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DON'T REJECT BILL TO HELP AILING FIRMS. SAYS PM

EMBARGO: FOR RELEASE AFTER 10.30 P.M.

KUALA LUMPUR, AUGUST 25 (BERNAMA ES) -- PRIME MINISTER DATUK SERI DR. MAHATHIR MOHAMAD TONIGHT URGED BANKS NOT TO REJECT OUTRIGHT THE PROPOSED COMPANIES (AMENDMENT) BILL 1986 WHICH IS DRAFTED TO HELP SAVE AILING COMPANIES.

SPEAKING AT THE ASSOCIATION OF BANKS ANNUAL DINNER HERE, DR. MAHATHIR SAID ALTHOUGH THE BILL IN ITS PRESENT FORM IS PROBABLY NOT QUITE ACCEPTABLE, BANKERS SHOULD STUDY IT AND MAKE SUGGESTIONS FOR AMENDMENTS, WHERE NECESSARY.

HE SAID THERE IS PLENTY OF TIME BEFORE IT IS DEBATED IN PARLIAMENT.

THE GOVERNMENT DRAFTED THE AMENDMENT AFTER STUDYING SIMILAR LEGAL PROVISIONS IN THE UNITED STATES KNOWN AS THE CHAPTER ELEVEN PROVISION OF THE US BANKRUPTCY CODE, AND IN EUROPE AND SINGAPORE.

THE PRIME MINISTER ALSO SAID THE GOVERNMENT WILL MODIFY THE NEW ECONOMIC POLICY (NEP) CONDITIONS REGARDING EQUITY TO IMPLEMENT THE POLICY STIPULATIONS PERTAINING TO EMPLOYMENT.

"THE GOVERNMENT IS STUDYING VERY SPECIFIC CONDITIONS SO THAT INVESTORS WILL NOT BE LEFT IN DOUBT AS TO WHEN AND HOW WE ARE PREPARED TO FOREGO EQUITY PARTICIPATION IN FAVOUR OF JOBS FOR MALAYSIANS," DR. MAHATHIR ADDED.

GIVEN THAT THE NEP IS BASED ON ENCOURAGING GROWTH, CERTAIN CONDITIONS INHIBITING GROWTH WILL BE MODIFIED TO REMOVE THESE OBSTACLES.

FOR EXAMPLE IN THE CASE OF WORK PERMITS, THE PRIME MINISTER SAID FACTORS SUCH AS THE AMOUNT OF CAPITAL BROUGHT IN, EXPORT ORIENTATION AND TRANSFERS OF TECHNOLOGY WILL BE TAKEN INTO CONSIDERATION.

HE SAID, "WE SHALL BE MORE FLEXIBLE IN THE ISSUANCE OF WORK PERMITS ACCORDING TO THE NEEDS OF THE PARTICULAR INDUSTRY."

TOUCHING ON THE COUNTRY'S VARIOUS ECONOMIC PROBLEMS, DR. MAHATHIR SAID THAT RUMOUR-MONGERING AND UNHEALTHY BANKING ETHICS CAN COMPLICATE THE COUNTRY'S EFFORTS TO OVERCOME ITS ECONOMIC PROBLEMS.

HE NOTED HOW EASILY RUMOURS CAN START A RUN ON BANKS WHILE UNSCRUPULOUS PEOPLE OUT TO MAKE A FAST BUCK CAN DO SO AT THE EXPENSE OF THE ECONOMY.

CITING HOW A FOREIGN-OWNED BANK TRIED TO UNDERMINE THE RINGGIT WHEN BANKS WERE CLOSED DURING THE RECENT HARI RAYA HAJI BY SPECULATING THAT THE CURRENCY WOULD BE DEVALUED BY 18 PER CENT, HE SAID:

"IT IS SHOCKING THAT BANKS SHOULD TRY TO MAKE A FAST BUCK AT THE EXPENSE OF A COUNTRY STRUGGLING TO RECOVER FROM AN ECONOMIC BLIGHT."

DR. MAHATHIR SAID THE GOVERNMENT WANTS BANKS IN THIS COUNTRY TO CONTINUE TO ENJOY THE CONFIDENCE OF THE PUBLIC.

HE SAID THE ONLY WAY THEY CAN DO THIS IS TO ENSURE THAT THE MONEY KEPT BY THE DEPOSITORS IS SAFE.

ANOTHER MATTER OF CONCERN IS THE MANIPULATION OF SHARES IN THE STOCK MARKET.

HE SAID THE PERFORMANCE OF A COMPANY OR ITS ASSETS APPARENTLY BEAR NO RELATION TO THE MARKET VALUE OF THE SHARES.

"WORSE STILL, NON-EXISTENT SHARES CAN BE SOLD AND BOUGHT AT PRICES DETERMINED BY RUMOURS AND IMAGINARY HAPPENINGS," HE ADDED.

'AS A RESULT, A COUNTRY CAN LOSE BILLIONS OF DOLLARS FOR NO VERY GOOD REASON,' DR. MAHATHIR SAID. 'OF COURSE, IT CAN ALSO MAKE BILLIONS OF IMAGINARY DOLLARS FOR THE SAME NO GOOD REASON.'

ON THE TROUBLE-RIDDEN DEPOSIT-TAKING CO-OPERATIVES (DTCS), THE PRIME MINISTER RAPPED THE 'USUAL CHAMPIONS OF PUBLIC MORAL' WHO FAILED TO LET OUT A 'WHIMPER' ABOUT THOSE WHO HAD COMMITTED THE OBVIOUS FRAUD IN THE DTCS WHILE IN OTHER CASES THEY HAD EXPRESSED THEIR DESIRE TO SEE THE CULPRITS BROUGHT TO BOOK IRRESPECTIVE OF THE COST TO THE PEOPLE,

'WHAT IS THE REASON FOR THIS NEW ATTITUDE ONE WONDERS,' HE ASKED.

HE SAID MANAGERS AND EXECUTIVES NEED ALSO TO BE TRAINED SO AS TO UPGRADE THEIR ETHICAL VALUES.

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HE ADDED MUCH OF THE SCANDALS AND EMBEZZLEMENTS BY EXECUTIVES IS DUE TO THE 'GET-RICH-QUICK' MENTALITY WHICH THEY HAVE DEVELOPED.

TO OVERCOME THIS, HE SAID THE LOOK EAST POLICY HAD BEEN ADOPTED.

HOWEVER, ITS DETRACTORS HAVE BEEN ABLE TO SABOTAGE THE EFFORTS.

DR. MAHATHIR SAID TRAINING CAMPS FOR YOUTHS AND WORKERS WILL BE SET UP BY THE GOVERNMENT IN ORDER TO INSTILL THE RIGHT ATTITUDE TOWARDS WORK AND EMPLOYMENT.

ON MEASURES TO REVIVE THE ECONOMY AND STABILISE THE FINANCIAL HEALTH OF THE COUNTRY, DR. MAHATHIR NOTED THE IMPORTANT THING IS NOT THAT PRICES SHOULD RECOVER, BUT THE TERMS OF TRADE SHOULD BE MORE EQUITABLE.

'OUR NOT BUYING FOREIGN GOODS HAS ALREADY GIVEN US THE A FAVOURABLE TRADE BALANCE DESPITE POOR EXPORTS,' HE SAID.

HE ADDED, 'ALREADY WE ARE SEEING THE RESULTS. WE ARE IN A BETTER POSITION TO SIT OUT THIS RECESSION THAN MOST OTHER COUNTRIES.'

THE PRIME MINISTER TOLD THAT BANKS CANNOT FUNCTION IN A VACUUM.

'EVEN A BAD ECONOMY IS BETTER THAN NO ECONOMY AT ALL,' HE SAID. 'SO THE BANKS SHOULD GIVE CAREFUL CONSIDERATION TO MEASURES TO HELP THE SURVIVAL OF THEIR CLIENTS.'

DR. MAHATHIR SAID THE GOVERNMENT EXPECTS BANKS TO HELP THE ECONOMY TO RECOVER.

INTEREST RATES IN THIS COUNTRY, HE STRESSED, MUST GO DOWN.

'WE CANNOT FUNCTION IF OUR INTEREST RATES ARE DOUBLE THOSE OF OUR NEAREST COMPETITOR,' HE SAID.

HITTING OUT AT BANKS FOR THEIR QUOTATION OF THE PRIME LENDING RATE, DR. MAHATHIR SAID 'IF WE SAY THE PRIME RATE IS SO MUCH, THAT SHOULD BE THE PRIME RATE. IT IS USELESS TO HAVE AN OFFICIAL PRIME RATE WHICH NOBODY GETS.'--BERNAMA ES-