

Mahathir urges China to support Asian fund proposal

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Malaysian Prime Minister Mahathir Mohamad urged China on Thursday to support a Japanese proposal to set up an Asian Monetary Fund to prevent a repeat of the 1997 regional economic crisis.

Blaming attacks on Asian currencies by "mainly Western traders" as the cause of the crisis, Mahathir said Malaysia and China should work together to encourage Japan, with the region's largest financial resources, to set up the fund.

Mahathir said although Japan's proposal was rejected by the United States and the International Monetary Fund (IMF), the proposed fund would help compensate for the inadequacies of the present international financial system.

Addressing a China-Malaysia business summit on the second day of a three-day visit to China, Mahathir said, "Currency trading, which is said to be 20 times bigger than world trade, profits only a few thousand people. Worse still, it destroys wealth and impoverishes millions of people in the countries attacked."

Mahathir's speech followed a morning meeting with Chinese President Jiang Zemin in the northeastern city of Dalian.

Jiang congratulated Mahathir on Malaysia's easing of the effects of the financial crisis, China's state-run Xinhua News Agency said.

He also told Mahathir it is "right for Malaysia to safeguard its sovereignty and interests in accordance with its own national conditions."

Although the Xinhua report did not specify the issues Jiang was addressing, comments by Mahathir and China's leaders have often coincided in their criticism of Western interference in other countries, such as human rights issues.

During his speech in Beijing, Mahathir praised China's "salutary" decision not to devalue its currency in response to the economic crisis. He said he believes China will not turn to devaluation this year even though it has "every reason and right to do so."

Mahathir also called on China to support the formation of an East Asian Economic Caucus (EAEC), a pet project of the Malaysian prime minister that has been sidelined in the past few years by the Asian Pacific Economic Cooperation (APEC) forum.

He said while Japan and South Korea have hesitated in agreeing to form an EAEC, China was the first country to support the idea, which would exclude a number of APEC members, including the U.S., Australia and New Zealand.

While the IMF and the U.S. should be included in any response to regional economic crises, a regional grouping would better understand the needs of the troubled economies, especially the imperative to avoid social disruption, he said.

"The IMF intervention in Indonesia is a classic case to be avoided at all costs by future economies in crisis," he said.

While avoiding the acerbic criticism of Western countries that has peppered some of his past public remarks, Mahathir said the past few years have "shown how vulnerable East Asia can be to external forces bent on exploiting our weaknesses."

He also appealed for China's help in establishing an Asia-focused media to counteract the "overwhelming dominance of Western media."

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