

M'SIA'S MONETARY, FISCAL MECHANISM CAN SUSTAIN ECONOMIC GROWTH

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KOTA SAMARAHAN: Despite the world economic gloom, Malaysia's monetary and fiscal mechanism can sustain the economic growth of the country, World Bank highlighted.

These mechanisms are said to support and sustain Malaysia's economic growth as well as generate gross domestic product (GDP), in order to achieve the vision of becoming a high income nation.

World Bank chief economist of East Asia and Pacific Dr Sudhir Shetty said that Malaysia can sustain the current state of their economy despite what other developing country is facing as Malaysia can focus on the manufacturing sector for export.

"Malaysia do not rely on commodity market (agriculture) like before and we have good bilateral trade with many nations that keep the country economy moving and that is good for the local economy," he said in the dialogue session with Unimas student after he gave talk on 'Growing Challenges In East Asia & the Pacific' here recently.

"That is the economic strength that Malaysia had compared to other country especially the developing one in the East Asian region and it is good sign for Malaysia in becoming high income nation," he stressed

He said unlike before, when Malaysia was hit by the financial crisis in 1997 which caused the country to peg the ringgit, Malaysia's exchange rate is now determined by market forces.

Sudhir said that Malaysia allowed its ringgit to float now as compared to before because the priority is not on the exchange rate but interest rate so that people can pay their mortgage or loan .

He said Malaysia economic growth of 4.5 to five per cent is very good as it caters to low inflation which is on average 3.6 percent.

"Of course a country faced issues through its economic policies and internal politics but Malaysia would not go bankrupt either because the country had a strong monetary and fiscal policies that the world bank model upon , he said.

"That is why we have our office here in Malaysia and to work with Malaysia authority and learn from them on how to manage an economy as we can use what you have in Malaysia to other nation," he enthused.

On the GST, Sudhir said that it is the policy used in Malaysia to ensure that we have the money to boost the country's development. He believed that Malaysia is right to impose such tax, he said.

Sudhir was confident that Malaysia, like any other nation, will be able to come out of the worst during these period of economic gloom.

Meanwhile, World Bank Group had released the 'Growing Challenges In East Asia & the Pacific' which is a six-month report that analyses economic activities in the East Asia and Pacific region.

In the report, Sudhir said that the economy in the Asia Pacific (including Malaysia) when compared to those economy (in terms of growth) in Brazil, Russia and Africa countries is much better despite what is happening around the world.

“Most of the Asian economy like in China, Malaysia, Vietnam continue to do relatively well. These countries out perform the economy in the developing world”, he said.

Also giving the talk was the World Bank senior economist Rafael Munoz Moreno, who is also attached to Kuala Lumpur Office.

Present at the talk were World Bank Lead economist Dr Julio E Revilla, Unimas Deputy Vice Chancellor (Student Affairs and Alumni) Professor Mohd Fadzil Abdul Rahman and Deputy State Secretary Datu Ose Murang.