

27/07/1999

Economic recovery is real, says Dr M (HL)

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LANGKAWI, Mon. - The Malaysian economic recovery is real, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

"Ask any Malaysian and he will say that the recovery is very real indeed. We are not selling virtual cars and our people are not eating imaginary food as the opposition and sceptics would want the world to believe."

Dr Mahathir was moderating a panel discussion on the second day of the Langkawi International Dialogue today.

He was responding to remarks by Professor Thomas Gregory, an economist with the University of Houston in Texas.

"We have all the figures to show," Dr Mahathir said. He said statistics showed that "our reserves went up by 50 per cent from US\$20 billion to US\$31 billion (RM76 billion to RM117.8 billion), sufficient for seven months of retained imports."

Maintaining that he was willing to show the statistics and figures to anyone who wanted to scrutinise them, Dr Mahathir said it was, however, not worthwhile talking to Professor Merton Miller, Nobel Prize economist who said the recovery was not real.

Dr Mahathir dismissed his scepticism as similar to that of the opposition parties who disbelieved the Government as a rule.

In such a situation, there was no way to convince the sceptics because no matter how good the evidence was, in their minds the evidence was not real, he said.

On the international financial setup, Dr Mahathir believed everything that is done must be "smart enough for everyone to gain, not just for one side".

Many developing countries in the world will suffer if the United States goes into a recession, he said.

For example, he said Malaysia produced all the microchips needed by the American industries.

"If the American companies go down, Malaysia would not be able to export the chips.

"So, we wish them well," he said. "We hope they will continue to prosper so they can continue to buy what we produce so that we both can prosper. That would be smart partnership."

"To me, currency trading is one kind of trade where one side loses and the other side does not really win," he said. "The destruction (caused) by currency trading is so great we should ask ourselves whether we should have currency trading at all."

Repeating what he said at a conference in Hong Kong in 1997, Dr Mahathir said any money that needed to be exchanged must only be for financing trade or to buy things from other countries.

"... (But) currency being treated as commodity and sold is ridiculous because it has no intrinsic value at all," he said.

Dr Mahathir also reminded the delegates that 40 years of hardwork in East Asia was totally destroyed in a few weeks simply by currency devaluation, not because of weakness or doing wrong things but because somebody saw an opportunity to make money.

"There are many economies which are run worse than ours, very badly run, and deserve to have their currencies devalued. But nobody bothers them because they are poor. So, if you want to rip, steal or rob," Dr Mahathir

said, "find somebody rich enough and then you rob him".