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Mahathir-Architecture

M'SIA ENCOURAGED THAT G15 WILL BE MORE PROACTIVE

By: Mohamed Kamel Othman

JAKARTA, May 30 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said Malaysia is encouraged by the consensus reached by the Group of 15 Developing Countries' (G15) to take on a more proactive role in the reform of the international financial architecture.

To give effect to this commitment, Malaysia would convene a meeting of G15 experts in the next few months, he said addressing the inaugural session of the 11th G15 Summit on behalf of Asian member states.

Indonesian President Abdurrahman Wahid opened the meeting at the Jakarta Convention Centre here today.

G15 comprises Algeria, Argentina, Brazil, Chile, Colombia, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

Dr Mahathir said: "Despite the painful lessons that should be drawn from the Asian financial crisis, we have been disappointed with the little progress made to reform the international financial architecture."

He also lamented that the focus tend to be more on ideological rather than the practical issues saying that the failure of the free market to self-regulate international finance as well as the misallocation of resources and volatile exchange rates have largely been ignored.

Instead, the highly questionable value of free and unregulated markets are still being touted as the ideal which should be adhered to at whatever cost, he said.

"The ideology of market freedom, it seems, is more important than the well-being of human society.

"It has become all too clear that the IMF (International Monetary Fund) is more a political instrument than one for financial rehabilitation," said Dr Mahathir.

He said the sufferings of people seemed to be of little concern as long as certain policies and directives were implemented.

"There is little hope that contrary views will be entertained," he said.

Dr Mahathir said the Jakarta summit came at a very crucial time for the developing countries as the manner in which countries were conducting their relations have been affected by the march of globalisation and accelerated by the revolution in information and communication technology (ICT).

"While we do not deny that globalisation brings benefits, we have also to acknowledge the challenges and the risks that unfettered globalisation has brought. We have to manage the challenges and be wary of the risks if we do not wish to be marginalised," he said.

Dr Mahathir said there was no doubt that globalisation had exacerbated the vulnerabilities of developing countries and eroded their national policy-making capacity.

In the area of trade, for instance, developing countries have been unable to overcome the inequitable and declining terms of trade against that of the developed countries, he said.

"Yet, developed countries continue to push the developing countries to further liberalise their trade regardless of whether or not their economies are ready or able to cope with the process.

"Aside from being already disadvantaged by the imbalances contained in the Uruguay Round agreements, developing countries are being pressured into agreeing to a new round of WTO (World Trade Organisation) negotiations,

incorporating new issues demanded by developed countries," he said.

Dr Mahathir said if these new issues were to be included, developing countries would ultimately lose whatever limited policy discretion they still possess in pursuing their development dimension and nation-building process.

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