

02/07/1999

Region shows signs of returning to growth path

TWO years ago, the "Asian Miracle" highway, which economies in the region had taken more than a decade to build, was sealed off by an avalanche triggered by the devaluation of the baht.

Indonesia, Thailand, South Korea and Malaysia were the worst hit, ironically because they were the ones taking the most advantage of the access road to close in on the developed countries.

Except for Malaysia, the other three had to turn to the International Monetary Fund for help.

Currencies and stock markets were ravaged, financial systems destabilised, and social unrest surfaced, the most painful of which was experienced by Indonesia. President Suharto was forced to resign.

Hong Kong came under tremendous pressure too, and Japan saw its banking problems escalate.

The rubble is now slowly being cleared, and the region's economies are showing signs of returning to the growth path. Characteristically, Malaysia opted to do it its own way.

It decided to blast through the massive boulders placed in front of it by currency and stock market speculators. And what a blast it was when selective capital controls were introduced last September; it reverberated across the globe.

The shock waves have since subsided, and derision and scepticism have turned into admiration and growing acceptance that it is for Malaysia the best way out of an almost impossible situation.

The Kuala Lumpur Stock Exchange's Composite Index has rebounded to about 830 points from its low of 261.33 last September 1, and the gross domestic product has returned to positive territory in February and March 1999.

But the climb-back has just begun, and as Prime Minister Datuk Seri Dr Mahathir Mohamad said on Tuesday, this second chance to build up the economy must not be wasted.