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Have faith in the ringgit, PM tells businessmen (HL)

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KUALA LUMPUR, Thurs. - Datuk Seri Dr Mahathir Mohamad told businessmen and captains of industry to exercise prudence, adding that loyalty to the nation and confidence in the ringgit can help speed up recovery from the current economic problems.

The Prime Minister said that if businessmen were to put their interests above everything else and show their lack of confidence in the ringgit by taking measures to this effect, then the currency will fall further.

"As long as our businessmen continue with this practice, our efforts to help in the recovery of our economy will come to nothing," Dr Mahathir said in a speech at the National Chamber of Commerce and Industry dinner tonight.

"I am appealing to the business community to exercise great discipline and to set aside short-term interests so that our economic recovery can take place on a continued basis."

The Prime Minister also drew their attention to the situation in the stock exchange. He said: "Those who sell their shares for the sake of profits the moment there is a sign of some recovery will weaken the market and cause it to fall."

"We are sad to see profit-taking soon after the Government announces several measures which involve sacrifices among government employees. Actually, businesses too should make similar sacrifices. But instead, they sell their shares for profits the minute the market goes up a little."

The Prime Minister made another plea to the business sector. "I appeal to the business community not to worsen the situation by taking injudicious actions such as showing no confidence in our own currency and depositing their savings with branches of foreign banks or overseas."

"I don't have to tell you the effects such actions would have. Whatever we fear could happen will happen because of our injudicious actions. It's self-fulfilling," Dr Mahathir said.

He said that as the country was now faced with the depreciation of the ringgit and the weakening of the share market, those who pursued quick gains face losses and the possibility of being declared bankrupt.

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

He said the country must be prepared for all eventualities. If it is not careful and unwilling to take bold and firm measures, the country's economy could be as bad as some of the others affected by the currency depreciation and stock market decline.

The Prime Minister then drew their attention to the period when times were good. He said: "It should be admitted, however, that when the country was prosperous and progressive, we did not always adopt good practices."

"There were many practices which put us in a vulnerable position."

"Despite several warnings to local investors not to treat the stock exchange as a casino, they continued to raise share prices to the extent that there was no connection between company's performance and the share prices."

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

"Shares, like currencies, have no definite values. Their values are determined by players and their willingness to buy and sell. When they lose confidence, either as a coincident or not, and are no longer willing to buy, then share prices will fall, sometimes to a level lower than its asset value."

The Prime Minister said the situation now calls for collective sacrifices that must be made. "It's either that, or have the sacrifices thrust upon us."

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