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PM: We can raise funds to finance economic recovery

Wendy Lim

PRIME Minister Datuk Seri Dr Mahathir Mohamad says he is confident the Government can raise funds needed to finance its economic revival programmes.

Plans announced in recent weeks would involve more than RM20 billion. These include the RM5 billion infrastructure development fund announced this week, the RM7 billion allocation for socio-economic projects announced last month, and the US\$2 billion (US\$1 = RM4.14) needed to allow Danaharta, the asset management company, to buy and manage troubled loans and assets in banks.

"We can raise the money as there are many funds available locally and abroad ... We can borrow from outside," he told reporters after presenting excellent service awards to staff of the Prime Minister's Department in Kuala Lumpur yesterday.

Dr Mahathir was asked on the source of funding for public expenditure and the country's capability to raise them.

Malaysia, he said, has obtained loans from Japan for several selected projects and will borrow for other requirements from the financial markets offshore as it provide lower interest rates.

When asked if Malaysia will be asking for soft loans from other countries, Dr Mahathir said, "No, if the loan is from the Government, there may be some soft loans. But, when we are abroad, we have to obtain offshore commercial loans, unless some countries are willing to lend us their money."

The RM5 billion infrastructure fund, Dr Mahathir said, will not be used just for the Multimedia Super Corridor but for other infrastructure projects such as roads, water supply and electric city supply.

"We need these infrastructure projects and the construction activities will provide spin-off effects to 140 other related industries. That is why we concentrate on infrastructure.

"Many of the projects have been identified and approved but we do not have the allocation. Now that we have the allocation, we will continue," he said.

Deputy Prime Minister and Finance Minister Datuk Seri Dr Anwar Ibrahim had announced the establishment of the RM5 billion fund on Wednesday to revive important public infrastructure projects.

Last month, Anwar also announced a RM7.01 billion allocation for socio-economic projects.

However, of more immediate concern is the need to generate US\$2 billion for Danaharta, Dr Mahathir said.

When asked if the Government will encourage state governments to increase public expenditure and improve domestic manufacturing sector, he said, "State governments can do the same if they have the money".

Dr Mahathir was also asked to comment on newsreports on US Treasury Secretary Robert Rubin denying reports in the Malaysian media that he had recommended the easing of Malaysia's monetary policy at a meeting with the Prime Minister.

"I am surprised that he was surprised ... that was the impression I got (from him).

"Our view is that we want lower interest rates if we do not want to burden the people. If (Rubin) said that he did not say it ... it is okay ... it is not a problem to us. We are not asking for support. That is our

decision," he said.

Dr Mahathir was reported on Monday as saying that Rubin, who was then on a two-day visit to the country, had agreed that interest rates in Malaysia should be lowered.

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