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MEGA PROJECTS WILL GO AHEAD AS SCHEDULED, SAYS PM

KUALA LUMPUR, Jan 11 (Bernama) -- Mega infrastructure projects such as the development of the PutraJaya administrative centre will go ahead as scheduled, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said infrastructure projects would not be stopped just to deal with the Balance of Payments (BOP) deficit problem.

"... stopping infrastructure projects would be temporary in terms of dealing the deficit. It will reduce the total volume, but it will not actually reduce the BOP," he said when asked by reporters whether the government would stretch the implementation of mega projects as a way of tackling the BOP deficit.

He said this at a press conference after officiating the 1996 National Economic Forum on "Reducing The Balance Of Payments Deficit - Challenge And Response," here today which was followed by a dialogue.

"We think we can go ahead with these projects and at the same time reduce the deficit by reducing imports and increasing exports, and we have the strategy for doing that," he said.

Dr. Mahathir said it did not mean the government's strategy was achieving growth at any cost, instead there was a certain asymmetry in the growth that the government has to correct.

On factors causing the wide balance of payments deficit experienced by the country, the Prime Minister said: "The main reason for the deficit is that our strategy is quite wrong as our industry is actually targeted at supplying local needs."

In other words, it was an import substitution industry, he said, adding that there was no reason why the Malaysian industry could not produce for export.

"If we can export more, we can overcome the balance of payments problem," he said.

Malaysia was prepared to change its strategy and even its direction if it could achieve better growth and a better economic performance, he said when replying to a question as to whether the government will rethink its strategy.

"We are not tied to any ideology. We always think we are pragmatic, we don't care about system or about what may be considered as the normal thing do.

"We do anything at all that we think will benefit us," he said.

When asked on the use of interest rates in regulating the country's economy, Dr. Mahathir said the government did not see interest rates as an instrument for regulating the economy, whether in controlling inflation or in balance of payments deficit.

He said there were other means that could be used more effectively.

"Once we meddle with interest rates, it is a double-edged weapon, it will cause a loss in some sectors and gains in other sectors, and that does not really add up very much."

On the property levy imposed on foreigners introduced in the 1996 Budget, Dr Mahathir said that was not related to the deficit problem.

He said due to the high Singapore dollar compared to Ringgit, Singaporeans could afford to pay more to purchase property which in the process deprived locals of owning properties.

"So, without stopping Singaporeans from buying, we want Malaysians to pay what they can afford for those kind of houses.

When asked whether there was a rivalry between Malaysia and Singapore in attracting businesses into their countries, Dr. Mahathir said: "It is natural for every country to look after its own interests. We want to be as well off as other countries.

He said Singapore need not worry because its per capita income was RM50,000 while that of Malaysia was only RM8,000.

"We are way behind Singapore. Even if we take a chunk of Singapore's trade, it would not make much of a difference for Singapore.

"As a government, we have to look after the interests of the country and we do may sometimes affect Singapore, but then Singapore also does things that affect us," he said. -- BERNAMA