

08 JUN 2001

MAHATHIR-CURRENCY

INT'L CURRENCY FOR INT'L TRADE SHOULD BE CREATED, SAYS DR MAHATHIR

By: Jamaluddin Muhammad

TOKYO, June 8 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today said an international currency should be created which belongs to no one country and can be used for payment of all international trade.

The Prime Minister, who is on the second day of a four-day visit to Japan, said earnings in this currency should be immediately deposited with a nation's central bank, and local currency issued for local transactions.

"The reserves must be held in this international currency only and not a basket of currencies," he said in his keynote address on "Beyond Globalism and Globalisation," at the 7th Nikkei International Conference on The Future of Asia at the Imperial Hotel, here.

He said rates of exchange of the local currency should be based on this one (international) currency.

"Currencies must never be traded as commodities," said Dr Mahathir, who is also the Acting Finance Minister.

Dr Mahathir said should there be a need to devalue (local currency) against the international currency, a panel of central banks and the International Bank should determine the proper exchange rate.

"No country should dominate international finance and commerce," he said.

He said: "If we are prepared to give up the idea of being dominant because we are the richest and the most powerful, then we can look with hope beyond globalisation,"

The prime minister also warned that oligopolies and monopolies need not be an essential feature of globalisation.

There could be statutory limits to mergers and the size of corporations and in any business a sufficiently large number of players must be ensured, he said.

"Competition must be governed by a set of rules to ensure not just a level playing field, but that contestants are fairly and evenly matched," he said.

Dr Mahathir said there should be banks and businesses which are national and those which are international.

The weak, he said, should be protected according to a set of internationally agreed rules.

He said the mergers of the giants and the mergers of the merged giants was to be so big and therefore so strong that competition would be one-sided.

"The smaller groups would either lose and be destroyed resulting in terrible social and economic damage or they could submit to being taken over," he said.

Dr Mahathir said that eventually there could be only one player in one industry and then competition would cease.

He said the winner would become an arrogant and domineering entity, optimising profits at the expense of quality, efficiency and social considerations.

The world would be badly served by the monopolistic giants which may gang up in order to be even more powerful, he said.

Governments would not be able to control them because governments would depend entirely on them.

"They will determine who will govern countries. Their control will now become absolute.

"Big Brother, big capital will rule the world and the poor and the weak will just have to submit," he said.

Dr Mahathir said the world of today is extremely rich because a combination of technologies and natural resources have made unlimited wealth creation possible.

There is more than enough wealth to wipe out global poverty completely, he said.

"So what is there beyond globalism and globalisation," he asked.

He said there could be total oppression of the weak by the strong as capitalism run riot or there could be a world democracy where the resources of the world were combined with human ingenuity to create the greatest human civilisation ever.

The annual conference is organised by the Japanese media group Nihon Keizei Shimbun. -- BERNAMA

JM ES/MR