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Mahathir-Veterans

INFORMAL UMNO VETERANS' BODY ON THE CARDS

KUALA LUMPUR, June 13 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today an informal body comprising Umno veterans will be set up to advise the party leadership on various issues including the economy.

To be called the Consultative Committee, the body would be headed by former Deputy Prime Minister Tun Ghafar Baba, said Dr Mahathir, who is also Umno president.

He said the decision was made at a meeting with party veterans here today.

" They feel they can explain to the people particularly in rural areas on the economic slowdown faced by the country," he told a media conference after the meeting.

Dr Mahathir said the committee's mechanism had yet to be determined.

He said it would function as an advisory body and provide inputs to the leadership and the Umno supreme council.

However, its views were not binding on the Umno leadership, he said.

Dr Mahathir said he briefed some 300 party stalwarts on the economic problems faced by the country so that they could explain the situation to the people.

Asked how he expected next week's Umno General Assembly to help foster unity among party members, Dr Mahathir said unity in Umno was very good.

"Of course, there are people outside especially the foreign media which distracts... to make out that there are differences between me and my deputy (Datuk Seri Anwar Ibrahim) and all that," Dr Mahathir said.

The prime minister said: " Certain statements were analysed and then used as evidence that there were differences between us.

"But it's not true. We get along as well as can be.

"Of course, there are problems that we face but we work closely together," he said.

Dr Mahathir said party members would better understand the economic problems faced by the country during the three-day General Assembly beginning June 19.

There might be criticisms but that was normal in Umno, he said.

Asked whether he was hoping to get feedback from the delegates on the economic situation, he said " I cannot foretell, I always hope for the best."

Asked whether the local media was carried away by the negative issues raised by the foreign press, Dr Mahathir said: "Yes, there seems to be a slant reflecting acceptance of the foreign media's suggestions."

" We have been picking up words used by the foreign media and use them as though they are the reality or the truth," he said.

Asked to clarify his calls for lower interest rates, Dr Mahathir said banks should lower the spread between their cost of funds and their lending rates to make it possible for people to borrow in order not to lose their business.

"I've asked for a lower interest rate that is the effective interest rate. The interest rate is high because of the cost of funds... but at 11 per cent, it's not high.

"So, the cost of funds bring up the interest to 15-16 per cent, that should not be so.

"We want it to go to 11 per cent. So, we have to find ways and means so

that the spread is not so high," he said.

He said banks can make money but not make too much during the current hard times.

"They should lower the spread and make it possible for people to borrow low cost funds so business can succeed," Dr Mahathir said.

When businesses succeed, they would pay back the banks but if the banks make them fail, they would lose whatever money they have lent out to their clients, he said.

If such a situation happened, the government would also lose because if companies do not make money, the government cannot collect any tax, he added.

Tun Ghafar, Tan Sri Musa Hitam, Tan Sri Khir Johari, Tan Sri Sulaiman Ninam Shah and Tan Sri Aishah Ghani were among the Umno veterans who attended the meeting which lasted more than an hour.

-- BERNAMA

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