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PM: Tough measures necessary (HL)

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LANGKAWI, Sun. - Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government measures announced by his Deputy, Datuk Seri Anwar Ibrahim, on Friday, were necessary to restore confidence in the economy.

"We decided on that and Datuk Seri Anwar made the announcement.

"I cannot say how much clearer we can be, but certainly it is clear that we are taking the necessary steps to restore confidence in our economy," he told a Press conference at the end of the six-day fourth Langkawi International Maritime and Aerospace Exhibition here yesterday.

Dr Mahathir was asked about the recent announcement by Anwar, who is also Finance Minister, on the latest move by the Government to strengthen the country's resilience and self reliance besides restoring some of the confidence in the country's economic and financial stability.

The tough new measures were passed and accepted by Cabinet at its weekly meeting in Langkawi on Wednesday.

Anwar announced that the Government had revised downward the growth projection from seven per cent in the 1998 Budget to between four and five per cent.

Other measures include further revision to strengthen the balance of payments position by reducing the current account deficit from four per cent of Gross National Product in 1998 to three per cent, and to protect depositors.

To do this, the Government is determined to cut Federal expenditure by at least 18 per cent.

This will begin with an immediate 10 per cent across the board cutback to both operating and development expenditure.

A further eight per cent cutback would be made on a more selective basis.

Besides the postponement of mega projects, other measures include the deferment of construction projects, increasing foreign exchange earnings through promotion of exports and tourism, utilising more domestic products which may lead to the rescheduling of lumpy imports by MAS and MISC, increasing national savings and the deferment of reverse investments.

Dr Mahathir was also asked to elaborate on his meeting with DAP secretary-general Lim Kit Siang here on Saturday, in which the Prime Minister said he had explained to the DAP about the proposed National Economic Action Council and the problem faced by the country.

"I actually spent time explaining what the NEAC is all about and also explaining the problem faced by the country.

"We will have to take certain measures which will involve sacrifices on the part of everyone.

"I just wanted the DAP to understand why we need to make such sacrifices if we want to recover our economy," he added.

To a question whether the DAP will be offered a place in the NEAC, Dr Mahathir said at the moment there was no plan to admit DAP or Pas or whoever.

During the Press conference, an exhibitor from the United Kingdom thanked Dr Mahathir for voicing out the economic problems to the International Monetary Fund during the IMF/World Bank Conference in Hong Kong.

"Your (Dr Mahathir) speech in Hong Kong to the IMF is almost identical to the speech by Winston Churchill in 1932, bearing the same problem," the

exhibitor said.

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