

04 APR 1998

Mahathir-Discipline

MAHATHIR CALLS FOR MARKET PRAGMATISM

By: Wan A Hulaimi

LONDON, April 4 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad used the Asia-Europe Business partnership conference to call for an end to attempts to discipline governments through the market but instead go for mutually beneficial smart partnerships.

Addressing delegates from more than 20 countries at the conference immediately after the conclusion of the second Asia-Europe (ASEM) meeting today, he called for a halt to talks about market forces disciplining governments to make them more accountable and transparent.

He questioned if market forces could have high economic and social objectives whilst the most important thing to the markets was profits.

"It must be remembered that the success of the free market is also due to the regulation and controls exercised over it by society through governments. Can a market totally free of controls, moved largely by the profit motive, contribute to the disciplining of government and to a better society? Can it result in partnerships for the good of human society?" he asked.

There was nothing to fear from sharing the wealth generated through partnerships between Europe and Asia to build a better world, he told delegates to this two-day conference.

Talk of disciplining governments and making them less corrupt and not given to crony-capitalism were laudable objectives but experience through the ages had shown that the markets were not entirely scrupulous, he said.

"As long as there is profit to be made anything goes. Indeed the corruption of governments and people is due to this desire to make profits, this primary objective of the market and the forces inherent in it.

"We are seeing the market forces at work in East Asia today where economies once vibrant are now badly affected because suddenly in mid-1977 rich countries of the West decided that the wealth of these countries were ill-gotten.

"There was no conspiracy of course but the rich market players acted as a herd, in other words they acted together and they followed their informally chosen leaders. Acting as a herd they became powerful, trampling over everything that came in their way," he said.

These market players made huge profits by impoverishing the countries, the people and the governments they used their powers on, he said.

"They may claim to be disciplining these governments but the effect is to destroy the countries while making huge profits," he said.

He cited the example of an unnamed "big country" where market forces had made 20 million people unemployed, reduced their purchasing power to one-fourth, bankrupted businesses and created a serious shortage of food and medicine.

"We are not certain that their governments and people have been disciplined...but now they are faced with rioting and looting of shops and when their government try to maintain law and order, they are condemned," he said.

This "disciplining exercise" had also devalued the Malaysian ringgit to approximately 60 per cent, reducing the Malaysian Gross National Product (GNP) from US\$100 billion to about US\$ 40 billion.

Governments and the business community in Asia had been blamed for the turmoil but the devaluation of these currencies was actually caused by market players from elsewhere who were suddenly conscious of the

misbehaviour of these Asians, he said.

Dr Mahathir said: "The people who are disciplining these governments have apparently made billions of dollars. It is a profitable way to take disciplinary action."

" To develop a new partnership between Europe and Asia, we must sincerely answer the question whether partnership between Europe and Asia could be established without governments and whether markets could go beyond merely maximising profits," he said.

"Let us be pragmatic," he said.

In tracing back the history of European-Asian contacts, Dr Mahathir said that although European imperialism was not something Asians looked back to with pleasure, there was no denying that it had led to radical change in the world view of the Asians.

The creation of the European Economic Community (EC) had made Europeans more inward looking but it was now time to re-establish this relationship on a more sound footing.

One way to overcome the cultural gap between Europe and Asia would be by encouraging a two-way flow of students between Asia and Europe, he added.

-- BERNAMA

WAH TS