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PM: We're bouncing back from the brink (HL)

Hardev Kaur in Davos

MALAYSIA is bouncing back from the brink, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday, adding that "results have been very gratifying" since the imposition of currency exchange rate controls last September.

He said businesses had been revived and were doing well.

As the share prices go up, the non-performing loans are reduced and companies and banks are healthy again.

In a luncheon address at the World Economic Forum entitled Malaysia: Bouncing Back from the Brink, the Prime Minister told the audience that the repatriation of the ringgit had enabled the Government to recapitalise banks and purchase NPLs without foreign loans.

Retrenchment is minimal. In fact statistically, the country still has zero unemployment.

Inflation is only at 1.5 per cent above the average yearly inflation rate.

There is no shortage of food or medicine or fuel, he said.

The supermarkets are well stocked with everything, including imported foods.

There are no riots and one can travel anywhere in safety, he added.

Dr Mahathir said that Malaysia is a small trading nation, and the extent it bounces back would depend on the world economy.

Malaysia will not recover fully if the world does not recover, and "it (the world) will not recover if it regards capitalism as a religion".

Dr Mahathir admitted that there may be other reasons for recovery in Malaysia but there can be no doubt that currency and capital controls play a very major role.

It cannot be a coincidence that the healthy economic indicators began to show almost immediately after controls were imposed, he said.

Dr Mahathir also said that as long as the international financial regime allows the currency traders to devalue currencies, there is no guarantee that they will cease and desist simply because financial reforms have been carried out faithfully, the Prime Minister said.

"The currency traders are not interested in the good behaviour of governments.

"They are only interested in there being sufficient wealth to rob. Countries with worse governments are left free of attacks if they are too poor to be robbed through currency devaluation."

Malaysia, the Prime Minister said, is small. Its economy is not important to the world. Whether it is destroyed or not does not matter.

Whether its people are hungry or they riot and self destruct is of no concern to the world.

"Since this is the attitude of the world, Malaysia would be wasting its time hoping for the world community to restructure the international financial system merely to help us out. We Malaysians have to take independent action in order to protect our interests".

Dr Mahathir invited his audience to Malaysia to see for themselves whether controls have harmed the country. Ironically in the information age, the only way to get real information is to go see for yourself, he said.

In a hard hitting and no holds barred speech, the Prime Minister said if the currency traders cannot be done away with, they should at least be

regulated.

He reminded participants of the forum that in 1997, in Hong Kong, he had blamed the currency traders for the problems.

"I have no reason to change my mind," he said, adding that "the world can do without their destructive cattle-like behaviour".

Currency trading has served no good purpose as far as the world economy is concerned.

The Prime Minister reiterated that currency trading may enrich a few capitalists in developed countries, but it does so at the expense of relatively poor countries and their poor people.

Today millions in East Asia are starving or have only one meal a day, are unable to afford medical treatment or milk for their children.

"You may want to blame the governments for this catastrophe but before the currency devaluation these things did not happen," Dr Mahathir said.

More than 1,200 delegates including heads of government, chief executives of the world's leading companies and political leaders are attending the annual conference.

Besides Dr Mahathir, others are President Nelson Mandela of South Africa, UN Secretary-General Kofi Annan, German Minister of Finance Oskar Lafontaine, UK Chancellor of the Exchequer Gordon Brown, US Vice-President Al Gore and Singapore's Senior Minister Lee Kuan Yew.

This year's conference theme Responsible Globality: Managing the Impact of Globalisation reflects the challenges posed by the inter-relations of the world economy.

* Full text of PM's speech: P10

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