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Malaysia will be among the first to recover, says Dr M

Lokman Mansor

DATUK Seri Dr Mahathir Mohamad expresses confidence that Malaysia will be among the first South-East Asian countries to recover from the regional economic crisis.

The Prime Minister said confidence in the country has improved significantly following the implementation of various measures under the National Economic Recovery Plan (NERP).

"We know the situation in the country. Our fundamentals have always been strong," he said during a dialogue session at "The National Congress on Economic Recovery: The Way Forward" in Kuala Lumpur yesterday.

Dr Mahathir said the economy has responded well to the capital and foreign exchange control measures introduced last month. The focus will next be on the individual sectors.

"We are serious about this. This is a hands-on government, a very business-friendly government... in (keeping with) the spirit of Malaysia Incorporated," he said.

Dr Mahathir said visitors to Malaysia have find it difficult to believe that the country is facing economic problems when cranes are still working full time at construction sites and the hotels are full of people.

"We see this everyday, so we should be more confident," he said, noting that not many countries can implement policies like Malaysia because they borrow from overseas and are heavily in debt.

Dr Mahathir, who is also First Finance Minister, said some foreigners remain unclear about the controls, believing that no capital can come in or out of the country.

"We need to explain that what we have done is to insulate the ringgit from currency traders so they cannot manipulate. We determine the exchange rate and that applies only in Malaysia. Businesses can still get foreign exchange to pay for imports and foreign debts," he said.

However, while the ringgit is now fixed at RM3.80 to the US dollar, any appreciation or depreciation of the greenback against other regional currencies will still affect the country, Dr Mahathir said.

"If the ringgit becomes too strong against our neighbours' currencies we may lose our competitiveness... and need to make adjustments. This is something we have to convey to everybody so they are comfortable to do business here," he added.

Asked by a participant about attempts by foreign parties to undermine the country's economic recovery, Dr Mahathir said so far they have not been able to make head way.

"The main thing is if you are orthodox and do the normal thing you will not succeed. If they do something to us, we will think of some radical way to overcome it," he said.

Another participant, attributing the loss of investor confidence in Malaysia largely to slanted reporting by the foreign media, suggested that an early election be held to show the world that the Malaysian people are firmly behind the Government.

"An election is a big job that needs our full attention. Managing the economy also needs our full time attention. We meet everyday to look into things thrown up because of the implementation of our policies. It is difficult to handle both," Dr Mahathir said.

The Prime Minister said he believes that most of the country is behind the Government, including the business community and trade unions.

"The recent problems have not resulted in any major defections, apart from one or two people. Umno is solid and its decision was unanimous. We have strong support on the ground.

"Other Barisan Nasional component parties are also supportive. If there is a full-scale defection, yes, we have to accept that we are no longer popular. But there is no exodus from the party," he said.

As for the public, there is no sign of any decline in support for the present Government, Dr Mahathir said. During the recent Commonwealth Games, for example, there was a general feeling of pride for the country and its accomplishments.

"It is not necessary to spread our limited energy to manage both the economy and an election. So there will not be an election, not for sometime yet," he said.

To a suggestion that stockbroking companies be recapitalised like the banks, Dr Mahathir said it is a good idea but raising funds for the exercise would not be easy.

"We have had problems with image, aggravated perhaps by not so fair reporting... making it difficult to raise money. If there is a need we will certainly look into it but don't depend too much on it," he added.

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