

# How rich nations can help

# Asean's triangle of growth: Dr. M

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**KUALA LUMPUR, Thurs. — Deputy Prime Minister Datuk Seri Dr. Mahathir Mohamad today called for a total effort by rich and advanced countries to help build the economic "pyramids of Asean."**

He said Asean natural resources and abundant educated labour, West Asian wealth and financial acumen and the advanced technology and organisation of Japan, the United States and Europe could be harnessed to turn the pyramids into a triangle of growth.

"We see this tripartite arrangement as the most natural answer to Asean countries' desire to develop their economies and the desires of West Asian and developed countries for maximum profits and maximum use of resources."

ve and enterprise for the socio-economic development of the country."

Datuk Seri Dr. Mahathir said for some, the short-term advantages of investing in developing countries might not be very obvious.

However, these would become very clearly evident in future because of changing trends in world economies.

It was becoming a fact of life that the high costs of materials, transport, labour and land were threatening the existence of manufacturing companies in developed countries.

structural changes in industry would certainly cause temporary disruptions in the economies of developed countries.

"However, if we are to look towards the welfare of the world in terms of our global ability to manufacture goods and services at the most efficient and economic level, then these temporary disruptions must be accepted as the cost of progress.

## A new order

"Surely such ration-

Datuk Seri Dr. Mahathir, who is also the Trade and Industry Minister, was speaking at the opening of a two-day Asean-West Asia Investment Conference.

More than 200 bankers and industrial and business leaders from Asean, West Asia, Japan, the United States and Europe are attending the conference, organised by Business Times and the Development Bank of Malaysia.

Datuk Seri Dr. Mahathir said Asean recognised and expected businessmen to undertake economic activities with the intention of making profits.

## Charity

"We recognise that profitability is the best criteria for efficiency and success. We do not want to promote industries that are not profitable.

"We do not expect businessmen from West Asia and developed nations to come here purely for charity.

"What we expect is that they should, while helping us in any economic development ef-

fort, benefit and reap their 'due rewards.'"

He said each Asean country had its own rules, regulations and guidelines for investment to ensure mutual benefit.

Datuk Seri Dr. Mahathir said Asean expected a continued major role for a vigorous private sector, which, historically, had provided the main source of production, income and employment.

"The private sector will, by definition, be concerned with maximising the returns on investment.

"This is as it should be, for in the process of maximising their returns, private sectors are assumed to achieve an efficient use of scarce resources."

## Guidelines

However, he said, governments perceived certain social goals which would not be accounted for in the maximising of returns on investment.

"To ensure that the goals are met, guidelines must be laid down and the recognition of such targets. The drawing up of guidelines does not imply any conflict between

private investment and government policies."

Datuk Seri Dr. Mahathir assured investors that the Government recognised that a favourable investment climate must be maintained

and policies and measures must be reasonable.

He said Malaysia recognised that the private sector had a crucial role to play in the attainment of the nation's socio-economic goals.

"The active participation of the local business community in combination with foreign private enterprises is an indication of the invaluable contributions the private sector, in partnership with the Government, can make to the nation's progress.

"The Government appreciates the need to maintain a sound and favourable investment climate as an essential prerequisite for the existence of dynamic entrepreneurship.

"The Government will ensure that the design and implementation of its policies and programmes are conducive to greater utilisation of the great potential that exists in private initiati-

## New trends

"However, in the long run, economic history has proven that these changes will bring about total national benefit.

"The world today is seeing such structural changes taking place on an international scale."

Companies in developed countries were finding that to survive, they must either accept decreasing profits or move their operations to areas where they could continue their operations more economically.

The Asean region, he said, was in a position to accept and sustain manufacturing operations that wished to utilise its abundant and low-cost raw materials, abundant supply of low-cost educated manpower and the vast availability of cheap land.

"While the West must increasingly concentrate on high technology production, we in Asean are ready to manufacture products that do not make any economic sense for them to be manufactured in developed nations."

Datuk Seri Dr. Mahathir said such global

alisation of production processes is one valid long-term answer to the problem of inflation and increasing costs of goods and services.

"The developed nations must have the courage to accept this challenge of restructuring and to help us, and in the long run, help themselves, in our efforts to accept a new economic order based upon the most efficient use of productive resources.

"We in Malaysia and in Asean are ready to accept this challenge and to offer all the necessary facilities and incentives for viable manufacturing operations within our region, not only to supply the region, but also the world."

Datuk Seri Dr. Mahathir expressed the hope that the conference would bring about the realisation of at least a few projects between individual Asean countries, West Asia and developed countries.

"Given the will of all concerned, we may lay the foundation stones for the pyramids of Asean," he said.