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Dr M calls for East Asian Fund (HL)

Fauziah Ismail in Singapore

SINGAPORE, Mon: Malaysia today proposed that East Asian countries establish a funding organisation of their own to finance economic recovery and ensure sustained development in the region.

Prime Minister Datuk Seri Dr Mahathir Mohamad said such a fund, which he referred to as the East-Asian Monetary Fund (EMF), would be "deeply and constantly engaged in East Asian monetary cooperation and problems on a daily basis as opposed to a once-a-decade-when-crisis-strikes basis". Sharing the idea with about 700 corporate and political leaders at the three-day World Economic Forum's 8th East Asia Economic Summit 1999 here, Dr Mahathir however stressed that the EMF should not have pre-conceived and pre-set ideas when tackling issues brought before it.

Unlike the "cookie-cutter" approach adopted by the International Monetary Fund (IMF) for crisis-hit countries, the proposed EMF should tailor its packages to the respective needs of the recipient countries. "It should study the causes of a country's downturn and find a way out of it," he said, adding that the EMF will have to be very pragmatic so that assistance offered a particular country will be appropriate and specific to its needs.

If the proposed EMF assumes an attitude of "if you want my money, you must do this", it would be the "worst kind of approach" and no better than the IMF, Dr Mahathir said.

The Prime Minister said if such a regional fund had existed, the East Asian currency crisis of 1997-98 "would not have occurred, would not have endured and would not have gone to such ridiculous depths".

Later when responding to a question from a Japanese participant as to why he proposed an EMF instead of an Asian fund, Dr Mahathir said in view of East Asia's economic recovery, the EMF could start with the region and later expanded to include the rest of Asia.

"We should begin where we can begin. Asia is a big place. It is common to treat Asia like the other continents such as Europe or North America. But it (Asia) is a divided continent with diverse cultures, ethnic groups and languages."

Another Japanese participant meanwhile sought the Prime Minister's views on American economist Paul Krugman's belief that the crisis in Asia would have been resolved much sooner if the US had accepted Japan's Asian Monetary Fund (AMF) initiative.

With the AMF, "we would not be in this kind of situation", Dr Mahathir said.

"If Japan had extended help, it would not want us to fail as our failure would reflect on them. But we will never know... because we could not (set up the AMF)... not allowed to do so," he said.

In his speech, the Prime Minister said countries in East Asia have prospered in the past "because we have been able to respond to the enormous challenges that dogged our struggle for growth and development".

"We have re-invented ourselves over and over again, at incredible speed. We do not believe in nor do we care for rigid standardisation.

"We believe everything in this world can be achieved through different ways and by different routes. The important thing is not how our goals are achieved but whether the goals achieved are good.

"We will continue to do it our own way and the world should not condemn and obstruct us merely because our way is different," he said.

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