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MAHATHIR-RINGGIT

OUTFLOW OF RINGGIT DESPITE LOWER OFFSHORE RATES

KUALA LUMPUR, June 27 (Bernama) -- There is still an outflow of the ringgit to other countries eventhough their interest rates had already gone down, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

"I don't know why but in the end, we emerge losers because the money would be used for currency trading and in turn we are helping them (currency traders) to depreciate the value of the ringgit," he told a press conference after officially opening the Gerakan national delegates conference (Persidangan Perwakilan Nasional Gerakan) here today.

He said a meeting held by the National Economic Action Council this morning, among others, examined the country's economic problems, especially the outflow of funds to other countries.

The NEAC too, he added, was trying to figure out how the money flowed out of the country and how to persuade citizens not to take the money out because the effect would be devastating to the economy.

On the inflow of funds into the country, he said "some people are worried (about bringing the funds back home) that the Income Tax Department would go after them."

He said some companies were worried that they would be taxed later on if they failed to provide the right explanation or did not register for what purpose the money was being used for.

However, he said if the companies were to explain about the money brought in, the amount would be exempted and they would not be questioned in the future if the money was used for business purposes.

"If no report was made, then the Income Tax Department would ask where it came from...if it is from overseas...then where is the proof?," he asked.

Earlier in his opening address, Dr Mahathir admitted that the current economic problem was a heavy one and difficult to overcome but added that the government had managed to prevent further deterioration of the country's economy through its stable political environment.

He said allegations that the government practised crony capitalism and nepotism were mere excuses to attack the local currency and stock markets.

"And when we are influenced by such propoganda and accuse the government of cronyism and nepotism, we will face a problem of political instability," he said, adding that the economy would not recover if there were frictions.

Dr Mahathir then cited the example of Wall Street-US government co-operation as one form of cronyism.

He said this was because the US government protected Wall Street and promoted the latter's desire to penetrate the whole world with their capital.

"They can take over companies from Korea, Indonesia, Thailand and Malaysia. How can they do that? It's because their government did not take any action on Wall Street and currency traders but instead have a close working relationship with them," he added.

Dr Mahathir explained that this allegation did not come from him but from an article on "The Military-Industrial Complex" which originated from the US, whereby the industry gained a lot of funds to help out the military and vice-versa.

As such, he called upon Malaysians to be careful as eventhough there was no conspiracy, there was still an effort to undermine the country's

economy and Malaysia's strongest line of defence would be a united Barisan Nasional coalition.

"They want to control our economy and through that they will control us politically and then we will lose our independence," he added. -- BERNAMA  
SHO SHY