

'Beggar thy neighbour policy must be done away with'

Dr M: Lay foundation for smart partnership

By Ahmad A. Talib

LANGKAWI, Wed. — Datuk Seri Dr Mahathir Mohamad said the foundation for smart partnership between Asia and the developed world in the West must be laid now, adding that a win-win situation was best served by a "Prosper thy neighbour" policy.

The Prime Minister added that the "Beggar thy neighbour" attitude must also be done away with as it did not benefit anyone.

"Beggar thy neighbour is never a good policy. And today, all the countries of the world are neighbours.

"By impoverishing neighbours, a price will have to be paid, including by the country which follows this policy," Dr Mahathir said when opening the inaugural Langkawi International Dialogue at the Sheraton Hotel here.

He said: "A term which we hear often is the Zero Sum Game, a game in which the winner wins at the expense of the loser ... If this is to be the basis for trade between nations, then there will be no growth for the world as a whole; only growth for one or the other of the trading partners.

"Thus the growth of the poor nations must result in the impoverishment of the rich. In which case there is every reason for the rich to prevent the poor from ever growing.

"Similarly, the growth of the rich must be at the expense of the poor. Not being in a position to prevent this,



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poorer."

The Prime Minister's remarks are expected to set the tone for discussions in the next two days as some of the Who's Who in business and industry look for new ways to strengthen their relationships.

Dr Mahathir began his address by telling his audience that he was about to give his views frankly, stressing that "it is in the interest of all of us to put all the cards on the table".

The Prime Minister used the Japan and Europe-America trade war to demonstrate his call for a deeper look at partnerships which would bring more benefits to everyone.

He said the Japanese kept their prices low in order to penetrate foreign markets and increase market share. The result was that the poor countries were able to af-

wise would have been beyond their reach.

If the Asian or African or Caribbean farmer could afford to buy a pick-up truck or a television or a refrigerator, it was because the Japanese were able to produce cheap but high quality products, he said.

The West could have adopted the Japanese approach and competed, thus bringing prices even lower. But the West was not willing to give up its profligate ways. The Western ways kept their costs high and the goods uncompetitive, he added.

He pointed out that the competing economies of Europe and America had gained nothing and they had not been able to fill the void left by the Japanese in the international market place.

The Prime Minister said developing countries also suffered the consequences of the trade war. Malaysia's debt trebled following the appreciation of the yen.

Japanese products are now priced out of the reach of the peoples of the developing countries while the competing products from the West remain too expensive, he said.

At the same time, most of the commodities of the poor countries are sold in US dollars, which means that earnings are even less able to buy Japanese goods or pay yen debts.

Dr Mahathir said: "It is not just a lose-lose situation

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for the developing countries. It is a lose-lose-lose situation for everyone. Making Japan uncompetitive may be good for the ego but it is not very smart.

"When are we going to learn that beggaring your neighbour does you nothing good? Indeed, as has been pointed out, it has done everyone a bad turn. Surely, the better thing to do is to 'Prosper thy neighbour'."

The Prime Minister argued that if confrontation was to be avoided, the foundation for smart partnership must be laid now.

He cautioned everyone, particularly the West, against adopting an unfriendly attitude towards each of the countries of Asia.

By adopting an unfriendly attitude, the West is unnecessarily antagonising them and pushing them to-

gether.

"Singly they are already a handful. But united, they will be beyond handling," Dr Mahathir said, adding that then it would be unlikely that Asian countries would propose partnerships for mutual prosperity with the West.

The Prime Minister said: "They will plump for the Zero Sum Game, that is, Asian prosperity at the expense of Europe and America ... this could lead to confrontation, economic and military threats, nuclear war or another Cold War which goes on for decades sapping everyone's strength."

"All these are possible, unless we are smart now. Smart partnerships is the logical and the best approach. We should all prosper not at the expense of but together with our partners and even our competitors," he added.