

Dr M's appeal to rich states

From A: KADIR JASIN: New York, Sept. 30

1 OCT 1982

DATUK Seri Dr Mahathir Mohamad has appealed to the developed nations to take steps to lower interest rates and reduce protectionism, saying that these are the root causes of the prolonged economic recession plaguing the world today.

The present recession, said the Prime Minister, is man-made and could therefore be solved only by man.

Addressing the 37th United Nations General Assembly, Dr Mahathir called for long-term action that would make international economic progress more assured and equitable.

He told the assembly that developed nations must take steps to reduce interest rates even at the risk of fuelling a slightly higher inflation.

On protectionism, the Prime Minister said it has to be reduced, if not done away with altogether. If this is not possible, the policy should be made more discriminating.

In a frank but hard-hitting speech, Dr Mahathir warned the international community, in particular the developed countries, that the present depressed state of the economy could not go on for much longer.

He said that if the situation is not reversed there is a danger that the world will be subject to violence, riots and revolutions resulting in the fall of governments and the rise of anarchy.

Furthermore, said Dr Mahathir, the longer the depression lasts the longer it will take for the economy to recover.

He expressed the opinion that if the developing countries are not subject to protectionist measures, they could at least soften the impact of current recession on their economies.

"The rich countries too would benefit from this as the improved income of the poor will enable them to buy more manufactured goods," said Dr Mahathir.

The world, said the Prime Minister, has suffered enough from this depression, and immediate action is needed to reverse policies, that are obviously wrong.

"We would like to appeal to those people who wield so much power to heed the needs of the world. Reverse the policies you have made and the world will remember you as saviours," said the Prime Minister.

The Prime Minister also hit out at the market manipulations in the major commodity trading centres of the world which are principally in the developed countries. He said this is taxing the patience and sense of fair-play of the developing countries to the limit.

These manipulations said the Prime Minister, have reduced people in the developing countries to the position of underpaid labourers.

"As a producer of primary commodities like tin, rubber and palm oil we are as much entitled to a fair return on our

outlay as any producer of manufactured goods in the developed countries," said the Prime Minister.

But while manufactured goods are priced according to the cost of production and marketing, prices of primary products seem to bear no relation to any of these costs.

He called the attention of the developed countries to the fact that producing primary commodities today requires as much investment as producing manufactured goods.

Yet, said Dr Mahathir these primary commodities are often priced according to the whims and fancies of a host of people who have nothing to do with their production.

The various exchanges located in the developed countries literally manipulate prices in order to make a profit for the brokers, dealers, speculators and others.

"These people make money when prices go up, and they also make mon-

ey when prices are down. As such it suits them to cause a 'yo-yo' effect on commodity prices," he added.

Furthermore, these exchanges are exclusive clubs where the producers are unable to get membership. The same brokers, he said, make the rules, apply them and arbitrate in cases of dispute.

The Prime Minister said although producer-consumer arrangements had been instituted for rubber and tin, they tend to tax producers when prices are down but benefit consumers when prices are on the upward trend.

"It is a case of heads you win tail I lose," said Dr Mahathir.

In addition, he said, the United States, which maintains a stockpile ostensibly for strategic reasons, appears not to be governed by strategic considerations in disposing its stockpile materials.

"The stockpile is merely a rich nation's monopolistic weapon used to depress prices of commodities for the benefit of the consumer," said Dr Mahathir.

The purchasing power of the developing countries has been so badly depleted that they have to sell three to five times more today to buy the same amount of manufactured goods from the developed countries as they did 20 years ago.

He told the assembly that Malaysia is trying to break this vicious circle by establishing viable and effective producers' associations.

Dr Mahathir pledged that it is not the intention of these associations to create a monopolistic situation, adding that Malaysia knows fully well that unreasonableness on the part of producers will result in reduced consumption and a switch to substitutes.

"We hope producer countries everywhere will appreciate the need for this strategy and participate in it," said Dr Mahathir.

Touching on the Law of the Sea, the Prime Minister hoped that the agreement will allow the poor nations to get their fair share adding that with the agreement coming into being, the days when rich nations can take for themselves whatever territory and resources that they have access to are over.