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Mahathir-Savings

INCREASE SAVINGS TO STRENGTHEN ECONOMY, SAYS DR M

KUALA LUMPUR, Dec 16 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today launched a national campaign to promote the savings habit with a call to the people to respond to the campaign to ensure their future well-being and the country's continued economic growth.

The Prime Minister said their savings, whether placed in the banks or in the form of unit trusts, insurance and takaful (Islamic insurance), could be used as loans by the government and the private sector to avoid borrowing from other countries.

In a situation where the country's import bills exceeded the export revenue, any outflow of money due to foreign borrowings would worsen its balance of payments position, he said.

Dr Mahathir said the country's healthy savings position had ensured its strong financial position although imports had exceeded exports.

"As long as our savings are high, we can ward off any possible financial crisis," he said when launching the campaign, themed "Savings Ensure Well-Being", at the Putra World Trade Centre (PWTC) here.

Present were Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, Bank Negara Governor Datuk Ahmad Mohd Don and several ministers.

Dr Mahathir said although Malaysia was receiving foreign investments to help in its industrialisation, the people should realise that there was no guarantee of the continued inflow of such capital.

Countries too dependent on foreign capital for investment would expose themselves to being dictated by the interests of foreign countries and their economic trends as well as the world financial order, he said.

The Prime Minister said recent global economic trends showed that foreign investor sentiment could change according to developments unrelated to local economic developments.

"Although Malaysia will continue to welcome foreign investments, we should be prepared to depend on our own ability which we have better control over.

"As such, our country must have and be in control of its own capital to ensure our economic growth is not easily affected," he said.

Dr Mahathir, however, said the high national savings rate (36.5 percent last year) had enabled Malaysia to finance investments in the country without having to be burdened by big borrowings from outside.

He told reporters later that the campaign was aimed at boosting the national savings rate to 45 percent in the future, close to the estimated investment rate of 45.1 percent for this year.

Earlier, Ahmad said the national savings rate estimate of 38.8 percent this year was not enough to finance this year's investment.

In his speech, Dr Mahathir also said one reason for the country's rapid economic growth was its high accumulated capital and the ability to finance investments in infrastructure, trade and industry.

"If domestic capital drops we have to borrow from other countries," he said.

Dr Mahathir said money saved should be invested to prevent the possibility of the money depreciating in value over time.

However, investments should be made carefully for a mistake could cause the savings to be wiped out, he said.

"To avoid being cheated, it is better to invest in unit trust schemes

managed by the professionals," he said.

He said the success of the campaign depended on several factors, including the development of attractive financial infrastructure through the introduction of new schemes and products, and reducing red tape and other impediments.

Dr Mahathir said the government would continue to implement policies aimed at achieving relative price stability to create a conducive environment for the people to save without fear of their savings value being constantly eroded by inflation.

The government would launch programmes, including information dissemination, to enhance awareness among the people on the importance of the savings habit and prudent spending, he said.

Dr Mahathir urged the mass media to help promote the savings habit among the people.

"I urge all Malaysians to heed the call of the savings campaign so that we can have a more secure and prosperous future," he added.

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