

**Government revises economic growth to 3.5%**  
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The government today slashed its 2009 growth forecast from 5.4 percent to 3.5 percent, saying that Malaysia would not escape the effects of the global financial crisis.

It also announced a RM7 billion spending programme in a bid to boost the economy.

"Although Malaysia is not as yet facing a financial crisis and has sound financial fundamentals, we are aware that Malaysia will not be exempt or be protected from global risks," said deputy premier and Finance Minister Najib Razak.

Najib said that although the economy would expand by 5.7 percent this year, growth would slow substantially in 2009.

"Taking into account all global factors and the steps taken in the 2009 budget, I want to announce that our GDP has been revised for 2009 to 3.5 percent," he told Parliament.

"I am proposing steps as a policy response to the global financial crisis so that Malaysia's economy can be guaranteed growth and that the Malaysian people are not unduly pressured."

Najib, who is slated to succeed Prime Minister Abdullah Ahmad Badawi when he steps down next March, said that RM7 billion would be spent on "high-impact" projects.

"This is important to increase economic activity in the country and to stimulate the private sector as well as to take care of the welfare of the people," he said.

**Anwar: New deficit unrealistic**

The money will be spent on boosting the supply of low-cost housing as well as building schools, hospitals and roads, the government said.

It will also invest in efforts to reduce crime, boost skills training and improve broadband access. The plan also incorporates a RM1.5 billion fund aimed at attracting private sector investment.

Najib said that the level of spending in the expansionary 2009 budget would not be cut, but that projects could be reviewed to prioritise those with "a high multiplier effect on the economy."

The session ended in dramatic fashion as the opposition staged a walkout in protest over the government's bid to quickly approve the budget.

"We are asked to approve a new budget, a new deficit, new inflation figures and also new government expenditure in a matter of minutes. You are making the whole budget debate a mockery," said opposition leader Anwar Ibrahim.

"The new deficit is certainly not realistic... they have not even spelt out the details of the present expenditure," he later told reporters.

The 2009 deficit is now forecast at 4.8 percent, up from the August projection of 3.6 percent.

Inflation is projected to be between 3 percent and 4 percent if the crude oil price continues on its downward track.

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