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NEAC to study all aspects of economic situation

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KUALA LUMPUR, Tues. - The National Economic Action Council, which holds its inaugural meeting on Thursday, will study all aspects of the current economic problems, including prices of goods, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister said the meeting would be attended by fewer than 30 members. They will include certain Ministers, representatives of various national bodies, including the Malaysian Trades Union Congress, Cuepacs, the various chambers of commerce, professionals and financial experts.

Dr Mahathir, who is also NEAC chairman, said all Menteri Besar and Chief Ministers, including Kelantan Menteri Besar Datuk Nik Abdul Aziz Nik Mat, would be invited to attend the meeting.

"The first meeting will see Menteri Besars, although they are not members of the council, attending the meeting," he said after breaking fast at the Institut Profesional Baitulmal in Kampung Pandan.

Earlier, Dr Mahathir simultaneously launched the institute, the Federal Territory Mosque Development Fund and a book on Mosques World, Malaysia and Kuala Lumpur.

Dr Mahathir said the council would look into all aspects of the economy, including the prices of all goods.

"If we can maintain the prices, we will. But, if we cannot, we have to study them as there is nobody who is willing to subsidise for others," he said, when asked whether requests by some producers for a price increase would be considered.

Dr Mahathir said rice traders, for example, had accepted the fact that they must absorb the increase in costs.

"But, in doing so, their profit margin will drop and the Government will get less revenue from taxes. With less income, we may not be able to finance the cost of our expenditure and development programmes."

Dr Mahathir said the Government would continue to maintain the prices of goods as far as possible.

"The truth is the situation in Malaysia is unique and many are surprised with us because we are able to control the prices at the present level. In other countries, the prices have gone up by more than 100 per cent.

"Here, the price increases are not significant. However, there are prices of goods that should not go up, especially locally-made goods."

Dr Mahathir said it could not be denied that "we are facing a problem" and prices of imported goods would go up with the depreciation of the ringgit.

He said Malaysians had to accept the fact that the Government cannot ask importers to absorb the losses.

"They will not import. Hence, what is important is, we reduce the use of imported goods. We must allow the importers to increase the price so they can make profits.

"The Government will not be able to tax importers if they suffer losses. How can we pay the salaries, then?"

He said the requests for price increases might be considered. "If it is a reasonable request, we have to scrutinise it. We cannot simply tell them not to increase the price. That is not fair."

He also urged women to sell their jewellery and deposit the money in banks and trust funds so that it could be given out as loans to conduct business.

On his meeting with Singapore Prime Minister Goh Chok Tong in Sebana Cove in Kota Tinggi this morning, Dr Mahathir said they discussed problems affecting the economy and he heard Goh's views on the situation in Southeast Asia.

On this, Dr Mahathir said Goh was of the opinion that if they were not careful the problem would become serious.

"But he sees signs of recovery now and hopes the situation in Indonesia will improve and continue to recover."

Dr Mahathir also said he had plans to hold discussions with other Asean leaders.

"What happens in the neighbouring countries would have an effect ... there is contagion effect. So we must go and talk to them.

"I have no immediate plans but I hope to go to Manila in February and then to Thailand."

To a question, Dr Mahathir said Singapore had said it would assist Indonesia but Goh had also said that it would not be easy to do so. He added they also discussed bilateral relations.

"He wishes to see our relations improve further. I welcome his statement."

Earlier, Dr Mahathir arrived at the Sultan Ismail Airport in Senai about 9.30am. He was greeted upon his arrival by Menteri Besar Datuk Abdul Ghani Othman.

He then made the trip to Sebana Cove by helicopter.

There, he met Goh, who had arrived from Singapore via the Tanjung Belungkor ferry terminal.

Dr Mahathir left Sebana Cove by helicopter at 11.45am, and briefly hovered over the Malaysia-Singapore Second Crossing in Gelang Patah for an overview of the second link.

He then returned to Senai Airport, and departed for Kuala Lumpur.

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