

PM: Economic environment becoming more hostile

STAR 7 MAR 1987

KUALA LUMPUR, Thurs. — Prime Minister Datuk Seri Dr Mahathir Mohamad told a closed-door forum here today that the economic independence of many nations was being reduced not only by the world economic system but also by agencies and sometimes even private organisations.

He also said the world economic environment was becoming more hostile, according to Institute of Strategic and International Studies (ISIS) director-general Dr Noordin Sopiee.

This view was also shared by several Asean leaders and former US Secretary of State Dr Henry Kissinger who participated in the discussions, organised by ISIS.

Dr Noordin told a Press conference after the meeting — the Kuala Lumpur Roundtable Discussion — that they discussed the danger of protectionism on agricultural subsidies, on currency trading and fluctuations and damaging financial flows on foreign investments.

It was felt this would lead to the inevitable reduction in the size of the US consumer market after 1986 for exporters to the United States, he said.

On the same matter, Dr Kissinger said the United States appear to be isolating itself from the world.

He said this year saw the US market getting smaller and this trend would be difficult to reverse. This year also saw the biggest market the US could absorb in terms of its capacity of exports to the world, he said.

Among those who also attended the discussion were Gen. Benny Moerdani (Indonesia), Brig-Gen. Lee Hsien Loong and Dr Goh Keng Swee (Singapore) and

Mr Jose Cioncepcion (the Philippines).

Dr Noordin said Dr Kissinger concentrated on four subjects: the "Iran-Contra" problem in the United States, the situation in the Soviet Union, China and Japan and South-East Asia.

The discussions also touched on Kampuchea, the difficulty of dealing confidentially with the United States, the South Pacific and the post-Reagan presidency.

Dr Noordin said the discussion was not meant to be a meeting to resolve solutions to problems faced by Asean and the world.

He said participants conceded that there might be no solutions to many of the problems.

However, he said, the discussion paved the way for directions that could be taken by the Asean members in meeting the challenges ahead.

Dr Noordin said Dr Mahathir gave his views on the changing economic scenario which forcefully affected both the developing and developed nations.

The Prime Minister also talked of the diminishing sovereignty of nations, the rising trends in protectionism and its adverse effects on small developing nations.

Dr Mahathir also spoke of the wild fluctuations in currencies and the drastic fall in commodity prices which greatly hurt the economies of producer countries.

Dr Noordin said there was a consensus that the world economy was getting less controllable.

The meeting generally agreed that there need to be some radical changes in Asean so as to improve information systems.