

Dr M: Not right to predict recession

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KUALA LUMPUR: Former Prime Minister Tun Dr Mahathir Mohamad yesterday said it is wrong to assume Malaysia will face economic recession next year simply because it went through similar downturns in 1987 and 1997.

"To say that there must be an exact time is not really correct," he said, replying to a question from the floor after delivering his keynote address at the Franchise International Malaysia 2006 (FIM 2006) Conference here.

"It is not really necessary to have a downturn simply because the time is up — that next year it must be a downturn too. No, I don't think so."

Dr Mahathir said other factors contribute to the economic cycle of a country, such as the world economy.

"We don't know whether the world will go into recession every 10 years or not. Sometimes it does and sometimes it doesn't."

He said the ups and downs of

Malaysia's economic condition depend on the world's economic performance, as the country is an active and major player among the trading nations.

Dr Mahathir said Malaysia is very dependent on the world market since its trade with rest of the world is twice the size of its Gross Domestic Product (GDP).

The former Prime Minister also said that Malaysia could weather adverse effects of world recession by taking measures to

stimulate the economy, such as spending money on infrastructure projects.

"Somewhere along the line, the Government would collect the taxes. It may be in the form of income tax, corporate tax, import duties and all kind of taxes."

"We spent money on infrastructure projects like Putrajaya during the 1997 recession. That was the only time contractors and suppliers of materials had business and made profits." — Bernama