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Mahathir-Council

NATIONAL ECONOMIC ACTION COUNCIL TO BE SET UP NEXT MONTH

KUALA LUMPUR, Nov 20 (Bernama) -- A National Economic Action Council will be set up next month to overcome the effects on the economy of the fall in the value of the ringgit and the Kuala Lumpur Stock Exchange.

Umno President and Prime Minister Datuk Seri Dr Mahathir Mohamad said this after chairing a meeting of the party's Supreme Council at the Putra World Trade Centre (PWTC) here tonight.

Dr Mahathir said the setting up of the NEAC represented the approach adopted by the government after the bloody May 13 incident in 1969.

He said at that time the country was placed under emergency rule and administered by the National Operations Council (NOC) chaired by the then Deputy Prime Minister Tun Abdul Razak.

However the setting up of the NEAC did not involve a declaration of emergency apart from centralising all matters pertaining to economic administration under the council which would be chaired by the Prime Minister himself.

"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.

"The NEAC will operate at national and state levels so that all matters and reports and so on will be centralised under the council," he said.

The Prime Minister said information received by the NEAC would be utilised to come up with methods to overcome the economic problems.

Saying that he was making a preliminary announcement about the NEAC, Dr Mahathir said details of it would be given after they had been worked out by the bodies entrusted with this task.

He said the council's membership structure had not been decided but he did not discount the possibility of Cabinet Ministers and representatives from various government agencies sitting on it.

However all necessary measures to overcome the adverse effects on the economy arising from the depreciation of the ringgit and the fall in the stock market could be implemented from now on.

"We find that there is still strong pressure on our currency and also on our shares and hence we are contemplating an approach that will return economic management to our own hands and we will not merely react to what others are doing," he said.

He also said tonight's meeting of the Umno Supreme Council was aimed at explaining the measures that needed to be taken by the government and the people to revive the country's economy.

Dr Mahathir said the NEAC was accountable to the people and had wide ranging powers in managing the Malaysian economy.

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

"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."

He said the measures would include enhancing the country's competitiveness through avoidance of wastage, increasing productivity, stepping up exports, reducing imports, upgrading quality and controlling inflation.

The measures also included efforts to increase Foreign Direct Investment and also ensuring that Malaysians and foreigners understood and had adequate information on what was actually happening in this country.

Dr Mahathir said the government would strive to enlarge the Malaysian Business Council so that more traders could join in and enhance the role of the Malaysian Industrial Development Authority in efforts to get more foreign investment.

To ensure the success of these measures, the Prime Minister said there had to be cooperation and some sacrifice by the people, government servants and Ministers.

He said for instance when the government reduced imports the people might not get the things which they usually used.

"When we reduce imports...these included items like sugar and other foodstuffs. We have to take less sugar and other things also we can reduce and we have to look for substitutes within the country so that we do not have to spend more."

Dr Mahathir said overseas visits should also be reduced as this also involved expenditure such as on hotel bills and so on.

"These measures to reduce wastage will apply to all including government servants and ministers as we have to ensure that local production costs did not go up so that we will become more competitive and we will get more foreign exchange through increased exports."

The Prime Minister said that at the same time the government would continue to monitor prices of goods and services in the country with a view to ensuring they did not go up.

However if prices do go up, the government hoped the people particularly workers would not make extreme demands for wage increases.

Asked whether the NEAC would review the strategies announced in next year's Budget, Dr Mahathir said: It is not that we want to review but we will further streamline it."

"When we drew up the budget, the problem was not that big. Hence we made projections ...even though we did reduce lots of expenditure."

"But this time we want to tighten all moves that did not run counter to the Budget but that which will help us to reap more success than projected by the Budget."

The Prime Minister said the steps to be taken by the NEAC would not stress much on economic growth projections as what was important was to make Malaysia more competitive in the market.

"We will try to maintain growth and who knows if we succeed in increasing our exports, this will also contribute to growth... and reduction of wasteful expenditure will also step up growth," he added.

The Umno Supreme Council endorsed the formation of the NEAC. -- BERNAMA
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