

24/08/1998

We will overcome the challenges: PM (HL)

WHILE Malaysia's economic recovery will continue to be influenced by external factors and developments, there is still much that Malaysians can do by and for themselves to overcome the present difficulties, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

"This is a time when we all have to pull together... With political stability, a pragmatic approach to policies and strategies, social cohesion and the support of the people, the daunting challenges can be overcome.

"I am confident that once again the Malaysian people will rise and overcome the challenges thrown our way," he said in the foreword of the 216-page National Economic Recovery Plan (NERP), which is on sale beginning today.

A comprehensive framework for national economic recovery, it was drawn up by the National Economic Action Council (NEAC) which was established on January 7 as a consultative body to the Cabinet to address the economic downturn.

In stressing the importance of public support, Dr Mahathir said the people's resolve must not be easily swayed by opinions and viewpoints which tend to undermine confidence and self-reliance.

Sacrifices will have to be made and pain endured, he said, and "time is of the essence. There must be a sense of urgency and commitment".

With the NERP, which he described as a "well-conceived plan", Dr Mahathir said a road map for recovery is now in place.

The Government will be proactive and pragmatic in implementing the bold measures but the private sector must demonstrate confidence and resilience, he added.

Meanwhile, Special Functions Minister Tun Daim Zainuddin said Malaysia is determined to face the current economic crisis head-on, by anticipating and dealing with impending problems and adopting pro-active measures for a speedy recovery.

"Malaysia's response to the crisis is made more complex because of its regional nature... (and as) not everything is under our control."

But in areas on which it has a 'handle', the Government is determined to do its utmost, he said in the preface to the NERP.

Daim, who is also the executive director of the NEAC, said while the economy is not what it was a year ago, Malaysians should not be overly pessimistic.

"Although economic recovery may not come tomorrow, we must not despair. The recovery will come. We are all working towards it.

"We are also establishing a solid base on which to build the country's future economic growth," he said.

Daim said he is confident that Malaysia will return to its economic growth path and forge ahead with renewed vigour, given the political stability and national unity that the country is enjoying under the leadership of Dr Mahathir Mohamad, and the various reforms instituted by the Government.

The NERP focuses on six objectives. They are to stabilise the ringgit; restore market confidence; maintain financial market stability; strengthen economic fundamentals; continue with the equity and socio-economic agenda; and revive adversely affected sectors.

Each of the objectives is supported by lines of action and recommended

measures.

Daim said the twin thrusts of the recovery plan are market stabilisation and the strengthening of economic fundamentals which are complemented by measures to increase the transparency and consistence of government policies, strengthen the regulatory framework of the capital market, liberalise and adopt market-based policies, and restore confidence in the stock market.

"The establishment of the Asset Management Company to take away the non-performing loans of banks and the Special Purpose Vehicle to undertake bank recapitalisation should serve to reassure the public that the Malaysian banking system will remain sound and resilient," he added.

He said the crisis has prompted the Government to re-examine areas of weaknesses and seek new ways to enhance economic fundamentals, including increasing the efficiency of investments and strengthening the balance of payments.