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M'SIA-CRISIS

DR MAHATHIR: M'SIA WILL BE AMONG FIRST TO RECOVER FROM ECONOMIC CRISIS

KUALA LUMPUR, Oct 7 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad is confident that Malaysia will be among the first countries in the region, if not the first, to recover from the current economic crisis.

"We should feel confident over our ability to handle the situation as our fundamentals are still strong," he said at an open dialogue at the National Congress on Economic Recovery: The Way Forward, here today.

Dr Mahathir said he had difficulty explaining to others (foreigners) that the country is facing a recession. They do not believe this as they still see ongoing activities in the country.

He said not many countries are able to implement the kind of policies which Malaysia did, due to their external borrowings, explaining that Malaysia borrowed from within, and being a small country, things are easily supervised.

However, Dr Mahathir said not many understood the currency exchange control measures which was meant to insulate the ringgit from speculators.

He said the action taken (currency controls) is very limited but it had created a sense of stability and the ability to predict the future, by having forex uncertainties eliminated.

The ringgit is pegged at RM3.8 per US dollar but Dr Mahathir added that the government is constantly monitoring the currency changes in other neighbouring countries.

"We do not propose to change the peg now but if there are changes (devaluation or revaluation) in our neighbours, we will make adjustment. But I can assure that nothing would happen for a long time," he added.

Earlier, the Prime Minister, who is also the first finance minister, said the way to solve the current problem is to regain control of the country's economy and to implement measures quickly or risk facing increased pressure from outside.

In planning the control measures, the government had looked at every aspects and that a month after the measures were implemented, the economy has responded to it, he added.

"We will look into suggestions made at this Congress and try to implement them. We will go down to the ground to see that things are done," he added.

Dr Mahathir also said that in trying to solve the economic problems, the government was unable to agree with the International Monetary Fund (IMF).

One of the IMF's suggestions was to close down bad companies. However, Dr Mahathir said such an action could in turn make the government bankrupt as companies contributed 38 percent of their profitability to the government.

"So we decide to go in a different direction. But I realise they will try to undermine things we have done to revive the economy," he added.

He noted that this was obvious as while the government was trying to raise funds to address non-performing loans (NPLs) problems, rating agencies started their downgradings on the bonds until the government could not borrow anymore.

"They said there is no conspiracy here. Just that they feel a sense of responsibility to the lenders, so they downgraded us. I'm quite sure they are busy thinking how they could undermine us but so far they are unable to do so," he added.

"If they do anything to us we would think of radical ways to counter them," he said, adding that one could not succeed if one was to do normal things in an abnormal situation.

To a question on the need to recapitalise stockbrokers, he said the government would look into the suggestion but added that raising funds is no longer easy due to the bad image being projected of Malaysia overseas.

-- BERNAMA

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