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Mahathir-economy

M'SIAN ECONOMY CONTRACTED BY 7 PERCENT IN SECOND QUARTER

KUCHING, Aug 27 (Bernama) -- Malaysia's economy declined by seven percent in the second quarter from -1.8 percent in the first quarter, Datuk Seri Mahathir Mohamad said today.

The Prime Minister said the country must make preparations from now to avoid a catastrophe from which it would be most difficult to recover.

"If it declines further, we will feel the effects, just as we would feel relieved when the economy grows," he said at a meet-the-people gathering here.

He said the government had worked out plans to revive the economy and they had shown some results.

In many other countries which were attacked by currency speculators, banks and industries, including giants such as Hyundai of South Korea, had been forced to close, causing people to lose their jobs.

"It has not happened to us yet but has already affected our neighbours where some 24 million people are out of jobs ... their banks and companies have gone bankrupt and the people have lost their sources of income and are unable to buy even necessities," he said.

"We cannot wait until we are in such a plight. We have to act now and work out strategies, for what has happened to our neighbours can also happen to us."

Dr Mahathir said that some Sarawakians must have seen the condition the people in the neighbouring country were living in due to the economic crisis, having to dispose of their possessions to buy food.

However, Dr Mahathir said that there were still many people in the country who have not yet understood the problem faced by the country as they had not felt the actual impact of the economic crisis.

He said that the government's plan to revive the economy had shown some results because the country had not bowed to the International Monetary Fund (IMF) as expected by the foreign media.

"They stated that we will eventually bow to the IMF, but no...we continue to manage our economy our own way," he said.

Dr Mahathir said that the country would try to revive banks and companies which could help reactivate the nation's economy.

Dr Mahathir, who arrived here this morning for a two-day working visit to Sarawak, said that the government would still repay loans granted to the country even at a higher interest rate due to the country's lower credit rating.

Some 7,000 Sarawakians were at the Stadium Perpaduan in Petra Jaya to hear Dr Mahathir speak on the economic problem faced by the country. Sarawak is the last state he is visiting in his series of visits to explain the current economic downturn to the people following speculative attacks on the Ringgit.

Also present were Datin Seri Dr Siti Hasmah Mohamed Ali, former Deputy Prime Minister Tun Ghafar Baba and Chief Minister Tan Sri Abdul Taib Mahmud.

Dr Mahathir said that the country's Gross Domestic Product (GDP) declined to the US\$40 billion level compared to US\$100 billion before the onset of the economic crisis in July last year.

He said that per capita income also declined from US\$5,000 to US\$2,000 now.

"Even though the rogue speculators only get between US\$5 billion and

US\$10 billion, we lost US\$60 billion just like that," he said.

He said that the stock market was also not spared, resulting in many companies becoming bankrupts.

Dr Mahathir said that Malaysia was attacked by the rogue speculators because the country, together with Thailand, Indonesia and South Korea, was rich, making the country attractive as a target.

"What they see is that Malaysia is rich enough to be robbed...you don't rob poor countries...that is why poor countries are not attacked and their currencies not devalued," he said.

The prime minister said that the regional economic problem eventually affected the giant companies in developed countries like aircraft maker Boeing because the impoverished Asian countries were either not buying new aircraft or trying to sell off the aircraft they had bought.

In jest, he said that Boeing might one day have to hold a cheap sale.

Dr Mahathir said that he was grateful to the people for giving their full support to the government.

He reiterated that they should exercise prudent spending and to buy less imported goods.

He also expressed his appreciation to the workers in the country for not resorting to rash actions like holding strikes which could obstruct the process of economic recovery.

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