

NIC LABEL

A RUSE:

S - 8 AUG 1989

P M

By Shah A. Dadameah

KUALA LUMPUR, Mon. — The newly-industrialised country (NIC) label is a ruse by Western powers to stifle the progress of developing nations, Datuk Seri Dr Mahathir Mohamad said today.

The Prime Minister called on Malaysians to reject the label if they were interested in economic growth.

"We do not need the title. Every country should be free to grow economically and be as rich as the richest or be richer still," Dr Mahathir said at the opening of the 10th convention of the Malaysian Economic Association here.

He said that as long as there were no unfair trading practices, countries should be left alone to develop.

Dr Mahathir said when countries were categorised as NIC, they had their GSP privileges withdrawn, export quotas imposed, currencies revalued upwards and their so-called human rights records scrutinised and invariably found wanting.

He said that "exploitation" of labour was "discovered" and "exposed" and even the burden of helping other developing countries was pressed upon these NICs.

The effect was to stunt the growth of such countries by reducing their competitiveness and access to markets, he said.

Dr Mahathir said the rich countries had no right to arbitrarily take action against any country which was progressing well because nobody gave them that mandate and there were no international law or consensus which required them to enforce their actions.

"It is bad enough that in the process of solving their trading problems with Japan they have doubled our foreign loans. Now they are trying to justify discrimination which would retard our growth and condemn us to being less developed than we are capable of," he said.

He said when the rich countries were on their way up, nobody called them NIC and then put obstacles in their way.

"We are interested in growing but they (the rich nations) can keep the title and what goes with it," he said.

When the term NIC was first used by the media it was regarded as complimentary, Dr Mahathir said.

"It was literally a pat on the back for under-developed countries which had managed to drag themselves up by their bootstraps," he said.

"Predictably many countries would like to be so categorised — it is good for the national ego," he added.

The Prime Minister said that the Group of Seven rich countries soon latched on to this term to put a brake to such "Johnnies come lately".

By whatever means possible they wanted to prevent the developing countries from becoming developed, he said.

Dr Mahathir said that Japan, however, caught the "Seven Sisters" unaware.

"It became developed while the developing countries were still thinking about people who could only say Ah-so. They were not going to let anyone else catch them napping again."

Mahathir takes the rich nations to task

● FROM PAGE ONE

Criticising the attitude of the rich nations, Dr Mahathir said: "The rich Western liberals always talk about democracy. They are always saying that developing countries are not democratic. What is democratic about their arbitrary decision to categorise other countries and take action against them?"

He also asked if countries given the NIC tag were given a proper hearing and who determined the criteria.

Dr Mahathir said Malaysia had rejected invitations to conferences of the NICs and the developed countries because it sees it as an attempt to categorise and penalise the country for its economic performance.

"Of course, Malaysia will one day reach the stage of development of the so-called NIC. We cannot very well stop growth just before that. In any case, even before we reach anywhere near this stage of development, what is there to prevent the rich countries from lowering the net and catching us?" he asked.

Dr Mahathir said that although a per capita of US\$7,000 was now the cut-off point, there were already word that with US\$3,000 per capita, a country should be classified as an NIC.

On investments, Dr Mahathir said a recently published report by the Geneva-based World Economic Forum on international business competitiveness ranked Malaysia rather high in the Asia-Pacific region.

Malaysia received good ratings for low inflation, reasonable domestic investment, administrative decentralisation and commitment to improving its infrastructure.

"We have to be realistic. Before any European or American investors would want to set up their plants in Malaysia or for that matter the Japanese, the Koreans and the Taiwanese they will want to see political and financial stability, good infrastructure, productive labour and living conditions of a reasonably high standard." Dr Mahathir said.

"Indeed, events in China lately clearly emphasised the rising importance of political stability in the arithmetic of potential investors."

Dr Mahathir said that while the economic prospects remained good, Malaysians should not be lulled into a false sense of complacency.

"For one thing, these forecasts are premised on a 'soft-landing' scenario for the world economy, with the major industrial economies acting with responsibility to reduce their fiscal and trade imbalances and effectively co-ordinating their macro-economic policies to avoid another bout of recession or inflation or both. These things are beyond our control," he said.

"But what is within our influence is how Malaysian entrepreneurs identify and seize a growing share of the ever increasing size of world trade over the next few years."