and estimated this year's GDP to grow by 4.5 per cent.

Government expenditure would be RM112.5 billion, a slight decrease from 114.3 billion for this year. In line with the fiscal consolidation policy, the federal budget deficit is targeted to decline to 3.3 per cent from 5.4 per cent of the GDP.

"If global recovery is stronger in the near term, the objective of attaining a balanced budget is expected to be achieved by 2006," he said, a year later than 2005 as initially planned in the Eighth Malaysia Plan. A major portion of the proposed allocation, at RM80.5 billion, is for operating expenditure, while RM30 billion is for development expenditure, and RM2 billion as contingency reserve.

Sabah and Sarawak get RM5.9 billion and RM5.5 billion respectively for infrastructure, while the Eastern Corridor of Pahang, Terengganu and Kelantan will soon be offering incentives for industries to be located there.

Dr Mahathir said the private sector must now resume its role as the engine of economic growth. The Government, which has been priming the economic pump for the past few years, could not continue doing so. "(We cannot) continuously rely on the Government expenditure to generate economic growth, as its financial resources are not unlimited.

"There is the need to increase investments by Malaysians, who now have the capital, know-how and global market knowledge."

In detailing the sectoral re-engineering of the economy, Dr Mahathir proposed a slew of incentives to make sure that home-grown industries, especially small and medium sized enterprises as well as start-ups in new fields, wean the nation from its dependence on the more competitive environment for manufacturing-driven Foreign Direct Investments.

Nevertheless, the quest for foreign direct investments remains, but this time largely for higher value added operations such as research and development, as well as the services sector. For this, the Multimedia Development Corporation would be tasked to be the one-stop centre to attract investments in operational headquarters, regional distribution centres and back room operations.

With all the social problems ailing the world, Dr Mahathir reminded Malaysians of the sanctity of marriage and the under-appreciated roles of women.

Earlier in his speech, Dr Mahathir said the progress attained by the country thus far allowed it great latitude in its actions and words, and it has become the unofficial spokesman for the Third World.

"We value our independence. We are free from colonisation. We are also free from domination from super powers. We are also able to regain our honour and dignity. We are able to manage our country."