

PM: Ensure financial crisis does not recur

By SHAHANA AZ SHER HABIB

KUALA LUMPUR: The international community must ensure that the present financial crisis does not occur ever again because it inflicts immense poverty and suffering on the people, Datuk Seri Dr Mahathir Mohamad said yesterday.

The Prime Minister stressed that international response should be

strengthened beyond just mobilising financial support.

He said governments could not abandon their responsibilities to the people as "we see for ourselves the immense misery inflicted on men, women and children all over the developing world" when capital was suddenly pulled out of the country.

"Focus must be on preventing such

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a crisis from ever happening again and to protect people from the consequences of economic collapse," he said at the opening of the 3rd International Steering Committee meeting on the economic advancement of rural women.

Dr Mahathir added that assistance from multilateral and bilateral lenders should aim at immediately overcoming the poverty of the already poor directly.

"Endless discussions of the so-called new architecture of the world financial system will not do much good for those who may die in the meantime," he said.

He believed the recession might well be a catalyst for a social and political re-think of domestic and global economic strategy.

Dr Mahathir noted that the 1998 *Human Development Report* concluded that the East Asian financial crisis in the past year had caused the biggest setback to huge economic and social strides in human development made over the last three decades.

"No one has been spared. From large corporations to the ordinary men and women in the street, the impact of the credit crunch and high interest rates has been paralyzing," he said.

Dr Mahathir said credit was to business like blood was to the human body.

"Flight of capital, like haemorrhage, bleeds the business to death. The first thing we should do is

to stop the massive bleeding.

"In a situation where the credit dries up, or analogously when the patient becomes anaemic, we should provide the right supplements such as iron pills or even blood of the right group.

"If we deny these supplements by raising interest and prices to unaffordable levels, we will surely kill the patient," he said.

He believed that if a business depended on imported products, it would want a stable currency so that it would not be held hostage to an uncertain or deteriorating exchange rate.

Dr Mahathir noted that Malaysia had managed to reduce its poverty level from 49.3% in 1970 to 16.5% in 1990 and to 8.9% in 1995.

But, he said, when capital was pulled out of the country, workers lost jobs, small traders lost their business and poverty rapidly came back.

"Joblessness, inflation, food shortages, mental and physical anguish contribute to the social unrest with devastating riots, strikes, protests and political instability increasingly being reported in many countries," he added.

Dr Mahathir also called on the private sector and people to demonstrate their confidence to help the economic grow, adding that at difficult times like this everybody should direct all their energies toward getting the economy going.