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Mahathir-Economy

A MISTAKE FOR MALAYSIA TO INITIALLY ABIDE BY IMF'S ADVICE, SAYS PM

KOTA BAHARU, Aug 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the government's efforts to revive the nation's economy initially failed especially when it carried out measures prescribed by the International Monetary Fund (IMF).

He said that the nation's economy further deteriorated when the IMF advice was adhered to following the onset of the economic crisis in July last year.

"For instance, we abided by the IMF's advice when we raised interest rates and imposed a credit squeeze and reduced from six to three months for unsettled loans to be classified as non-performing... Definitely, the companies faced problems," he said at a news conference after attending a meet-the-people session at Kampung Chengal in Ketereh near here.

Commenting on the statement by Special Functions Minister Tun Daim Zainuddin yesterday that the government expected some signs of economic recovery by the end of the year, Dr Mahathir said that Daim must have made the statement based on his study.

"Maybe this is the outcome of his study. I have not discussed with Daim over the economic recovery as forecast. I have to ask him first," he said.

Daim stated that the Ringgit was now at a stable level with exports picking up and imports decreasing.

Daim further stated that foreign investors had given the thumbs up to the National Economic Action Committee's economic recovery plan and wanted it implemented soon.

On the comment by Daim that Malaysia should have embarked on a recovery plan some time ago, Dr Mahathir said: "He (Daim) is right. We have made some wrong moves which caused our economy to deteriorate further."

The prime minister said that in his visit nation-wide to explain to the people the current economic situation, he was satisfied with the support of the people towards measures taken by the government to overcome the situation.

"I can see that the people are prepared to support the government, at least the majority," he said.

Dr Mahathir said that Malaysia was capable of facing this challenge through several other extraordinary measures to be taken by the government.

"We have observed what was done in Hong Kong where for instance the government itself buy back shares. This is an extraordinary measure that has to be taken to revive the economy and we too can recover," he said.

-- BERNAMA

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