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Govt aims to help business, not kill it (HL)

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THE Government says it will continue to defend the current levels of interest rates against upward pressure that would push up the cost of doing business or even kill off companies.

Prime Minister Datuk Seri Dr Mahathir Mohamad made it clear yesterday that he disagrees with International Monetary Fund managing director Michel Camdessus on the matter.

Camdessus had reportedly said Malaysia would do well to emulate Thailand and South Korea, which he said had been prudent in letting interest rates remain high.

"The Government does not intend to kill business... we want to help business because the Government has shares in all companies," Dr Mahathir said.

This is because 28 per cent of profits made by companies, by way of the corporate tax, goes to the Government, he said.

"If we kill off the companies, then we are depriving ourselves of funds."

He said under the Malaysia Inc concept, the Government has a duty to assist businesses and companies.

"Why shouldn't we help them? When they make profits, 28 per cent is for the Government."

However, Dr Mahathir said the Government's efforts to keep interest rates reasonable have so far been foiled by external factors.

"Outside the country, the ringgit is lent at high interest rates. We cannot lend at low interest rates because that means our money will be used for currency speculation.

"We are forced to keep interest rates at the present level simply because the rate on ringgit borrowings outside the country has been raised," he added.

The Prime Minister spoke to reporters after launching the Amanah Saham Wanita (Asnita) in Kuala Lumpur.

In his address, Dr Mahathir stressed the need to mobilise the country's wealth to help with the economy's recovery.

He said while Malaysians possess a lot of assets and properties, for example, most of these are dormant.

The Government estimates that Malaysians own in excess of RM1 trillion of such wealth that could be translated into investments.

"For example, the country needs more capital, especially in the share market which is currently experiencing a downturn," he added.

Since the region was hit by the financial turmoil caused by the activities of currency speculators, Dr Mahathir said, the ringgit's value has depreciated by 52 per cent. By extension, the country's wealth is halved.

"Now, we want them to mobilise that wealth in order to replenish what has been taken from us."

Dr Mahathir also took to task international ratings agencies such as Standard & Poor's and Moody's for their inaccurate assessments.

"Neither Standard & Poor's nor Moody's predicted the collapse of the Asian economies and a lot of people lost their money because they were not told beforehand by these experts that the economies of East Asia were going to collapse.

"So, they have been wrong before and I don't think we should go by their

ratings because their ratings have the habit of influencing the market. It is not what they say is going to happen but what they say which will make it happen," he added.

On Asnita, the Prime Minister said: "The trust fund launched today is not merely for investment purposes but also to help defend the country's sovereignty.

"That is why the Government supports the mobilisation of the hidden wealth possessed by Malaysians.

"As it is a unit trust kind of operation, it will invest mostly in the stock market. It is also advisable to buy shares now in view of their low prices," he added.

The Asnita trust fund is aimed at helping women enhance their role in society through greater participation in the nation's economic life.

Initiated by Wanita Umno and Barisan Nasional two years ago, the trust fund received the approval from the Securities Commission on April 23. It comprises 400 million units at an initial offer price of 50 sen per unit for the 21-day offer period between Monday and May 24.

Managed by Hijrah Unit Trust Management Bhd, Asnita units are available through Hijrah and 464 branch offices of Bank Simpanan Nasional nationwide.