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PM: East Asia must speak its mind

reports on "Asia Economic Summit 2002" by Ramlan Said; Roziana Hamsawi EAST Asian nations can contribute much to economic recovery if they are prepared to be critical and able to initiate an East Asian solution to regional and world economic problems.

Prime Minister Datuk Seri Dr Mahathir Mohamad said these nations possessed sufficient clout and had shown a capacity to contribute towards the wisdom of the human race.

"It would be a pity if the voice of East Asia is stifled or so distrusted that they may not speak to each other without the presence of people outside the region," he said when opening the Asia Economic Summit in Kuala Lumpur yesterday.

The summit is organised by the Asian Strategy and Leadership Institute.

The Prime Minister said the region could have avoided the financial crisis in 1997 if they had dared to oppose currency trading and manipulation.

Citing the East Asian Economic Caucus as an example of the need to "do things our own way", he said it was proposed not as a regional economic bloc but a consultative group of countries in the region.

"The idea was to critically study common problems and the new ideas coming from the West. No one has the monopoly on wisdom.

"East Asian nations have as much capacity as anyone else to examine and formulate new ideas or to reject what is presented before it."

One example was the call for a free market.

But the Prime Minister noted that prior to the ascendancy of the free market, deregulation and the retreat of Governments, the economy of the world was doing rather well.

Countries devastated by war had recovered and gone on to unprecedented prosperity, becoming economic tigers and dragons and admired for the miracles they performed, he said.

Also, Dr Mahathir said, while the West preached about free market, fair competition and a level playing field, it was their companies which were busy engaging in mergers and acquisition until the players became enormous and dominated the field.

The Prime Minister said due to loss of self-respect and self-confidence, many countries in the region found it difficult to successfully recover from the financial crisis.

They did not have the ability to reject remedies prescribed by the West, although they were not suitable.

"Even when they discover that their detractors are actually far from practising what they preach, they cannot bring themselves to do their own thing.

"They struggle to reform the way they are told they should."

Dr Mahathir said the West failed to realise that sudden changes in the way of doing things were disruptive.

No matter how good the reform was, he said, instant adoption would disrupt and damage rather than yield the expected results.

"We should therefore always be circumspect when adopting new ways of doing things," he said.

Dr Mahathir also said that now, business was not about making real profit or accumulating assets but creating market perception of the value of companies.

Share price was the all important element, he said, that it need not

reflect the profitability or real worth of the company.

But Dr Mahathir said when the non-viability of these entities became evident, like in the case of dotcom companies, the shares were dumped and panic followed.

"Billions of dollars were lost and contributed towards recession in even the most powerful economies."

Later, responding to a question from a participant during a dialogue, Dr Mahathir said the free market demand that there be deregulation should not be realised wholly.

"We should have at least some regulations. They demand for deregulation but whenever they face problems, they ask Governments to regulate."

"It is not true they believe in deregulation and free market. They believe as long as they are doing well but when they suffer, they come running to the Government for help."

To a question on transparency, Dr Mahathir said there could not be an absolute one as secrecy was needed in certain things.

"For instance, we cannot conduct a business if everything is open to the public. Transparency is good but let's be realistic ... anyway, we know that people who talk about transparency are not really transparent."

Dr Mahathir was also asked about whether East Asian countries could depend on domestic consumption to revive their economies.

The Prime Minister said it was not possible, citing Malaysia as an example of a country that depended heavily on foreign investments and exports to progress.

"Malaysia will not survive if it is to depend on domestic consumption only. We do not believe in isolation; we need to trade with each other and access their markets."

To a suggestion that East Asian countries do something to recover funds "spirited" from the region during the economic crisis, Dr Mahathir said the problem of illegal monies stashed in safe havens was one aspect that could be taken up when reviewing the international financial architecture.

He said it was up to the financial community to change banking laws adopted by some countries that had helped create safe havens.

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