

23/10/1998

Work to prevent recurrence of economic crisis, PM calls

INTERNATIONAL response to the region's economic problems must not only seek to mobilise financial support but also focus on efforts to prevent a recurrence of the crisis, Datuk Seri Dr Mahathir Mohamad says.

The Prime Minister said assistance of multilateral and bilateral lenders should aim to protect people from the consequences of economic collapse, and also overcome the plight of the already poor.

"Endless discussions on 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 when opening the 3rd International Steering Committee (ISC) meeting on the economic advancement of rural women in Kuala Lumpur yesterday.

Dr Mahathir said the financial crisis has resulted in a surge in poverty, and the currency devaluation and subsequent economic recession has hit the rural poor most, in particular the women.

"The situation is not helped much by self-aggrandising pronouncements from speculators with sanctimonious attitudes who appear on international media networks to make unjustifiable attacks on the stricken countries and to urge investors to pull out their money to invest in more lucrative markets.

"Their callous call betrays a cruel blindness to the plight of millions of people who have been impoverished by the economic downturn, and dehumanises the social costs borne by the countries," he said.

Dr Mahathir said when businesses slow down or fold up, millions lose their jobs. People have less money for their basic needs, and are reduced to a state where they are unable to participate actively in mainstream community life.

"These people are not only poor but are also socially deprived. Joblessness, inflation, food shortages, mental and physical anguish contribute to social unrest with devastating riots, strikes, protests and political instability are increasingly being reported in many countries," he said.

Dr Mahathir, who is also First Finance Minister, said enhanced economic activities as the way out of poverty for rural women becomes extremely difficult as they require credit to continue functioning.

"Credit is to business like blood is 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," he said.

Dr Mahathir said when credit dries up, it is not unlike a patient becoming anaemic, to whom the right supplements such as iron pills or even blood of the right group should be provided.

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

Dr Mahathir said the flow of capital from the rich countries would help enrich the poor through job creation and opportunities for businesses, including small businesses in the rural areas.

He also said much more can be done to eradicate poverty among women, especially by the private sector, research and development institutions, international development agencies and national governments.

For example, they can invest in this important segment of human resource by treating them as target groups in the transfer of technology, in developing labour and time-saving technology that will increase

productivity and in the application of information and communication technology.

"Most important of all are the programmes that target humanitarian and gender sensitive values towards the development of harmonious families which tap the potentials of both male and female family members to become proactive, creative, knowledgeable and productive members of society," Dr Mahathir said.

He said at the same time, the private sector and the people must also demonstrate their confidence and help the economy grow. In difficult times, everyone should direct their energies towards getting the economy going.

"No one is exempted. Each and every individual, man and woman, must contribute to the country's recovery based on national interest, which is synonymous with our individual social and economic well-being. We are the ones who hold the best chance of saving ourselves from this crisis," he added.

Showing desperation and losing confidence will not help anyone but will make matters worse, Dr Mahathir said.

* SEE ALSO p2

(END)