

# Mahathir hits out at protectionist moves

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PRIME Minister Datuk Seri Dr Mahathir Mohamad slammed industrialised countries last night for retreating behind protectionist measures and regional trading blocs after having led other nations to believe in market economies.

"It is, I think, somewhat ironic that at a time when the countries of Central and Eastern Europe are moving towards a free market system, certain powerful industrialised countries seem to be opting for a system of managed trade internationally, the antithesis of free trade," he said.

He told a dinner he hosted for visiting Czech and Slovak Prime Minister Dr Marion Calfa in Kuala Lumpur that the Eastern bloc countries were led to believe by the Western democracies that market economies are what contributed towards the growth and wealth of the Western democracies.

Datuk Seri Dr Mahathir said Malaysia, upon its Independence, was also told of the virtues of free trade. To uphold these virtues, the country refused to nationalise foreign-owned business enterprises and kept its markets open to the exports of the world.

"We encouraged even greater participation of foreigners in our economy. At no time did we restrict the movements of currencies across our border. Consequently, the shelves in our supermarkets

and stores are filled with goods from the four corners of the world," he said.

But Malaysia found out that it cannot buy without selling. But when it tried to sell commodities and then its manufactured goods to markets in the industrialised countries, it was met with all forms of barriers and protectionist measures.

"Our experience is that there is no such thing as free trade. Trade was free when we were the markets but when we want to gain access to the markets of the

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## PM hits out at barriers to free trade

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rich, trade becomes no longer free," he said.

Now, he added, powerful trading blocs have emerged which tend to stifle free trade even further.

Datuk Seri Dr Mahathir warned the advanced economies that there could be more at stake than just the present international trading system if the Uruguay Round were to collapse completely.

"Aid and assistance programmes, important as they are, can never be a substitute for trade. Without an open trading regime, free-market economies and consequently, the institutions of political pluralism that are associated with it, will be weakened," he said.

In this context, Datuk Seri Dr Mahathir said the East Asian Economic Group (EAEG), which is being discussed by Asean, will not be exclusive of other regions.

He told Dr Calfa's delegation that developing countries and others such as the countries of Eastern and Central Europe which are now seeking to integrate with the international economy "need have no fear of being locked out of this rapidly growing region".

"The EAEG will not exclude other regions. It will be consistent with our Gatt obligations and will uphold the multilateral trading system. It will, in effect, be a regional economic consultative forum to uphold free trade. It will seek to maximise trade and investment opportunities both internally among its members as well as externally with other trading nations," he added.

Datuk Seri Dr Mahathir said Malaysia believes there is nothing to be gained by a "beggar thy neighbour attitude".

"We believe that the richer a nation becomes, the richer will be the other nations of the world. Our policy will, therefore, not be directed at enriching ourselves at the expense of others."