

'Recession only hitting developing countries'

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HARARE, Wed. — Datuk Seri Dr Mahathir Mohamad today debunked talk that the world is going through an economic recession. ~~6-22-80~~ ~~11/25~~

"This is not true," he told the Non-Alligned summit. "It is only the developing countries which rely on export of commodities that are having a recession."

He said the developed countries are actually better off now than ever before.

They are selling their manufactured goods at higher prices and have saved some US\$100 billion (M\$260b) last year because of the fall in prices of all the commodities that they bought from the poor countries.

The terms of trade have worsened and Dr Mahathir said the worse is yet to come as new technology eliminates the need for numerous raw materials or reduces the quantities required.

On top of this, the poor countries also have to deal with wildly fluctuating exchange rates.

Thus when Europe and the North American countries decided to push up the yen in order to balance their trade, Malaysia's debts increased by 50 per cent from the yen revaluation.

Fluctuating exchange rates have also stimulated speculations in currencies.

Anxious to make a fast buck, banks have been known to push the currencies of poor countries down.

These countries are then forced to use up their foreign exchange savings to shore up the value of their currencies.

Dr Mahathir said the poor countries have been brainwashed until they are convinced of the virtues of free trade.

"But now that we have learnt to make little money from free trade, the erstwhile proponents of free trade have resorted to quotas, restrictions, counter vailing duties, non tariff barriers, etc, to kill us.

"Divided as we are and incapable of depending on our meagre domestic market we can do nothing but bemoan our fate."

The poor countries have tried to have a dialogue with the industrialised states to create a new international economic order, but they have failed to make headway. — LIM TOW BOON