

# VITAL STEPS

## Policies to revive economy, says Daim

By HONG BOON HOW

**KUALA LUMPUR:** Stabilising the exchange rate, restoring business confidence and attracting foreign investments are among several measures adopted by the Government to revive the economy, Special Functions Minister Tun Daim Zainuddin said yesterday.

He said recovery might not be immediate as exchange rate policies often took between six and 18 months to have full impact.

"However, Malaysia's macroeconomic prospects for 1998 and beyond is also dependent on external factors beyond our control, such as the health of the all-important Japanese economy," Daim said in his speech at the opening of a seminar *The Economic Crisis in Malaysia and the Role of the Media* here yesterday.

His speech was read out by Deputy Minister in the Prime Minister's Department Datuk Dr Ibrahim Saad.

Calling for the unity of purpose, Daim said all else would have to take secondary place in the interest of the nation.

"It is important that the stewardship of the national economy of Prime Minister Datuk Seri Dr Mahathir Mohamad be accepted without any further speculation," he said.

The government's policies would be balanced, taking into account the twin necessities of both a stable exchange rate and reviving growth, he added.

"And we aim to be consistent in our objective. We will certainly prove our critics wrong."

Malaysia, Daim said, would lose its sovereign right to economic and political self-determination if its real economy continued

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## Daim: Pessimism can worsen woes

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to be undermined.

"The severity of Malaysia's economic problems can be made considerably worse if there is irrational pessimism about the future which can prove to be self-fulfilling," he said, adding that there was still uncertainty

about the depth and duration of the economic downturn.

He said such pessimism could lead to a vicious cycle of capital outflow which in turn could lead to further currency depreciation, falling prices and putting pressure on the private sector and undermining the economy.