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Mahathir-Recovery

STICK WITH THE GOVT IN RECOVERY EFFORT, SAYS PRIME MINISTER

PUTRAJAYA, May 21 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today told Malaysians, including workers and associations, to avoid taking actions that can harm the country's economic recovery.

The prime minister said that instead, the government would like them to support the nation's economy by spending more money locally and not taking their money outside the country.

"They must cooperate. They must not cause additional problems. If they take any action that is detrimental to the recovery, then of course recovery will be very difficult," he told a media conference after unveiling the much-awaited economic package outlining new strategies to stimulate the nation's economic growth at the Prime Minister's Department here.

Dr Mahathir, who is also finance minister, said investors would only be willing to put their money here if the investment climate was conducive for them.

"And if it is seen that this is an unstable country in terms of its workers, then of course there will be less investment and this, in turn, will affect the recovery of the country," he said.

Elaborating on the need for people to spend money locally, Dr Mahathir said that it was for this reason that the government had taken measures to enable them to have more spending money in their pockets.

The package included an announcement of a half-a-month bonus for the country's close to one million civil servants and a reduction of workers' contribution to the Employees Provident Fund (EPF) from 11 per cent to 9 per cent for one year starting next month.

Dr Mahathir said the government was willing to forgo some revenue in order to lessen the burden of the business community, which is currently facing hard times due to a shaky global economy and the fallout from the Severe Acute Respiratory Syndrome (SARS) epidemic as well as the Iraq war.

Asked how the government would recoup lost revenue, he said it would be able to do so if the economy was stimulated.

"To recoup the money is very simple. If the economy is stimulated, more business is done. Obviously, one way or the other, the government will collect more taxes if people make more profit. The government is entitled to 28 per cent of that profit," he said.

On fears that the measures would be stifled by red tape, Dr Mahathir said the government was not happy with the delivery system as people still complained about the accessibility of funds meant to help them.

"It's because of the various procedures and at times officers are extra cautious. Because of that, people feel very unhappy," he said.

The prime minister said the government was also aware that many people had resorted to borrowing from illegal money lenders, or better known as "Alongs", and subsequently would find themselves in trouble.

The new strategies announced today included measures to reduce financing cost and facilitate accessibility to credit as well as to prevent small borrowers from resorting to illegal money lenders through the relaxation of loan conditions under the micro-credit scheme.

"We would like to make things easier for them," Dr Mahathir said, adding that would-be-borrowers would still have to undergo the proper procedures.

On the SARS situation, he said it might take up to three months to see

the restoration of confidence, especially in the tourism industry.

Dr Mahathir was also asked to elaborate on the task of the Education Ministry to "unlock" the value of physical assets of higher learning institutions, estimated at more than RM15 billion, as a means to develop new sources of growth.

He said this would not involve selling any of these assets.

He said the facilities could be used more intensively such as for research purposes while single-session schools could use them for evening classes.

On the proposed move to woo more foreign students to the country, he said they would bring about an in-flow of funds.

He said: "One must remember that one foreign student is equivalent to 365 tourists coming here for a day because they stay for a much longer time and spend money on food and accommodation. They travel using our carriers and sometimes their family members come here."

On a suggestion that with so much 'goodies' in the economic package, the people might liken it to an election budget, Dr Mahathir said: "Well, it is up to you to speculate. This is a free country. You can think what you like. Whether there is going to be an election or not, I'm not free to indicate."

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