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DAIM-SPEND/BM

SPEND TO SHOW CONFIDENCE IN GOVT'S ECONOMIC RECOVERY EFFORTS SAYS DAIM

By: Noorhammad Wariman

LANGKAWI, Dec 16 (Bernama) -- Special Functions Minister Tun Daim Zainuddin has called upon Malaysians to show more confidence in the government's economic recovery efforts by spending.

He said the increased spending would help in the recovery of the domestic economy.

"We encourage savings but there must be spending too, as our savings in the country now amount to 40 percent.

"We have to do some spending, otherwise businesses would continue to be badly affected," he told reporters after chairing the Langkawi Development Board's (LADA) board of directors meeting here today.

Daim said the government has already introduced several measures to encourage domestic spending, among them being the reduction in the minimum credit card payment from 15 percent to 5 percent as well as the off-day for civil servants one Saturday every month.

"Malaysians need to spend. With this, the government hopes both domestic and overseas demand would increase and help in the recovery of the country's economy," he said.

What is important is that the Saturday granted holiday by the government is taken advantage of, he said. This could be done by going for tours within the country to help increase local economic activities, he suggested.

Daim also stressed that the direction taken by the government was right even if it had received adverse criticisms before.

Yesterday, Second Finance Minister Datuk Mustapa Mohamed had pointed out that criticisms levelled at the country's economic recovery plans, particularly the exchange control measures, had begun to taper off in the past three months.

Supporting the statement, Daim said: "We have stressed that what we are doing, especially in the case of Malaysia, is right. We have been proved right and the banks have now started giving out loans."

"We are now able to bring down interest rates so that people could borrow and businesses could continue to breathe again," he explained.

Daim said the country's economy has already started showing signs of recovery. For the third quarter of this year, the Gross Domestic Product contracted by 8.6 percent while the figure for the fourth term is expected to be better.

Prime Minister Datuk Seri Dr Mahathir Mohamad who is attending the 16th Asean Summit in Hanoi said Malaysia's economy for the whole of 1998 is expected to contract by six percent.

This development indicates signs of recovery and that confidence is returning, Daim said, adding that it was time the people themselves showed faith in the recovery.

Meanwhile, on development projects in Langkawi, Daim said the authorities here have postponed approvals for new projects here following requests by housing developers here to the government not to approve any new projects for the time being.

The request was made by the developers following a forecast of surplus in properties, he said. He added that the developers were currently holding a "House Ownership" campaign here. -- BERNAMA

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