

11/11/1997

Dr M: Asia must forge closer ties with Europe (HL)

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KUALA LUMPUR, Mon. - Prime Minister Datuk Seri Dr Mahathir Mohamad said Asia should forge a stronger partnership with Europe because it is "strong, influential and rich."

He said after 500 years, Asia still needed to learn from Europe whose inventiveness was not just a thing of the past.

"Those who assume that Europe is a phenomenon from the dusty pages of history and cannot bounce back with incredibly renewed vigour, assume far too much," Dr Mahathir told academicians, politicians and businessmen from Asia and Europe attending the Global Panel 1997, at the Kuala Lumpur Hilton.

The Global Panel Kuala Lumpur is organised by Isis Malaysia, European Research Centre and the Asian Strategy and Leadership Institute.

Speaking on Asia and Europe: Forging a partnership for the 21st century, Dr Mahathir said Asia would become much stronger, much more influential and much richer in a 21st century marked by the return of Asian inventiveness.

In this context, Dr Mahathir said he did not doubt that East Asian economies would overcome their currency problems which were triggered by what he called the "tom yam effect".

He said the problems started by the July devaluation of the Thai baht paled in comparison with what the region had encountered in the past.

"Our rising has never been easy," he said, adding that countries in the region have had a "horrendously challenging" journey, characterised by many ups and downs over the past 50 years when they were written off time and again.

The Prime Minister added that as someone who had seen so much of what Asia had gone through this century, he had no doubt that epitaphs on the region in recent years and months were a "little premature".

Dr Mahathir was upbeat about the future of the region despite some downward revisions of short term projections by the International Monetary Fund, the World Bank, the Asian Development Bank, and "just about everyone else".

"But without exception, all, even the worst detractors, say that East Asia will remain the fastest growing region in the world."

Dr Mahathir also recounted word-for-word the glowing assessment on Malaysia's economy by IMF director-general Michel Camdessus in an address at a conference on capital flows in Los Angeles two weeks before "the cleverer currency manipulators discovered that everything in Malaysia was wrong".

Among others, Camdessus gave Malaysia very high marks for a sound financial system, low inflation, moderate growth, narrowing of the current account deficit and increase in fiscal surplus in the Government budget.

Dr Mahathir then reiterated the conclusion arrived at by the IMF and Camdessus, that Malaysia had the "kind of attitude that fully justifies the confidence of the market."

Despite the IMF being delighted, and "laudatory" about Malaysia's economic fundamentals, the Prime Minister said this was obviously not good enough to withstand the "tom yam contagion effect."

He said people should not submit to knee-jerk reactions to make the next century a better one, but should select and develop the best of values and cultures so that the civilisation to be built could withstand the test of

time.

Dr Mahathir also spoke on challenges of the new century, the need to prepare society for radical changes; the future of the family institution and how societies will have to confront the ageing problem, growth and dynamism, threats and technological revolutions. He also touched on human resources and people development and people empowerment.

The Prime Minister said a global crusade against absolute poverty, led by all nations, must also be a feature of the new century.

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