

Malaysia in better shape now than during 1997 financial crisis, says Najib
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Malaysia is in better shape now than it was during the Asian financial crisis in 1997, says Prime Minister Datuk Seri Najib Razak, denying that the country is facing an economic crisis.

In an email interview with The Star, Najib said the government has taken "tough and deliberate" measures to carry out economic reforms in preparation for the current global economic downturn.

"No, we are not in an economic crisis. In the last five years, my government has taken tough and deliberate measures to implement economic reforms, allowing the country to better cope with the current global economic slowdown," he was quoted as saying.

"The country is on a more solid footing compared (with) the period of the Asian financial crisis in 1997. We have learnt from that episode."

The prime minister said since the Economic Transformation Programme (ETP) was introduced in 2010, Malaysia has reduced its fiscal deficit each year.

"The situation would have been worse if reforms only started now. When the ETP was implemented, the fiscal deficit then was at 6.4%, but by end-2015, the deficit is projected to be at 3.2%.

"Even if it is unpopular and painful, sooner or later, people will realise reforms we introduced back then have given us the latitude to face uncertainties. Imagine if the deficit today were at 6.4%, our policy options would be limited and we would be in dire straits," he added.

Critics have blamed the 1Malaysia Development Berhad (1MDB) scandal for the dismal economic showing, adding that the debt-ridden state investment vehicle was part of the reason the ringgit was falling.

However, Najib, shot down claims of an unstable economy, saying that Malaysia's financial system was resilient because of a diversified economy.

"Our GDP growth in the second quarter of 2015 was at 4.9%, bringing growth in the first half of 2015 to 5.3%. We have also diversified our economy, reducing our reliance on oil and gas revenue, creating a more resilient fiscal environment.

"Our economy continues to record trade and current account surpluses. The country's labour market conditions are stable, with unemployment at 3.1% as of the second quarter this year. Inflation rate as measured by CPI for August also remained low at 3.1%.

"Malaysia's financial system is resilient. Domestic financial markets continue to function in an orderly manner to support the needs of the domestic economy." – November 4, 2015.

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