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BN endorses economic council (HL)

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KUALA LUMPUR, Fri. - The Barisan Nasional today endorsed the proposed formation of the National Economic Action Council and the strategies suggested by Umno to overcome the country's current economic problems.

Speaking to reporters after chairing a two-hour BN supreme council meeting at the Umno headquarters, its chairman Datuk Seri Dr Mahathir Mohamad said component party leaders would also urge their members to play a part in strengthening the economy.

He assured everyone that the role of the NEAC would not be in conflict with the Cabinet and the various Ministries.

In fact, the council would be working with the Government as several Ministers, whose portfolios were related to the economy, would also sit in the council.

"It is a body which is answerable to the Cabinet, although I am the chairman. Several of its members will be Cabinet Ministers and those who have a role to play in implementing strategies devised by the council to overcome the economic problems and to facilitate growth.

"There is no conflict (with the Cabinet). We have had bodies like this before which co-existed with the Cabinet," he said.

All 14 members of the coalition attended the meeting where Dr Mahathir explained the formation of the NEAC, and outlined actions to be taken to keep the economy on track in the wake of the ringgit depreciation and the fall of the share prices.

Among those present were Umno deputy president Datuk Seri Anwar Ibrahim, MCA president Datuk Seri Dr Ling Liong Sik, MIC president Datuk Seri S. Samy Vellu, Gerakan president Datuk Seri Dr Lim Keng Yaik and People's Progressive Party president Datuk M. Kayveas.

BN secretary-general Datuk Seri Mohamed Rahmat and treasurer Tun Daim Zainuddin were also present.

Last night, the Umno supreme council had recommended that the NEAC be established to seek ways to overcome the country's economic problems. It would be supported at the State level as well where all economic matters would be referred to, discussed and decided upon.

Dr Mahathir said the council would report its activities to the Cabinet from time to time.

"With the powers entrusted by the Cabinet, the council will be able to take immediate action when necessary," he said.

Dr Mahathir said all BN leaders have given a commitment to undertake the measures to overcome the economic problems.

"I am confident that these measures will be effective and will be implemented in an orderly and disciplined manner in line with the aims of the council," he said.

Asked whether the composition of council members had been decided upon, he said it was still too early.

"As far as the Cabinet is concerned, the Ministers in charge of economic matters will be in the council," he said.

This includes the Ministers of International Trade and Industry, Domestic Trade and Consumer Affairs, Primary Industries and Human Resources.

Likely members from the private sector would include representatives from the manufacturing, export, banking and finance sectors.

On whether the BN supreme council had issued any directives to its

component parties on their role in meeting objectives set by the NEAC, Dr Mahathir said there were no specific instructions.

"But we have given them an overall perspective of their roles, which includes the need to explain to their leaders and members what they should do as members of the public," he said.

The Prime Minister was also asked about the bearish situation in the stock market and whether he had any advice for Malaysians.

"My advice is that they must have confidence and trust in the economy. If they are influenced by the actions of others, in the end, they will lose," he said.

Asked whether the Government would ask the banks to refrain from making "margin calls", he said financial institutions should practise prudent banking management to ensure those who had taken loans to buy shares were not adversely affected.

"Prudent banking practices must be followed. The banks should not do things which may put their clients in a difficult position," he said.

However, Dr Mahathir said the Government would adopt a judicious view on this as the banks would also face severe financial problems if they were not allowed to make margin calls.

"On the other hand, if the banks make margin calls too early, their clients will face difficulties. They also have to protect their clients' interest."

Dr Mahathir said he believed that Malaysian banks were responsible and they knew what needed to be done.

Samy Vellu, who spoke to reporters later, said the MIC had taken note of the Prime Minister's advice. He said Malaysians must work together to boost production and lower imports.

"I believe with our support to the Prime Minister, we can overcome the problems," he said.

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