

21/11/1997

Economic Action Council proposed (HL)

Ahmad A. Talib; Ashraf Abdullah; Ramlan Said; Chok Suat Ling
KUALA LUMPUR, Thurs. - Umno has recommended that a National Economic Action Council be established to seek ways to overcome the country's economic problems, its president, Datuk Seri Dr Mahathir Mohamad said.

Dr Mahathir, who is also Prime Minister, said the council would be supported at the State level as well where all economic matters would be referred to, discussed and decided.

Dr Mahathir announced this at a Press conference after chairing an Umno Supreme Council meeting at party headquarters tonight. The council will be chaired by the Prime Minister.

In recommending the council's formation, Dr Mahathir said the council would also be monitoring closely the country's economy and devise strategies to overcome its problems and facilitate growth.

Other members of the council have not been decided but it may include Cabinet Ministers and other personalities whose input would be relevant in tackling the problems. It is understood that prominent economists would also be invited to sit in the council.

"To overcome the economic problems, we will adopt a similar approach as we did during the Emergency even though we have not declared a state of emergency," Dr Mahathir said, adding that there was a need for a specific institution to closely monitor the economy at all times.

He said the government was confident this approach would help to overcome the country's economic problems arising from the depreciation of the ringgit and the fall in the stock market.

He said: "We have a number of measures which we will take and we believe these actions will restore confidence in our economic management and it is hoped with this the value of the ringgit will be restored and the fall in our stock market will be checked."

The Prime Minister said it was also important for the people to do their bit by sacrificing some comforts during the current difficult period and support the Government all the way.

Dr Mahathir said Umno would also recommend the expansion of the Malaysian Business Council where businessmen and other prominent personalities are invited to offer views, comments and suggestions on economic matters.

The party also felt that the role of the Malaysian Industrial Development Authority as an agency to attract more foreign investments be intensified.

He said these recommendations were consistent with other decisions made to tackle the present difficulties, that is by pushing for increased productivity, raising exports, reducing imports, keeping a tight control on expenditure and curbing inflation.

Dr Mahathir said: "The meeting tonight was told of the various measures already taken and need to be taken by the Government to facilitate our national economic recovery.

"But despite our strong fundamentals, we still face strong pressures on our currency and stock market. The meeting therefore discussed new approaches to be recommended to the Government to ensure the economy's continued growth."

Asked whether the new approaches include a possible revision of strategies contained in the 1998 Budget proposal, Dr Mahathir said: "No, we are not going to review (the Budget). But we want to fine-tune it

because sometimes when we are drafting the Budget, the problems may not be that big.

"Actually, we want to tighten the Budget further. We will take actions that will not contradict the Budget but can help us achieve more success than what we had expected."

Asked whether this would result in a revised growth projection, the Prime Minister said: "We will try to maintain our projected growth. If we succeed in increasing our exports, reduce imports and undertake all the measures already outlined, we can maintain our growth rate.

"But growth is not that important. Our priority is to make us more competitive in the international market."

Dr Mahathir also took to task those who had created a rumour that he was ill and unable to chair the Cabinet meeting yesterday.

"Someone had put in the Internet that I had fainted and could not chair the Cabinet meeting yesterday. That is a deliberate lie. These deliberate lies are spread by those with ill-intention and meant to destroy us," he said.

Dr Mahathir said he had in fact chaired the Cabinet meeting until 1pm yesterday.

Deputy President and Finance Minister Datuk Seri Anwar Ibrahim was also asked whether the problems on the Kuala Lumpur Stock Exchange would result in its suspension.

He said the Government has no intention to do so even though share prices have plunged. The KLSE recorded a drop by 66.87 points today to close at 536.62 points.

Anwar said the drop, among others, was caused by the selling of foreign funds and rumours that some financial institutions in the country were not stable.

"There is no truth in the rumours and our financial institutions are very strong."

"The rumours are spread by irresponsible elements and Bank Negara had denied them. But we are not in the business of denying rumours every other day."

(END)