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Mahathir-Inflation
MAHATHIR CALLS TO WATCH OVER INFLATION

KUALA LUMPUR, April 16 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has stressed the importance to watch over and manage inflation in the wake of the current economic problems faced by Malaysia and the region.

He said controlling inflation is one of the recommendations put forward by the newly formed National Economic Action Council (NEAC).

This year's inflation rate forecast by Bank Negara is between six and seven per cent. Last year, it was 2.7 per cent.

The NEAC, which he chairs, also made recommendations on payments and receipts of trading in local currencies, banking policies and practices, government budgets and priorities.

"Some of the things which we are implementing now are the results of NEAC's recommendations," he said in an interview with the newly published book entitled "Hidden Agenda: In The Eyes Of The Tiger."

The book, published by Lim Kok Wing Integrated Sdn Bhd, gives a clear perspective of Asia's current economic situation. It was launched by Education Minister Datuk Seri Najib Tun Razak today.

Dr Mahathir said NEAC's most important task was gathering and analysing data on the financial and economic situation not only in Malaysia but also in the region and other countries.

Experiences of other countries including the developed ones in dealing with similar crisis have also been thoroughly studied, he said to a question on the measures taken by the NEAC to tackle Malaysia's daunting economic woes.

Questions posed to Dr Mahathir include his early warning of excessive currency speculation in the 80's, World Trade Organisation (WTO), bias western media coverage, branding Asian leaders as corrupt and success of East Asia.

Dr Mahathir said Malaysia could have been very close to economic recovery if "we have been more disciplined."

To a question on his projection in January that Malaysia's economy would recover between six months and a year, Dr Mahathir said: "The time mention is conditional upon our behaviour. If major players in the economy had adhered strictly to government advice (we cannot direct or enforce) we would have achieved much."

The time span predicted might be corrected if Malaysians dedicated themselves to the country and be more disciplined, he said, adding that everyone must think of the country instead of themselves so that in the end, it would benefit them more permanently.

On his early warning of excessive currency speculation, Dr Mahathir said, the worse fears about currency trading had been proven right and the fear before devaluation is still being felt.

He said recovery might not be durable because countries which were prosperous and economically strong before could be attacked and impoverished, there was no reason to believe it would not happen again and again.

For as long as the attack on currencies were unrestricted, the developing countries would live in fear of their economies being destroyed, he said.

With the failure of business including banks no longer profitable, governments were unable to collect sufficient revenue to pay for

administration and development, he said.

Political and social stability have been affected, he said, adding that unrest worsens the situation and undermines government's ability to tackle financial and economic problems.

To a question whether WTO conclusion on the opening up of the financial service sector at the height of the crisis might be more than a coincidence, Dr Mahathir said, it was not important whether it was a coincidence.

"The fact is that what is happening is very damaging to Southeast Asian countries.

"As we are now seeing, the developing countries have not only not gain anything but they have lost a very considerable portion of their wealth. Coincidence or not, the fact is that the opening up of the market is bad for the developing countries," he said.

On bias western media coverage, Dr Mahathir said, there was no such thing as an independent press as all were subjected to the direction, owners' influence and manipulations, editorial board or journalists who run them.

On western media branding Asian leaders as corrupt, he said, local media must condemn corruption among local leaders but must be based on facts and not influenced by others.

"They should be balanced. They should also be objective and not be bias against anyone when making their reports," he said.

Dr Mahathir did not brush aside that there were Asian leaders who were corrupt but they do not have a monopoly on corruption.

"Time and time again we hear reports of corruption among leaders in Europe and America," he said, adding that unfortunately local media appeared unwilling to highlight news about corruption in the west.

Dr Mahathir said the local media was so keen to win the approval of the western media that in many instances they merely echo the views of the west.

"It is a manifestation of our inferiority complex," he said.

On the International Monetary Fund (IMF), Dr Mahathir said, although some countries appear to be recovering after accepting the IMF bailout, it was not the bailout which seems to be effective.

He said the recovery appears to be due to opening up the country to unrestricted foreign participation in the economy.

Dr Mahathir also spoke of innovation similar to the steps taken by the government in the 80's.

On this, he said, a modern version of barter trade had been devised which would minimise the need and the risk involved in the use of currencies.

"The switch will be difficult. Many, who will lose by this switch, will oppose, even try to undermine it," he said, adding that there was really no choice.

It is important to remember that offset arrangements for foreign contracts are a form of barter, he said.

"We'll have to work very hard to produce goods and services that will be cheap compared to goods and services we well ask for in exchange," he said.

On East Asia's success story, Dr Mahathir said, strong values help those countries to strive for recovery from the present and future turmoil inflicted upon them.

"Are Asian values bad as compared to western values? ... History provides the answer. The two world wars and the dropping of the atomic bombs on Asian cities, the holocaust, the killings of Bosnians - these are not perpetuated by Asians, " he said, reminding that

currency trading was not an Asian invention.

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ARA TS