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Don't let North rule world economy: Dr M

THE 21st Century is likely to be a grim time for the developing countries unless the Group of 15 countries speak up now to influence the decisions of the North economies such as those in Europe, Prime Minister Datuk Seri Dr Mahathir told Japan's Mainichi Shimbun.

Dr Mahathir was quoted in yesterday's edition of the English language daily as saying that there was a deliberate attempt by the richer countries to dominate the world economy. He was interviewed by the newspaper in February.

"There is a deliberate attempt by the North to dominate the world economy. Oil companies, which were broken up into small companies, are now merging to become much bigger.

"Automobile companies too are merging to become huge. All industries are becoming very big because with their size they can dominate small industries like those in Malaysia."

Dr Mahathir said players from the richer countries had attacked the Malaysian stock market so that they can buy Malaysian companies cheap.

"In the end they will control our economy and our people. I am so worried that we will lose our independence when that happens."

Dr Mahathir said even though developing countries seem to enjoy political independence, this freedom would be lost as soon they become economically dominated.

"An example is the banana republics of Central America. There, the economy is entirely dependent upon the revenue from bananas. The foreign owners of the banana plantations are able to influence the politics of these countries.

Dr Mahathir said the only way developing countries can prevent these things from happening was for Japan to work together with these countries.

"The only way we can prevent these things from happening is by working together. Japan should understand our problems ... Japan should work together with us."

Dr Mahathir said in the interview that he had written to all leaders of the Group of Seven (G-7) countries, including US President Bill Clinton and asked that developing countries be consulted in the planning of a new world financial architecture.

However, Dr Mahathir said, the North had decided that only the G-7 and institutions like the IMF, the World Bank and others under their control, will design the new architecture.

"We have no say. The solution is going to help them, not us."

Dr Mahathir said he was in favour of the idea drawn up by Japan to have an exchange rate band between the US dollar and the yen and the euro, but the resolution on that issue was still vague.

Dr Mahathir said in the current world situation, developing countries do not have the choice of defecting to the communist system if they oppose the capitalists.

He said the situation will remain unless Europe and Japan decide to oppose the gigantic power of the US. Japan can help by making funds available to developing countries or by disposing of its dollar bonds.

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