

Dr M: Time for new Asian grouping without US influence

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The former PM who ruled during the Asian financial crisis triggered in July 1997 says Asian economies need to shed their dependence on the US dollar by forming their own common currency.

PETALING JAYA: Twenty years after he led Malaysia in facing the Asian financial crisis, Dr Mahathir Mohamad has called for a new grouping of Asian economies which is free of any meddling by the US.

The 91-year old former prime minister said this in repeating his call for east Asian economies to shed their dependence on the US dollar and create a new common currency for trading.

In an interview with the Nikkei Asian Review published yesterday, he said Asian nations need to have more dialogues and, if possible, form the new bloc without the US.

He said in the past, the US would exert its influence whenever there was an international grouping.

“When America comes in, China is normally not included. That is not healthy. But now it is possible for the US not to be included,” he said.

“It is possible to have a totally Asian grouping, and through that solve problems affecting all Asian countries.”

Asked why he did not want US involvement, he said: “Because America does not treat other countries as equals. America demands to have its own way all the time.”

Asked if China treats its partner countries equally, he added: “No, but I think with a good grouping of countries like Japan, South Korea and India, then China will not be able to dominate the grouping.”

“Of course, China is very big (and) very powerful. But the other countries can stand up to it better than they do to America.”

Mahathir, who was prime minister from 1981 to 2003, said this on the eve of the 20th anniversary of the crisis which lashed the region’s economies beginning in July 1997, devaluing national currencies some of which were hit by massive speculative attacks.

As the value of the ringgit plunged from 2.50 against the US dollar to just under 4.57 by January 1998, Mahathir then imposed strict capital controls and pegged the ringgit at 3.80.

He particularly blamed rogue speculators in triggering and worsening the situation, leading to economic and political disturbances in several countries.

Mahathir also told the Nikkei Asian Review that the grouping would have to take into consideration the different stages of development in each member country.

He said while economies that are young and relatively weak would need to be protected, the stronger ones would need to spend more on helping them rather than taking advantage of them.

Mahathir also said a new east Asian currency linked to gold, to be implemented strictly for trading and not for the participating countries' domestic uses, would help improve financial stability in Asia.

"Make a decision. Of course, the US will not like it. But if you make a decision not to use the dollar, that can be done," he said in the interview.

"That (trade currency) would replace the American dollar. The dollar itself is not a stable currency, because you see it moving up and down," he said.

"An east Asian currency based on gold is less likely to fluctuate, so it would be much fairer in terms of trade," he added, expressing confidence that Asia can end its heavy reliance on the dollar.

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