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Dr M: Nation back on road to recovery

MALAYSIA's economy is back on the road to recovery following the drastic measures taken by the Government, including the controls on the currency exchange rate.

Speaking at the opening of the Sixth Asean Summit in Hanoi, Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia had no choice but to institute its own measures because the international community had not listened to its call to regulate the activities of currency traders.

"While capital inflow can promote economic growth and improve the wealth of our peoples, sudden and massive outflow can destroy whole economies.

"The existing international financial system is not equipped to deal with massive capital flight and the resultant financial and economic turmoil," he said.

This is the first time the Prime Minister has addressed Asean leaders after Malaysia announced drastic measures in September to overcome its current economic problems.

He said Malaysia could not afford to wait while the developed economies and international financial institutions dawdled.

"We have therefore instituted our own National Economic Recovery Plan.

"We removed our ringgit out of reach of the currency speculators. We ensured short selling of our shares and the consequent fall in the value was stopped."

Dr Mahathir said through lowering interest rates, increasing liquidity, recapitalisation of banks and managing the non-performing loans as well as many other measures, Malaysia had succeeded in arresting the decline and set the economy back on the road to recovery.

"What we have done is merely to insulate ourselves from the predatory speculators. Otherwise our economy is as open as before.

"Foreign investments can and are coming in; trade goes on undisturbed and profits can be repatriated," he said.

Dr Mahathir added that the Kuala Lumpur Stock Exchange remained open to foreign investors subject only to the retention of investments in stocks for a year. "Capitalisation of the share market has doubled since the measures were implemented."

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