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MAHATHIR-ECONOMY *B6*

3 Trip Overseas

(EMBARGO: FOR RELEASE AFTER 10.30 PM TODAY, SEPT 29)
FROM AHMAD REJAL ARBEE

NEW YORK, SEPT 29 (BERNAMA) -- DATUK SERI DR MAHATHIR MOHAMAD TODAY PUT THE BLAME FOR THE CURRENT ECONOMIC CRISIS FACING ALL DEVELOPING COUNTRIES SQUARELY ON THE RICH NATIONS.

ADDRESSING THE UN GENERAL ASSEMBLY HERE, HE SAID IT WAS THE ACTION OF THE RICH COUNTRIES THAT HAD RESULTED IN THE CURRENT UNPRECEDENTED SCOPE OF THE ECONOMIC CRISIS.

THE DEBT BURDENS OF THE DEVELOPING COUNTRIES WERE NOW AT THEIR HIGHEST WHILE THE TERMS OF TRADE WERE GETTING WORSE.

TAKING NATIONAL DEBTS AS AN EXAMPLE, DATUK SERI DR MAHATHIR SAID THAT WHEN THE SEVEN RICH COUNTRIES HAD TRADE IMBALANCES, THEIR SOLUTION WAS TO FORCE THE REVALUATION OF THE YEN AND THE DEUTSCHMARK.

HE SAID MANY COUNTRIES IN SOUTHEAST ASIA BORROWED THE YEN EXTENSIVELY AND THE YEN'S APPRECIATION ALONE HAD, FOR EXAMPLE, INCREASED MALAYSIA'S JAPANESE DEBTS BY 60 PERCENT. -- MORE
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MAHATHIR-ECONOMY 2 NEW YORK (EMBARGO)

IF THE PROBLEMS WERE MASSIVE JAPANESE IMPORTS INTO NORTH AMERICA AND EUROPE, IT WOULD HAVE CAUSED LESS DAMAGE TO THE POOR COUNTRIES IF VERY HIGH IMPORT DUTIES WERE IMPOSED.

+INSTEAD THE YEN REVALUATION WHICH HAD CAUSED HAVOC ON OUR ECONOMY HAS DONE NOTHING TO LIMIT IMPORTS OF JAPANESE GOODS INTO NORTH AMERICA OR EUROPE,+ HE SAID.

DATUK SERI DR MAHATHIR SAID THE DEVELOPING COUNTRIES ALL DEPENDED ON COMMODITY EXPORTS TO EARN FOREIGN EXCHANGE BUT NOW ALL COMMODITIES WERE EXPERIENCING VERY LOW PRICES.

HE ATTRIBUTED THIS TO A GLUT SITUATION BROUGHT ABOUT BY USE OF CHEAPER SUBSTITUTES, SUBSIDISED PRODUCTION AND SALE OF THE COMMODITIES BY THE RICH COUNTRIES. THE POOR COUNTRIES COULD NEVER SUBSIDISE TO THE LEVEL OF THE RICH AND SO LOSE ALL THEIR TRADITIONAL MARKETS.

HE SAID THAT IN THE PAST, THE TERMS OF TRADE WERE SUCH THAT THE DEVELOPING COUNTRIES HAD TO SELL MORE AND MORE COMMODITIES TO PAY FOR LESS AND LESS MANUFACTURED GOODS, BUT NOW THEY COULD NOT EVEN SELL MORE COMMODITIES TO PAY FOR THE EVEN MORE EXPENSIVE MANUFACTURED GOODS. -- MORE

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MAHATHIR-ECONOMY 3 NEW YORK (EMBARGO)

GOVERNMENTS WERE ALSO FINDING IT EVEN MORE DIFFICULT TO EARN SUFFICIENT FOREIGN CURRENCY TO PAY THEIR DEBTS.

+THE COLLAPSE OF COMMODITY PRICES RESULTS IN A CHAIN REACTION WHEREBY ALL ECONOMIC ACTIVITIES ARE SLOWED OR FORCED TO A STANDSTILL. AS USUAL IT IS AT SUCH TIMES THAT CREDITORS BECOME PREDATORS.

+HOW THEN CAN WE HONESTLY SAY THAT THE RICH DEVELOPED COUNTRIES ARE NOT TO BE BLAMED FOR OUR ECONOMIC MISERIES? HOW CAN WE LOOK AT FUTURE MEETINGS OF THE SEVEN RICHEST INDUSTRIALISED COUNTRIES WITH ANYTHING BUT FEAR?+

HE ALSO CALLED FOR SETTING UP OF A NEW AND MORE ORDERLY MONETARY REGIME IF PROBLEMS OF DEBTOR AND CREDITOR NATIONS WERE TO BE SOLVED.

THE PRESENT INTERNATIONAL MONETARY AND FINANCIAL SYSTEM WAS INADEQUATE AS SOVEREIGN NATIONS WERE NO LONGER MASTERS OF THEIR OWN CURRENCIES, HE ADDED. -- MORE

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MAHATHIR-ECONOMY 4 NEW YORK (EMBARGO)

+SPECULATORS INCLUDING BANKS CAN PUSH CURRENCIES UP OR DOWN AT WILL. INDEED, TRADING IN GOODS HAS BEEN DISPLACED BY TRADING IN CURRENCIES.+

HE SAID CREDITOR COUNTRIES SHOULD ASSIST IN INCREASING THE GROWTH RATE OF THE INDEBTED COUNTRIES. THERE SHOULD BE A REDUCTION OF INTEREST RATES, STABILISATION OF THE EXCHANGE RATES, REDUCTION OF BUDGET DEFICITS, PLANNED RECOVERY IN MAJOR DEVELOPED COUNTRIES AND INCREASING MARKET ACCESS FOR EXPORTS OF DEVELOPING COUNTRIES.

INTERNATIONAL FINANCIAL INSTITUTIONS SHOULD PROVIDE FUNDS TO MEET REQUIREMENTS OF LONG-TERM DEVELOPMENT PROJECTS IN DEVELOPING COUNTRIES BESIDES SHORT TERM FINANCING.

MALAYSIA, HE SAID, HAD RECENTLY TAKEN THE INITIATIVE IN PROMOTING ECONOMIC COOPERATION AMONG DEVELOPING COUNTRIES BY HOSTING THE SECOND INTERNATIONAL SOUTH-SOUTH CONFERENCE WHERE IT WAS FELT THAT THE RICH SEVEN SHOULD NOT HAVE THE EXCLUSIVE RIGHT TO FOIST THEIR OWN SOLUTIONS TO THE WORLD'S ECONOMIC PROBLEMS.

HE HOPED THAT MEMBER COUNTRIES WOULD HELP THE INDEPENDENT COMMISSION OF THE SOUTH WHICH WAS SET UP FOLLOWING THE CONFERENCE.

MALAYSIA, HE SAID, ALSO JOINED OTHER DEVELOPING COUNTRIES IN CALLING ON THE DEVELOPED COUNTRIES TO ADDRESS IN A JUST AND EQUITABLE MANNER THE VARIOUS ISSUES FACING THE INTERNATIONAL ECONOMY SO AS TO ENSURE A STABLE AND SUSTAINED INTERNATIONAL ECONOMIC GROWTH, AS WELL AS TO FOSTER AN INTERNATIONAL TRADING AND FINANCIAL SYSTEM RESPONSIVE TO THE NEEDS OF ALL NATIONS. -- BERNAMA