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Malaysia has not approached anyone for assistance: PM

Lokman Mansor in Teheran

TEHERAN, Wed: Malaysia has not approached any party to help the country overcome problems caused by the depreciation of the ringgit, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"We have to handle this ourselves, because other people have their own problems. (In addition) people believe that we have this extraordinary ability to overcome any problem, so it is difficult to convince them," he told Malaysian journalists here last night after attending the first day of the Organisation of Islamic Conference (OIC) Summit.

Referring to the salary cuts for Cabinet ministers and senior civil servants, Dr Mahathir said the Government must show that it will spend less when necessary.

"It is better if we reduce expenditure now... otherwise our economy will face more pressure and end up having to bow to the International Monetary Fund. When you do that, the first thing they will do is to increase taxes and interest rates, reduce incomes and not allow companies to be provided with credit. These and worse things will happen if we don't act now," he said.

The Prime Minister said the Government has a plan to turn around the economy but the people must help by saving and refrain from travelling overseas, for example. While the prices of imported sugar, salt and flour have increased because of the ringgit's depreciation, reduced consumption can help cut costs, he added.

Asked whether there is anything that the OIC's rich countries could do to help countries attacked by currency speculators, Dr Mahathir said the important thing is that they understand what is happening. Unfortunately, most of them feel that it is temporary situation and that Malaysia will be able to overcome it.

"We feel flattered, of course. Not only the OIC, even developed countries are saying, 'this is temporary, you will recover'.

"But we have lost US\$150 billion. Such a huge loss cannot be easily overcome. We will feel the effects for some time and we must realise that we need to make sacrifices. Don't spend like before," he added.

On the Kuala Lumpur Stock Exchange's performance, Dr Mahathir said the Government feels that the Composite Index can go higher, but the problem is whenever there is a rebound people want to take profit.

Turning to the OIC Summit, the Prime Minister said he is very happy with the attendance of some 26 heads of government, despite talk that many leaders would not come if the meeting were to be held in Iran.

On his earlier meeting with Iranian President Seyed Mohamad Khatami, Dr Mahathir said the President expressed a desire to see relations between the two countries strengthened, not only in matters related to religion, but also in economic cooperation and education.

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