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Mahathir-Economy

DON'T BE SPENDTHRIFT, MAHATHIR ADVISES 'THE PEOPLE

(EMBARGO: For release at 9 pm tonight)

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KUALA LUMPUR, Dec 8, (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said tonight the people should not be spendthrift in the current economic boom enjoyed by the country because the recession in countries that were its trading partners would also have an impact on Malaysia.

He said Malaysia needed to be cautious in managing its economy and avoid harbouring the notion that the nation's economic growth would be sustained without any effort.

'I'm not saying that it cannot be sustained. It can, but our efforts and attitude must be in tune with the management of our economic growth,' he added when interviewed on the 'Bersama Perdana Menteri' programme telecast by RTM.

Dr Mahathir said despite the decline in the world economy, Malaysia could continue its rapid economic development particularly by taking advantage of its political stability. -- more

▼08/12/14-47MST

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During the 55-minute interview, much of his attention was focussed on management of the national economy, the importance of checking production costs in order to be competitive in the world market and the need for the people to be disciplined to check uncontrolled spending.

He said: 'Although there is money, don't spend too much. Money should be used as capital for investment. But, people with money are prone to spending it. When they set up a company, the first thing acquired is a Mercedes Benz. This is what brings downfall.'

Asked about the adverse impact that might confront the people because of the continuing rapid economic development, Dr Mahathir said usually a person who lived in luxury would become overly complacent with the notion that the situation would continue without effort.

He added: 'So, if our nation is successful, rich, the people would feel that this is normal and would not be jeopardised no matter what we do.'

'This is something we have to pay attention to and be concerned about.'

He said the rich feel they can buy anything or import whatever they wanted without considering that this would adversely affect the country's foreign exchange. -- more

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Be it the government or the people, there must be caution to avoid being spendthrift in a time of plenty, he added.

+If there is this attitude, I believe we will not suffer the deterioration which frequently affect, the more developed countries, + he said.

Dr Mahathir also spoke of the need for the people to understand the role of money as capital to increase the nation's wealth and not simply as a means to exchange for goods.

He said: +Money is capital. Sometimes, some communities fail to understand the role of money... only the role of money as a means to exchange for goods.

+As such, the community which does not understand the role of money as capital to increase their property or riches find it difficult to succeed.+

Dr Mahathir said many kampung folk and urban people, especially wage-earners, spent money without investing or saving for the future.

He added: +For wage-earners, all that they receive is profit. They can spend all of it because they do not need to invest. His investment is his work, what he gives in the form of service.+ -- more

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Dr Mahathir said if wage-earners could spend RM10,000 which they receive; padi farmers could not spend all of it because they must have capital for investment.

+If the people understand about the role of money and how to use money wisely, I'm confident it will help the national economy,+ he added.

He also said the government could not, help the economy by raising or lowering bank rates like the practice in some countries which devalued their currency when faced with an economic problem.

He rejected the notion that devaluation of currency would result in lower prices for goods.

He said what was important to maintain the national economy was productivity because if the country could use the same amount of money to produce more goods through greater productivity, the country's economy would be better.

+This is what the government is trying to do. For that reason, we always talk about productivity because it is vital for national economic growth, + he added. -- Bernama

▼08/12/15-31MST