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Mahathir-Ringggit

RINGGIT OUTFLOW CONTINUES DESPITE LOWER OFFSHORE RATES

KUALA LUMPUR, June 27 (Bernama) -- There continues to be an outflow of the ringgit even though interest rates in those countries have come down, Prime Minister Datuk Seri Dr Mahathir Mohamad said 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 opening the Gerakan national delegates conference here.

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 from Malaysia.

The NEAC 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, Dr Mahathir said some people were worried that the Inland Revenue Board (IRB) would go after them if they brought funds back home.

He said the companies were only needed to explain about the money brought in and they would then be granted tax exemption. They would not be questioned in the future if the money was used for business purposes.

"If no report was made, then the (IRB) would ask where it came from...if it is from overseas...then where is the proof?," he said.

In his address earlier, Dr Mahathir admitted that the current economic problem was a heavy one and difficult to overcome, but said 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 propaganda and accuse the government of cronyism and nepotism, we will face a problem of political instability," he said.

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 its 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 said.

The Prime Minister said he himself was not making this allegation. Instead it came from an article on "The Military-Industrial Complex" which originated from the United States and is about how the industry gained a lot of funds to help the military and vice-versa.

Dr Mahathir, who is Barisan Nasional chairman, called on Malaysians to be careful as even though there was no conspiracy, there was still an effort to undermine the country's economy.

Malaysia's strongest line of defence would be a united Barisan Nasional coalition, he said.

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

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