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Razaleigh - economy

RAZALEIGH SUPPORTS PM'S HANDLING OF ECONOMIC CRISIS

By: Zukiman Zain

KUALA LUMPUR, June 29 (Bernama) -- Former Finance Minister Tengku Razaleigh Hamzah said today Prime Minister Datuk Seri Dr Mahathir Mohamad must be allowed to use his own approach in tackling the economic crisis despite foreign media criticisms.

Saying he fully endorsed Dr Mahathir's views on the economy, Tengku Razaleigh pointed out that what was advocated by the foreign media was not necessarily right.

For example, the foreign analysts argued that the way to stabilise the ringgit was to increase interest rates as this would quickly attract foreign capital into the country.

This approach was taken in Indonesia and Thailand but until today it had yet to show any results, Tengku Razaleigh told Bernama.

"On the other hand it has worsened inflation and killed a lot of businesses in the two countries. And a lot of people have lost their jobs," said Tengku Razaleigh who admitted that he felt compelled to come forward to offer his services as "a small man" to help the government tackle the economic crisis.

Tengku Razaleigh said he agreed with Dr Mahathir's argument that it was unfair for banks to be quick in taking action against delinquent borrowers at a time like this.

He said banks should realise that companies which were finding difficulty in servicing loans had found themselves in that situation not because they were badly managed but because of factors beyond their control, such as the depreciation of the ringgit.

"I believe that most of the victims of this crisis are Bumiputera companies which are just beginning to gain a foothold in the world of business. If this (action by banks) happens, all the efforts of the New Economic Policy (NEP) will come to nought," he said.

Tengku Razaleigh said when the United States faced an economic crisis several years back, the administration gave special attention to the real estate and automobile sectors to revive the economy.

"The government helped these industries by encouraging banks to extend easy credit to purchasers and developers. It did not stunt growth by increasing interest rates or take other measures which made it difficult for people to obtain loans," he said.

As a result of the US government's action, unemployment was brought down and people had money to spend and this helped businesses and industries.

"This example shows that Dr Mahathir's approach is not something out the ordinary or in conflict with any of the existing economic theories," Tengku Razaleigh said.

Tengku Razaleigh said he agreed with Dr Mahathir that the source of the country's economic problem was external and in particular the activities of currency traders and stock market speculators.

"The question of corruption, nepotism and other internal weaknesses ... although they exist here and in other countries as well ... they must be tackled firmly but separately.

"These factors are not the cause of the current problem," Tengku Razaleigh said.

As such, he said, it was unfair if there were people attempting to point accusing fingers at others.

"Let us instead work together towards a speedy resolution of the current problems. The people in fact should brace themselves to face any eventuality of a further depreciation of the ringgit and other Asian currencies and the hardship that it brings."

Tengku Razaleigh said he was prepared to contribute in any way he could to help the government tackle the economic turmoil.

"I have old contacts, both at home and abroad, who may be approached to help us. Or perhaps there are other ways which the leadership thinks may be useful.

"However, I do hope that my offer is not misconstrued in any way," said Tengku Razaleigh.

-- BERNAMA

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