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PM: Only rakyat can help economy recover (HL)

Fadzil Ghazali

ECONOMIC recovery lies in the hands of the people, not outside help, Prime Minister Datuk Seri Dr Mahathir Mohamad said in his 41st Merdeka Day message.

"We can't at all count on outsiders to help. We must undertake our own efforts to restore our economy and defend our sovereignty and independence," he said in an address broadcast nationwide last night.

With the economy officially in recession - the gross domestic product shrank 6.8 per cent in the second quarter and 2.8 per cent in the first - Dr Mahathir called on the rakyat, the business community and entrepreneurs, and the banks to play their roles.

He outlined at least five important areas they must focus on.

"First and foremost is to maintain racial harmony and political stability of the country," he said, reminding the people that there had been failed attempts in the past to break up racial unity in Malaysia.

Attempts to incite racial riots were made recently, including on the Internet.

"Some foreigners wanted us to abolish the Internal Security Act laws so that they can witness instability caused by racial riots," he added.

Secondly, Malaysian workers must continue to maintain industrial harmony.

"We are thankful that workers and trade unions in Malaysia are responsible and have not worsened the present economic situation."

At the same time, however, employers must appreciate the workers' responsible attitude and protect their interests. "Where they can, employers should entertain reasonable demands made by the workers."

Thirdly, the Prime Minister urged the people to understand the causes and pressures generated by the economic turmoil as this will help them to overcome the situation.

For example, although there is a need to reduce expenditure, it should not be to the extent of jeopardising local business.

"Expenditure for a trip abroad will put us at a losing end, but a tour within the country will help to restore the country's economy."

Dr Mahathir said the same thing applies to those who sell imported goods and that they should now give more emphasis to selling local products. As for purchasers, they should buy more Malaysian-made goods, he said.

Fourthly, business operators and traders should step up their activities as the Government wants them to register bigger profits. Production of goods for export purposes as well as to substitute imported items should be stepped up. This will increase foreign exchange inflow and reduce outflow.

Dr Mahathir said production costs of all goods made in Malaysia must be controlled so that more foreign investment can be attracted into the country.

"With the lower ringgit value, long-term investors will be attracted by the country's lower investment cost. Do not increase this cost to the extent that it affects investment."

Finally, Dr Mahathir urged local banks to support efforts to restore the country's economy. Reducing loans and imposing ridiculous terms can retard economic recovery.

"If the economy does not recover, the banks will also be in trouble. In fact, they may go bankrupt," he added.

Dr Mahathir said the banks should make the country's interests their priority and not entertain any measure that could worsen the economic situation.

Banks should adhere to measures and policies initiated by the Government even though such moves could reduce their short-term earnings.

"When the economy recovers, the banks will be able to make up the earlier earnings that they had sacrificed.

"Bear in mind that the success of banks in Malaysia is due to the Government's policies and approach in administering the country," he said.

Dr Mahathir said the Government's objective is none other than restoring the country's economy and integrity.

"The independence we have over the last 41 years will mean nothing if the rakyat and the country are controlled and colonised again by foreigners," he added.

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