

Dr M: Drastic problems require drastic measures

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DRASTIC situations require drastic measures, Prime Minister Datuk Seri Dr Mahathir Mohamad said, suggesting that Malaysia and other developing countries should not waste time bemoaning the lack of consideration from rich countries on the present inequalities in the world trading system.

"While we haggle and argue with them, we must also look at ourselves and the things we can do to overcome our economic problems," the Prime Minister said when presenting the Fifth Malaysia Plan in the Dewan Rakyat yesterday.

The international economic order is not a just economic order, he said, stressing that the economic might of the industrialised countries and the power of transnational corporations and commodity traders have dominated the global markets for many of the products which are exported and imported by Third World countries.

Third World countries are subjected to economic pressures from the industrialised countries from which there is no escape. For example, the yen's appreciation has significantly affected Malaysia's external balance position. This means an increase in debt servicing in all yen credits.

Faced with all this, Dr Mahathir said, Malaysia must improve management expertise, reduce costs, do more research and development and coordinate production so as not to be constantly faced with unmanageable glut situations. Producers must recognise that there is a limit to the capacity of the world to

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DRASTIC measures needed

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consume commodities, he said.

Since Malaysia is one of the most trade-dependent economies in the world, fluctuations in the world trade, therefore, have a direct effect on it. He charged that certain groups are clearly controlling and manipulating the world commodity market.

It will not be too far off the mark to suggest that the world trading system is an inequitable system. Rich industrialised countries are now paying US\$65 billion a year less for the same amount of raw materials they consumed in the last 12 months.

Therefore, for Malaysia's economic prospects to show positive trends and results, there must be a second look at the strategy of over-relying on the production of commodities to expand the economy, Dr Mahathir said.