

# The worst is over, Sun 22 APR 1999 says Mahathir

**KUALA LUMPUR, Thurs:** The worst is over for the country's economy which was subjected to speculative attacks for more than a year.

In breaking the good news, Prime Minister Datuk Seri Dr Mahathir Mohamad said all economic indicators point that the economy has bottomed out.

"We are now recovering ... all the indicators show that we are recovering. Our savings and stock market index have gone up while the inflation rate and the number of bounced cheques have dropped, companies have high share prices and we are no longer facing problems with non-performing loans," Mahathir told reporters at the Parliament lobby after tabling the Mid-Term Review of the 7th Malaysia Plan today.

On the government's prediction of a 1% gross domestic product growth this year, Mahathir said although the country can attain the target, a lot of foreign banks and funds have forecast that Malaysia's economic growth will be above target.

"We have turned around, we have bottomed out and then rise ... we think that government's contribution to ensure successful recovery will continue to be positive."

The government believes the private sector now has more confidence as they are not subject to any market fluctuations especially with the currency.

"They (the private sector) are more confident their investment will give more returns," Mahathir added.

Asked on the 5% projected growth for next year, he said government spending and private sector's investment will result in the economy reaching 5% growth in 2000.

On the proposed bond market, Mahathir said it will mostly be funded from internal sources but there are plans to get funding from abroad.

The government will go on a road show to explain Malaysia's real ratings, which are not as portrayed by rating agencies but based on the willingness of foreign funds to subscribe to our bonds in this country, Mahathir said.

On the US Treasury declaration that there must be reforms in the international financial system, Mahathir said: "Finally they have come around."

Since mid-1997, Malaysia has called for reforms in the international financial system which allowed currency speculators to attack the region, depriving millions of jobs.

"It (the US) calls for a reform ... the fact that they have admitted it shows that what we have always said is right. But the problem now is how are they going to reform ... if we don't participate, they might reform in such a way that it would benefit them in many ways," said the PM.