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Mahathir - solution

MAHATHIR CONFIDENT MALAYSIA CAN OVERCOME ECONOMIC PROBLEMS

KUALA LUMPUR, July 14 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad tonight said he is confident Malaysia can overcome the economic problems hitting the country.

His optimism was based on the people's unity and solid support for the government, Dr Mahathir said in a televised interview over Radio and Television Malaysia (RTM).

"I believe with the kind of support from the majority of the people, actions taken by the government will be more effective although there are those who will still criticise whatever the government does.

"This is my hope that by continuously supporting the government, by not causing troubles, riots, strikes and the like, we shall overcome the problems we're facing now," he said over the "Bersama Perdana Menteri" (with the prime minister) programme.

He was interviewed by president of the Kuala Lumpur chapter of the Malaysian Malay Chamber of Commerce Syed Amin Al-Jefri as moderator, Federation of Malaysian Consumers' Associations (Fomca) president Prof Hamdan Adnan and the Star chief news editor Chua Yew Kay.

Dr Mahathir said the people's support and unity were pivotal in facilitating government decisions and actions necessary for overcoming the current economic crisis.

The prime minister said governments unsure of majority support were not only incapable but also apprehensive of taking actions lest there would parties out to attack them.

"Thank Allah, in Malaysia, the Chinese, Malays, Indians, Kadazans, Muruts Bajaus, all support the government. This gives us the courage, for example, to reject proposals that we accept help from the IMF.

"We're bold because the government is strong and the people support the government," he said.

Dr Mahathir said Malaysia has sufficient funds to finance national development and cover operating expenditures if it maintained a deficit budget.

He said a deficit budget was necessary with government revenue declining due to it no longer able to collect substantial taxes on company profits.

The prime minister said the government would have to borrow from overseas as this was the only way to meet the government's financial needs or the private sector's requirements for economic development.

"We have no other alternative but to borrow. If we try to print more money this will only cause the ringgit to depreciate," he said.

Dr Mahathir said the ringgit's depreciation had nothing to do with the government but was instead caused by currency trading which dictated appreciation in currency value upon buying and depreciating upon selling.

He said the government has never depressed the value of the ringgit because had it intended so, the government would have to gazette any currency devaluation.

The prime minister said he could not understand why some parties blamed the government for the depreciating ringgit.

Dr Mahathir said Malaysia chose not to ask for help from the International Monetary Fund (IMF) because assistance for the fund was no guarantee for economic recovery.

"In fact what we've seen is that when countries asked for IMF's help,

things got worse. In Indonesia, for instance, at the time Indonesia sought help from the IMF, the rupiah slid from 2,500 to 3,600 to a US dollar.

"Upon getting the so-called help from the IMF, the rupiah at first firmed a bit at 3,200 to a US dollar but later slumped badly to as low as 16,000 to a US dollar," he said.

The prime minister said the South Korean won had also suffered the same fate upon getting help from the IMF.

"Therefore we don't see any reason for us to seek help from the IMF because its assistance will not guarantee the strength of our ringgit.

"Instead we try to deal with it in our own way and the situation is not as bad as in some countries which have asked for IMF's help," he said.

On the government's tax-exemption incentive for Malaysians to repatriate their deposits from abroad, the prime minister said so far not many had done so perhaps out of fear of questioning by the Inland Revenue Board.

He said the government would only require them to declare the amount repatriated for it to know how much could be tax-exempted when the monies were used for business purposes.

Dr Mahathir also explained that the National Economic Action Council (NEAC), set up last January, had submitted several proposals implemented as government actions and not as the council's.

"The NEAC only gives its views to the government. One such view is that Malaysia's trade should be in the currency of our trading partner, not using the US dollar," he said.

Other NEAC decisions implemented by the government included bilateral payment agreements between Malaysia and Asean member countries and the establishment of the asset management company Pengurusan Dana Harta Nasional Bhd to deal with banks' non-performing loans to companies.

"Much of the NEAC's decisions have been implemented but with little publicity lest currency traders, disliking the things that we do, would use the decisions as excuses to depress the ringgit's value and dispose off our stocks causing further share slump," he said.

The prime minister urged the masses to spend wisely by buying locally-made goods and at the same time, save wisely by putting money in the bank which could be used to the advantage of the national economy.

As consumers, Malaysians have a key role as their actions could be very influential on market prices and as such they should be very discerning before resorting to any action.

"We need the consumers to be a force to preserve national economic stability at the time of economic crisis by not acting irresponsibly," Dr Mahathir added.

-- BERNAMA

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