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Mahathir-Reject

SET UP EAEC, ASIANS SHOULD REJECT DEFECTIVE IDEAS

By: Ghazemy Mahmud

TOKYO, June 9 (Bernama) -- Renewing his call for the establishment of the East Asian Economic Caucus (EAEC), a hard hitting Datuk Seri Dr Mahathir Mohamad today called on Asia to reject defective ideas and assert itself so as not to be bullied.

He said Asian should learn from history and to look at all the new ideas with a degree of suspicion, to accept them only after careful study and debate, to test them and to modify or reject them if results were not as promised.

"So look at the gift horse in the teeth. Reject them if they are even slightly defective," the Prime Minister said in his keynote address at the Sixth Annual Nikkei Shimbun International Conference on "The Future Of Japan", here.

He said: "We Asians should begin with the International Financial Regime. If they don't accept our suggestions or reform, then throw the whole thing back to them.

"Since they have ganged up on us, we should at least form our own forum, the East Asian Economic Caucus, so we may at least discuss with each other and find out what kind of deal we are getting and how to protect ourselves," he said.

But, he said, Asia must assert itself and not just follow, and work together with Europe and America, demanding respect even as it respects others.

Asia is old and experienced, he said, and has shown that it can master everything that is modern.

Provided that Asia is prepared to do this, Dr Mahathir said, there would be great countries in Asia again with its (Asian) inventiveness, management skills, governance providing models for the world.

"We will not dominate it but we certainly will not be bullied. Indeed Asia can be an equal partner with the other groupings in the world, the European Union and Nafta. This is a possible scenario for Asia but it is not going to be if we passively wait for it to happen," he said.

Dr Mahathir also explained Malaysia's exchange rate control and the regulation of short-term capital flows.

He said Malaysians do not think much of the floating exchange rate because history had demonstrated how the fixed exchange rates of the Bretton Woods regime had enabled the world to recover from the trauma of World War Two.

On the other hand, he said, the floating exchange rate had stopped the two decades of post-war growth.

"Malaysia too benefited from the fixed exchange rate and as you know we suffered grievously from the manipulation of the rogue currency traders of the floating rate regime," he said.

He said Malaysia is interested in results not systems because no matter how good a system is, if it delivers a bad result it would be jettisoned.

"Call us heretics if you like. We are willing to be called stupid ignoramus who cannot understand herd instincts," he said.

"We must learn not to be too fanatical about economic theories as much as we should not be fanatical about interpretations of religion," he said.

He said: "We cannot wait too long. Look what happened to the Communist countries. They saw the bad results early but since the theory was good, uphold the theory and forget the results. By the time they came to their senses, the damage was practically irreparable".

Dr Mahathir also cautioned the audience on the effects of globalisation, reminding them of the "Banana Republics" of the old when big plantation companies became more wealthy and influential than the countries

they invest in until they practically own them and determine their politics.

He said: "When the mega corporations, already more wealthy and more influential than the developing countries, move in to take over the economy of these countries, will they not control also the political governance of these countries?"

These things, he said, were important to Asia's future because the demographics of Asia would be affected and there would be instability with economic growth affected.

Being divided and effectively ruled by others, he said, the relation between Asian nations would be affected.

"We will be surrogates and testing grounds for all kinds of things. New theories will be tested in Asia, and God forbid, new weapons too.

"The situation in Asia will be tense as countries, armed to the teeth glared at each other. That can be the Asia of the future if Asian countries in all good faith agree to open up and allow the mega-mega corporations to take over everything," he added.

-- BERNAMA

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