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Mahathir-Taxes
GOVT WILL NOT RAISE TAXES, SAYS PM

KUALA LUMPUR, Aug 18 (Bernama) -- The government will not raise taxes as expected by some, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

"People don't have money, how can we tax them, its not fair," he told a news conference after launching the Workers Day celebration here.

"This is what the IMF wants us to do, to tax the people higher, reduce credit and increase interest rates, but we can't do that," he said.

Logically, taxes should be lowered during such difficult times, he said when asked on the possibility of a tax increase.

However, he said he could not give an assurance that taxes would be lowered.

Dr Mahathir said the government's measures in urging the people to be thrifty, to use the ringgit for trading as well as reduce imports, though effective, were not enough to revive the economy.

He said the government has to look at more measures which might be announced at the upcoming budget.

Whatever measures introduced would be ineffective without public response. "It would lead nowhere," he said.

Dr Mahathir said measures which have been adopted in some Asian countries to prevent their economies from sliding further, were also being studied.

Among others was the buying of shares by the government as practised in Hong Kong as well as placing a moratorium on banks to prevent them from selling shares pledged as collateral when stock prices fell, as in Taiwan.

However, he said that whenever Malaysia or the crisis-hit Asian countries undertake any measure to revive the economy, "they will picture it as a drastic measure".

For instance, when Malaysia planned to borrow money overseas, it was also regarded as drastic.

But now, besides Asian countries, even Russia, a member of the group of eight industrialised countries, has announced drastic measures to revive its ailing economy including a de facto devaluation of its currency as well as a 90 day halt to some foreign debt repayments.

On a plan to use Tabung Haji funds to buy shares in local companies with public interest, he said: "If we had more money, we may buy shares to raise the value of the shares."

The Prime Minister said the government now fears that when prices of shares do not reflect the true value of assets and cash of companies, they will be subject to asset stripping by foreign investors.

He said sometimes, the true asset value of companies were five times that of their share value.

Dr Mahathir said share prices were pressured downwards by parties which intended to take over companies cheaply.

When asked whether foreigners were buying Malaysian shares now, he said: "They are, we have information that they are (buying)."

Asked further whether foreign investors were buying above the approved foreign equity limit, he said with scripless trading, "we do not know whether at any one time, it is more or less."

"Things are moving very fast, transactions take place very rapidly, but the government is trying to keep track of such transactions," he said.

When asked what the media could do to help Malaysia's economic recovery, he said they should report things that could revive the economy.

He also said the local media should not publish quotes on CLOB or trading on the Central Limit Order Book (CLOB) as it does not profit Malaysia at all.

Moreover, it is not a legal market in Malaysia and its price quotations should not be highlighted in the local press. "I do not know why you want to publish that," he said.

Dr Mahathir noted that the foreign media has now accepted the fact that Malaysia was right in blaming currency traders for the regional crisis, while the local media had not given a fair view of the country.

He said the foreign media now were mostly "attacking" currency speculator (George) Soros and the International Monetary Fund (IMF) but this was not reported in the local media.

"The low rate of unemployment in Malaysia is evidence that the country is adopting correct policy measures, but this, and its ability to evade IMF aid was also not being reported by the local press," he added.

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