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Don't negate efforts to resolve economic problems: PM

THE Prime Minister last night called on the Malaysian business community to refrain from taking any action that could negate efforts to put the economy back on track.

Datuk Seri Dr Mahathir Mohamad said what the Government seeks from the business community is prudence and discipline, and continued faith in the ringgit and the country.

"I am appealing to the whole business community not to aggravate the situation by ... losing faith in our own currency and transferring your savings from local banks to foreign banks here and overseas.

"I don't think I need to tell you what will happen if we do this. What we expect and fear might happen will happen because of our own injudicious actions ... it's self-fulfilling," he said at a dinner organised by the National Chamber of Commerce and Industry Malaysia in Kuala Lumpur.

Dr Mahathir said although the impact of the regional currency and stock market turmoil on Malaysia is not as severe as in some countries, the country must prepare for any eventuality by doing the right things.

"We must admit that we did not always adopt good practices during the good times. As a result, we became weak and exposed," he added.

Dr Mahathir said an example is to treat the Kuala Lumpur Stock Exchange as a casino.

"Despite repeated warnings to local investors not to treat the stock exchange as a casino, they continued to lift share prices to the extent that there was no longer any connection between company performance and share prices.

"They held roadshows in developed countries to sell shares and raise their prices. We shifted our attention from looking for business for profits to the trading of stocks.

"Shares, like currencies, have no definite value. It is determined by players and their willingness to buy and sell. When they lose confidence, and are no longer willing to buy, then share prices will fall, sometimes to a level lower than their asset value."

In the case of business operations, costs were allowed to go up indiscriminately and managers, executives and professionals over-paid themselves. Executives with little experience hop from one job to another for the money. There was no loyalty to any company, he added.

Dr Mahathir said some banks had also ditched prudence in favour of expanding their loans business. And when attempts are made to adopt proper lending criteria, many prospective borrowers go abroad to obtain loans.

Today, the country is faced with the depreciation of the ringgit and the weakening of the share market. Those who had pursued quick wealth suffer losses and face bankruptcy.

"The Government wants to help overcome their problems by introducing various measures. But for this to happen, local companies must cooperate with the Government. We need very strong discipline. We need to make sacrifices for the sake of our tomorrow."

Dr Mahathir ticked off those who think that they should be exempted from making sacrifices. These people even take advantage of the situation to enrich themselves.

"They think their refusal to make sacrifices would not affect the economic recovery effort. Such opinion is based on greed ... they who try to sabotage our efforts to resolve the problems will eventually become the

victims should we fail," he added.

Dr Mahathir said if the Malaysian business community is not prepared to make even little sacrifices, then the country may have to resort to outside help.

"They will ask us to increase taxes, although we are already poor; they will ask banks to increase interest rates and reduce credit facilities to do business.

"They do not care whether the local companies will go bankrupt and close shop because they think our companies are actually weak ... and not because of the present economic problem.

"They do not care if this will cause unemployment and suffering as it is not their problem but ours," he added.

The choice before all Malaysians is either to make the sacrifices now or be forced to do so later.

"I believe it is better if we sacrifice voluntarily now rather than be forced by outside parties. We should all shoulder the responsibility," Dr Mahathir said.

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