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Our formula to ensure stability is well tested: PM

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NEW YORK, Mon: Malaysia is stable and terrorist-free and bears no ill will against foreigners, including Americans. The present regional turmoil, turbulence and global uncertainties have strengthened the desire to remain stable.

"Our greatest wish is to see a prosperous world. We have a palpable stake in the US economy." This is because the US is a major foreign investor and a major trading partner.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the US, the largest foreign investor in Malaysia, makes up 20 per cent of total foreign investments and is also Malaysia's largest trading partner, topping 20 per cent of the country's total trade.

This is quite big for a small country with a population of 24 million and Malaysia is the 17th largest trader in the world. The trade value is almost 200 per cent of the gross domestic product (GDP).

This is larger than that for Japan, a great trading nation, where trade constitutes less than 10 per cent of GDP; and for the US where it is also smaller in terms of percentage of GDP.

In his luncheon address at the Malaysia Investment Summit, Dr Mahathir said the fact must be acknowledged that Malaysia is a much more stable country politically and is able to ensure that even in times of turbulence and global uncertainties, the economy remains reasonably strong and resilient.

Now the region, and indeed the world, is in a state of turmoil.

He asked: "Can we remain stable?" and replied that multi-racial Malaysia has developed its own approach and remedy to racial tensions and violence.

The sharing of political power between the races and the tribes has benefited the country, which has also "developed a fairly sophisticated approach to crisis management".

The National Action Council was set up after the 1969 race riots and the National Economic Action Council (NEAC) during the Asian financial crisis.

The NEAC has not been disbanded and is in fact "busy tackling the problems of economic recovery due to the currency turmoil when the downturn in the US economy and the September 11 attacks took place".

Dr Mahathir said political and economic stability are mutually dependent. Political stability leads to economic growth, which in turn helps the achievement and maintenance of political stability. "This interdependence is very obvious in Argentina. We are not certain which comes first. But in Malaysia we concentrated on political stability in order to achieve economic well-being."

He also spoke of the need for strong governments, as "weak governments can never be effective in solving crisis, not even in giving the country an effective government".

He admitted that the programmes of strong governments can also fail but because the government would remain in power for a reasonable length of time, it can make the necessary corrections and adjustments to achieve the desired results.

Dr Mahathir spoke on "Maintaining Economic and Political Stability Amidst Regional Turbulence and Global Uncertainties: The Malaysian Experience".

The summit is jointly organised by the Asian Strategic and Leadership Institute, Kuala Lumpur Stock Exchange and Salomon Smith Barney.

Dr Mahathir explained the various government policies and remedies, including better corporate governance and transparency in business, that the Government adopted during the Asian turmoil. These have yielded good results even though many had said they would fail.

By September 1999, the stock market had rebounded strongly, non-performing loans (NPLs) were reduced and businesses resuscitated; by 2000, despite the millennium bug, 8 per cent plus growth was attained. But for the economic slowdown in the US, Malaysia would have achieved growth of 7 per cent or more in 2001 and beyond.

Today, the economy remains reasonably strong and resilient and "as soon as the environment improves, Malaysia would be able to return to its growth path quite rapidly". Malaysian can recover this year with a reasonable rate of growth.

"Politically we are stable, and we are not as badly off economically as those countries which received aid and advice from international agencies. Foreigners are welcome to share our very positive environment," he added.

Malaysians are not complacent and have not relaxed their vigil. Despite plans and tentative actions by extremists to mount violent attacks and to overthrow the Government, the vast majority of the people reject violence and refuse to be destabilised.

The country has been affected by the general antipathy towards Muslim countries. This is due to the wrong picture "imaginatively" created by certain sections of the press, which says that the country is the "launching pad" for the attack on the World Trade Center.

There is no ambiguity about the Government's or the people's attitude towards terrorism. We condemn terrorism and those found to be involved were arrested and rehabilitated, Dr Mahathir stressed.

Malaysian speakers included Penang Chief Minister Tan Sri Dr Koh Tsu Koon who spoke on "Malaysia: Choice Partner for the Global ICT Market; executive chairman of the Kuala Lumpur Stock Exchange Datuk Mohd Azlan Hashim who provided "An Update on the Malaysian Capital Market - Towards a New Era of Corporate Governance, Reforms and Growth", and Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz who provided "An update on the Malaysian Economy".

About 100 potential investors attended the day-long summit, while several one-to-one meetings were also held.

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