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Author	Tan Sri Ramon Navaratnam, Chairman, ASLI Centre for Public Policy Studies (CPPS)



Your opinion

EMAIL editor@thestar.com.my or
MAIL The Editor, Menara Star, 15, Jalan 16/11, Section
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Stimulus package should be practical and workable

THE government faces an economic dilemma. On one hand, it faces a global slowdown and possibly an impending recession, especially with the current Covid-19 outbreak. On the other hand, our national budget has been running deficits for several years.

It therefore cannot be depended upon to adequately stimulate the economy to counter the weakening business environment, especially the small business enterprises, and growing unemployment and underemployment.

Although the government is obliged to and would provide an economic stimulus package, it faces serious limitations in how much it can do to help businessmen and how to prevent more damage to the economy and welfare of Malaysians, particularly the poor and vulnerable groups.

What then can we do to face this economic dilemma?

Firstly, the stimulus package cannot be strong nor too weak. It has to be moderate and affordable.

The stimulus package was about

RM8bil for the SARS (severe acute respiratory syndrome) outbreak in 2003. Perhaps the new package could exceed this amount.

But the government cannot be expected to provide more because of the continuing budget constraints and lack of sufficient savings in our reserves to meet the uncertainties and hazards of other rainy days and storms ahead.

We cannot also say for sure how long this nasty Covid-19 will last. So far, we have done pretty well together with the drastic and gallant action taken by China to control the spread of the virus.

Secondly, we should understand the government's current budget limitations. We should face up to the inevitable facts of periodic economic cycles and ups and downs in our businesses and also the unpredictability of virus attacks that have come before. After all, we have overcome serious economic uncertainties and socioeconomic setbacks in the past. We must therefore brace ourselves against this looming crisis again.

Thirdly, we should reform and restructure our economy even more now to face future crises with more resilience, confidence and determination. We should learn from this crisis to be more efficient and competitive to overcome external threats and internal weaknesses. Let's also learn how some smaller and more vulnerable economies do better than us to overcome their own crisis.

Fourthly, the new stimulus package needs to give priority to small and medium enterprises (SMEs) and low income groups.


While bigger businesses can be helped by reducing uneven business practices in tenders and contracts and interference in their awards, as we witnessed recently, we could also reduce rates and charges for the SMEs and the poor. For instance, as articulated by SMEs and the poor, they would need to be helped with lower fees, charges and utility rates and given more subsidies and loans.

Let's resolve to face up to the challenges unfortunately brought

upon us. We cannot and should not hope to gain much from the government's stimulus package since the budget itself is weak. A bigger stimulus package would aggravate the federal and state budgets well beyond our limits. There could then be longer-term disruptions and damage to the economy.

I would say that if our economy was allowed to be more competitive, and if the private sector was encouraged to participate more strongly in our economic development, the public sector would be smaller, the civil service would be leaner and our economy would be more resilient in facing our delicate dilemmas and overcoming our socioeconomic problems.

Let's learn from these lessons so that we can perform more efficiently and become a better country.


TAN SRI RAMON
NAVARATNAM
Chairman
ASLI Centre of Public Policy
Studies