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Mahathir - Parliament (Policy)

NO CONFLICTING POLICIES FOR ECONOMIC RECOVERY, SAYS MAHATHIR

KUALA LUMPUR, July 20 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today said there is no policy-conflict between the government's efforts to reduce expenditure and the establishment of funds to stimulate national economic growth.

The funds were created to help steer companies hit by the economic downturn towards profitability so that they could contribute to the national economy through tax payments, he said.

"If the companies cannot run properly and cannot earn profits the government in turn will not be able to collect enough in taxes," he said replying to a supplementary question from Dr Tan Seng Giaw (DAP-Kepong) during question time at the Dewan Rakyat here.

"Therefore, while we cut down on expenditure, we like to see a private sector actively continuing to do business so that they make profits," said Dr Mahathir.

Replying to a supplementary question from Jimmy Lim @ Jimmy Donald (BN-Sri Aman) on interest rates and rescheduling of loan repayment by banks, the prime minister said the government was striving to seek ways to have interest rates retained at their present level.

Another way was to help companies secure loans at much lower rates, perhaps not through banks, so that their business overheads could be lowered, said Dr Mahathir.

However, he said, despite government efforts to have interest rates lowered, several countries had deliberately increased them, luring Malaysians to deposit their money there.

"At times the interest rates are jacked up to 40 per cent so much so many Malaysians become carried away with putting their money abroad for lucrative gains," said Dr Mahathir.

This also reduced the volume of deposits in local banks and at the same time discouraged the public to save domestically, he said.

Dr Mahathir said even the government's best efforts to bring about economic recovery would be in vain so long as currency speculators were bent on destroying developing economies.

"They have little else to do except moving from one country to the next to destroy its economy and to reap substantial returns for themselves," he said.

"They (currency traders) can only be disciplined by their own governments," said Dr Mahathir.

Replying to a supplementary question from Lim Kit Siang (DAP-Tanjung) who raised the issue of nepotism and what Lim termed as the denial syndrome in the government, the prime minister said the opposition was merely parroting foreign media reports.

"Whatever is said by the foreign media they will raise it," said Dr Mahathir.

Replying to a supplementary question from Wan Hanafiah Wan Mat Saman (BN-Pokok Sena), Dr Mahathir said: "The opposition are foreign agents in our country and they expect something for themselves from the foreigners who are out to destroy our nation.

"They seem to derive joy from seeing the country beleaguered as this provides them the chance to get a few votes for themselves," said Dr Mahathir.

Replying to Dr Tan's original question, the prime minister said among

measures taken to tackle the current economic crisis were minimising the use of foreign currencies in international trade and boosting exports.

The strategy to boost exports had worked well in eliminating balance of payment deficit, he said.

The balance of payment recorded a surplus of RM16 billion in the first four months of the year, said Dr Mahathir.

As for the other measures, the government had also entered in barter trade and bilateral payment arrangements (BPA), he said.

The establishment of the asset management company, Pengurusan Dana Harta Berhad (Danaharta) was to relieve banks from the pressures of non-performing loans, Dr Mahathir added.

-- BERNAMA

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