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PM: Tax hikes not part of 'shocking' measures

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KUALA LUMPUR, Tues. - Prime Minister Datuk Seri Dr Mahathir Mohamad said today raising taxes is not part of the "shocking" economic measures which he had indicated over the weekend.

Instead, taxes should be lowered as any increase during these difficult times would be unfair to the people, Dr Mahathir said when asked to elaborate on his statement on Saturday when he asked the people to brace for further recovery measures.

Asked whether such initiatives would include tax increases, the Prime Minister said: "People don't have money. How can we tax them. No ... it's not fair."

The Prime Minister had earlier addressed the 1998 Workers' Day Unity gathering organised by the Human Resources Ministry, at the Putra World Trade Centre.

Dr Mahathir said his call was aimed at ensuring there would be adequate support by the people for moves taken by the Government to bolster the economy.

In this context, the Prime Minister said spending wisely, trading in local currencies and reducing imports already amounted to radical measures.

"But the Government finds that although it is effective in the sense that the country has not asked for assistance, they are still inadequate for the economy to recover. So we have to introduce some more measures."

On the use of Tabung Haji funds in economic recovery, he said if there was excess money, the Government might buy shares to boost their value.

The danger, Dr Mahathir said, was if the companies were acquired by foreign parties, they would resort to asset stripping.

"They buy the companies, strip them of all their assets, amass the profits, close it down and they leave. This is our concern as it is clear that the stock exchange is no longer able to determine the actual value of a company."

The Government is also studying measures taken by other countries like Hong Kong's move to buy shares.

On the local media, the Prime Minister said while the foreign media had now accepted the role of currency traders in the regional crisis as highlighted by Malaysia, the local media rarely mentioned this fact.

He said there have been many attacks against currency speculator (George) Soros in the foreign newspapers, but this was not seen in local newspapers.

Likewise, the International Monetary Fund had been criticised, but they don't appear in the Malaysian media, he said.

"The media has not been giving a fair, balanced view of our country. Our economy is, of course, not doing so well, but Malaysians are still able to lead a decent living.

The low rate of unemployment in Malaysia is evidence of the correctness of our policy, again there is no report in the Press."

Earlier, Dr Mahathir told the gathering that discipline and strong government-employer-worker ties were essential in defending the country's sovereignty during these times of economic difficulties.

Such qualities would also help to shorten the time required to make economic sacrifices.

He said with National Day to be celebrated in two weeks, there was a

need to defend the nation's sovereignty amid foreign attempts to dominate the nation's economy and even politics.

"We must understand that they have no good intentions," said Dr Mahathir, who explained how an economy and politics controlled by others would mean leaders, too, would be determined by them.

At the ceremony, Dr Mahathir reciprocated a pledge by workers' representatives to stand behind the Government in efforts to revive the economy.

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