

B E355 AAE
MAHATHIR-DEBT
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86 (P)

KUALA LUMPUR, APRIL 12 (BERNAMA) -- THE GOVERNMENT IS SEEKING TO RESCHEDULE ITS FOREIGN DEBTS IN VIEW OF THE EXPECTED REVENUE SHORTFALL IN 1987, DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY.

THE SHARP FALL IN COMMODITY PRICES BY MORE THAN TWO-THIRDS FROM PREVIOUSLY WOULD MAKE IT IMPOSSIBLE FOR THE GOVERNMENT TO COLLECT THE SAME AMOUNT OF TAX REVENUE, THE PRIME MINISTER SAID WHEN OPENING A SYMPOSIUM ON THE +BUMIPUTERA ECONOMIC CRISIS+ HERE.

HE SAID THE EFFECTS OF FALLING PRICES ON GOVERNMENT TAX COLLECTION WOULD ONLY BE FELT NEXT YEAR AS THIS YEAR'S TAXES WOULD ONLY BE COLLECTED THEN.

IN FACT, HE POINTED OUT, THE GOVERNMENT WAS WORRIED OVER THE LEVEL OF TOTAL REVENUE THAT COULD BE RAISED NEXT YEAR, HE SAID. -- MORE

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THE PRIME MINISTER SAID THE SITUATION WAS FURTHER WORSENER BY THE 40 PERCENT APPRECIATION OF THE JAPANESE YEN AGAINST THE MALAYSIAN RINGGIT.

HE SAID THE GOVERNMENT'S INTERVENTION IN THE MONEY MARKET WAS NECESSARY AS THE RINGGIT FALL HAD ADVERSELY AFFECTED THE GOVERNMENT'S EXTERNAL BORROWINGS.

THE MOVE WAS ALSO NECESSARY AS THE GOVERNMENT SAW NO REASON WHY THE RINGGIT SHOULD DEPRECIATE BASED ON RUMOURS, HE SAID.

DATUK SERI DR MAHATHIR SAID FOLLOWING THE YEN'S UPSURGE, THE GOVERNMENT HAD TO SPEND MORE RINGGIT TO SERVICE THE SAME AMOUNT OF BORROWINGS.

IN THE FACE OF SLOWER ECONOMIC GROWTH, IT WOULD BE AN UPHILL TASK FOR THE GOVERNMENT TO RAISE ADDITIONAL REVENUE TO MEET HIGHER SERVICING REQUIREMENTS, HE POINTED OUT. -- MORE

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GIVEN THESE CIRCUMSTANCES, DATUK SERI DR MAHATHIR SAID, THE GOVERNMENT WAS EVEN WORRIED OVER ITS ABILITY TO PAY EXISTING SALARIES FOR ITS 860,000 EMPLOYEES.

THIS MIGHT TURN OUT TO BE A REALITY IF THE EMPLOYEES' PRODUCTIVITY WAS NOT INCREASED, HE SAID.

+JUST LIKE THE BUMIPUTERA BUSINESSMEN, THE GOVERNMENT IS ALSO ASKING THE CREDITOR BANKS NOT TO COME DOWN TOO HARD DURING THIS DIFFICULT PERIOD AND ALSO TO RESCHEDULE ITS DEBTS,+ HE SAID.

ON THE BUMIPUTERA BUSINESSMEN'S LOAN REPAYMENT PROBLEMS, HE SAID THE GOVERNMENT WAS ASKING THE BANKS NOT TO COME DOWN TOO HARD ON THEM.

+HOWEVER, EVERYBODY, INCLUDING BANKS AND THE GOVERNMENT ITSELF, ARE CURRENTLY FACING HARD TIMES.+ -- MORE

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+WE MUST THINK SERIOUSLY ABOUT THE CAUSES FOR THE ECONOMIC ILLS. WITH HINDSIGHT, IT IS EASY TO DETERMINE THE CAUSES, BUT THEN THE GOVERNMENT HAS REPEATEDLY DISCOURAGED OVER-CONCENTRATION IN THE PROPERTY SECTOR,+ HE SAID.

HE ALSO RAPPED THOSE WHO TOOK ADVANTAGE OF THE PUBLIC ISSUES TO RAISE LARGE SUMS OF MONEY BUT FAILED TO USE IT FOR BUSINESS PURPOSES.

THE PRIME MINISTER ADMITTED THAT THE GOVERNMENT'S DIRECTIVE ASKING BANKS TO GIVE OUT LOANS BASED ON SHARES COLLATERAL WAS A MISTAKE WHICH STEMMED FROM THE GOVERNMENT'S MISCONCEPTION.

ALTHOUGH BUMIPUTERAS COULD OBTAIN CHEAP SHARES FOLLOWING CORPORATE EQUITY RESTRUCTURING, THE VALUES OF THESE SHARES HAD FALLEN EVEN BELOW THE PURCHASE PRICE WHICH MADE IT DIFFICULT FOR THEM TO TOP UP THEIR COLLATERALS, HE SAID. -- BERNAMA

1529MST 12 04 86