

Dr. Mahathir: Asia Must Forge 'Model For Mutual Good for Rest of the World'

In an extraordinary speech presented in Osaka, Japan on Jan. 18, entitled "Promoting Mutual Understanding Between Asia and Japan, Especially Kansai" (Kansai is the industrial district around Osaka), Dr. Mahathir bin Mohamad, the Prime Minister of Malaysia, called on Japan to break its dependence upon the Anglo-American "globalization" process, and take the lead in creating a new, just economic system for Asia. This system, he argued, centered on the proposed new Asian Monetary Fund (AMF), must provide the seed-crystal for a new world economic order, now that the follies of the speculative, International Monetary Fund-based system have brought destruction down upon the entire world economy. To reverse this disaster and achieve a new era of peace and development, Dr. Mahathir advised Japan to return to the successful model of the postwar era, when, under the tutelage of a United States which at that time still believed in developing the productive powers of the nations of the world, Japan's "full-set" industrial policy of high-quality, low-priced goods, transformed the nation into one of the world's leading economies. The following are extended excerpts from Dr. Mahathir's speech. Subheads have been added.

... In the history of the world there have been many obscure countries and people who suddenly emerged, developed, and prospered to build great nations, empires, and civilizations, only to crumble, decline, and fall after decades or even centuries of greatness. At the height of their power and prosperity, they and many who were their contemporaries believed that they and their greatness would last forever.

The Persians, Greeks, Romans, Mongols, and others all believed their civilizations would be permanent. The British used to make treaties with the Malay states to last as long as there is the Sun, the Moon, and the stars in the heavens.

But we all know that they all crumbled and declined, and are today hardly shadows of their former selves.

Japan, which began to copy the West during the Meiji Period, not only acquired striped pants and morning coats, but also the idea of securing supply lines through a Western-style empire. It did not last long, but it has not cured the Japanese people of wanting to copy the West. Today Japan is copying the ideologies and the economic management systems of the West. I suspect that just as the Japanese East Asian Empire ended in disaster, the Japanese copy of Western ideologies and systems will have the same end result.

Today Japan is copying the United States. America is a

great democratic and free country. When they won the Pacific War and freed us from Japanese imperialism, I thought I would forever be pro-American.

But the Americans have changed. They are no longer the liberators. They have become the dominators. It is sad to see the American Embassy in Kuala Lumpur surrounded by concrete walls now, where before only the Russian and Chinese Embassies had such walls. Why do so many people seem to want to do harm to the Americans? Whatever may be the reason, if they are so disliked, is it wise to copy them? . . .

Not everything American is bad, of course. Japan used to produce inferior cheap goods. The Americans taught Japan to switch to high-quality goods instead. But Japan did not accept the other American business practices, especially with regard to pricing. Japan continued to believe in low prices and market share. These, combined with high quality, were an unbeatable formula which fuelled Japan's growth by, at times, double digits. . . .

Left to themselves, the developed West would have produced high-priced products which their people could afford, but the poor countries could not. As their workers demand even higher wages, their goods would increase in price, forcing the poor countries to sell more raw materials in order to pay for less and less manufactured imports.

The West did not take kindly to the Japanese invasion of their markets, but the poor of the world were ever grateful. Take away the Japanese cars and appliances, and the poor would revert to a primitive lifestyle, chopping down trees for firewood and walking or cycling to work.

Countries like Malaysia are even more grateful, because as you become more affluent and your cost rose, you shifted your production to low-cost countries, including Malaysia. We wanted to industrialize, because we could not depend on producing and selling tin and rubber only. . . . Today every major Japanese corporation has plants producing the most sophisticated products in Malaysia. We are now fully industrialized, with 82% of our exports made up of manufactured goods. Japanese cooperation with its poorer neighbors has been meaningful and fruitful.

Don't Copy Everything from the West

What is the lesson to be learnt from the modernization of Japan's industrial capacity? It is that learning from the West need not be total. Copy the quality, but not the price, margins, or market share. If Japan had gone totally West, it would not

have been able to compete in the world market. If Japan had priced its goods the way the West priced their goods, it is certain that Japan would not have conquered the world's market. By retaining the essentials of Japanese marketing strategy, Japan rapidly became the second-biggest economy in the world.

Now Japan is trying to emulate the West 100%. In politics, economy, and financial management, Japan is discarding all its old practices in favor of Western methods and standards. Japan has discarded lifetime employment, cooperation between the government and the private sector, regional cooperation, ideology, etc. Even Japanese youths want to be blondes, work less, and play more. The traditional Japanese and Eastern culture is being discarded and replaced with Western disregard for filial piety and discipline. . . .

The West has conceived, promoted, practiced, and discarded any number of their perfect ideas and systems. It is most unlikely that their current ideas or systems are going to be any better. One day they will condemn and discard their latest craze, i.e., liberal democracy and the free market. But the cost will again be high, higher perhaps for those who swallowed their ideas and systems unthinkingly.

We in Malaysia have good reason to doubt the new Western recipe for the world. We have been the victim and we have seen others suffer even worse from the latest Western ideas and concepts. And so, all of us should put our heads together to examine liberal democracy and the unfettered market in a borderless world, and to determine what we should accept, what we should reject, and what we should modify.

East Asia is concerned about Japan's economic health. Malaysia made it clear that Japan is its model. Others in the East may not admit it, but they too used Japan as a model. Indeed, it was Japan's success which encouraged their faith in themselves.

And so, we are distressed when Japan showed signs of failing, and for more than a decade seem unable to pull out of the recession. We are even more distressed, when Japan seems to value its relations with America, in particular, more than with East Asia.

'The Century of the World'

Many of us think that if Japan and the East Asian countries work together, we can even come up with a model of cooperation for mutual good for the rest of the world. And that will include the development of a financial architecture and a regime for international trade.

I am not a believer in the Asian century. I believe this century should be the century of the world. We all need each other. If we enrich all the countries in the world; the countries of Africa, Latin America, and South Pacific included, we will have a fantastically rich market, which can only enrich every country. It is not easy, it will take time and patience, but it can be done. . . .



Dr. Mahathir bin Mohamad. Japan must return to a "full-set" economy, said Dr. Mahathir, which will help the economies of all the world's nations to develop.

For East Asia to recover and once again achieve miracles of growth, the countries must be allowed to work out their own formulas. . . . Globalization, for example, is great, but in its present form, it is benefitting the rich and the powerful only. We cannot enrich the whole world through present methods of globalization, because it is based on dominance of the rich and the powerful, over the poor and the weak.

For East Asia to recover faster, Japan must play a big role. Japan has the financial strength and the technology to contribute towards East Asia's recovery and growth. It is said that a major cause of Japan's inability to recover, is the unwillingness of the Japanese to consume. Well, East Asia can consume what Japan produces, more if Japan helps East Asia to prosper again. Please go back to your old strategy of producing high-quality, low-cost goods, and you can sell much of what you produce to East Asia. You don't have to stop trading with Europe and America, but we will provide you with a big additional market. But first, help us to recover by investing in our countries and setting up the Asian Monetary Fund.

Japan understands Asia and East Asia better than the West, except when it chooses to listen to those people who do not understand Asians. Learn about us through your own news-gathering network. If you rely on existing news networks, you will miss myriads of opportunities. If you get truthful reports, you will help create better understanding, not only between you and us, but also between East Asian and Asian countries.

‘Prospering Our Neighbors’

Malaysia believes in prospering our neighbors, especially those adjoining our country. The reason is simple enough. Prosperous neighbors are less likely to give us trouble. On the other hand, they make good trading partners, an activity that will be mutually enriching.

Clearly a policy of good positive neighborliness is good for everyone. On the other hand, a policy of extracting and even destroying the wealth of neighbors benefits no one, not the destroyer nor the destroyed. This is what happened when the currency traders devalued the currencies of East Asian countries, in order to make huge, quick profits for themselves. By destroying the economies of the prosperous East Asian countries, they have destroyed one of the richest markets of the West.

Similarly the present concept of globalization will destroy more than it will build. For example, Britain allowed its automobile industry to be owned by foreigners, because the foreign companies were bigger and more efficient. Now, one by one, the British plants are being closed down. Cars can be more efficiently produced in Germany and America. The result is unemployment for thousands of British workers. However, they get unemployment benefits. Developing countries like Malaysia cannot afford this safety-net.

Efficiency also demands that American plants be closed and all the cars made by efficient German workers and exported to America. What about American workers? Well, that is not the problem of Daimler. It is the problem for the American government to solve.

The benefits of good neighborliness are endless. Even within a country, consideration for the less-developed region yields good benefits for all.

No One Needs To Be Poor

. . . Today the world is fantastically rich. The combination of human ingenuity and natural resources has so enriched the world, that no one really needs to be poor. It is normal in civilized society to tax the rich and help the poor. But it is not so in the community of nations. The so-called aid given to poor nations has made them permanent debt slaves of the rich. Are we going to go on with this beggar-thy-neighbor confrontational policy?

Japan and Asia must rethink human values. We should lead the way in devising new values and norms, where might is not right. By spreading the virtues of hard work and disci-

pline among the less developed, we can invest in order to enrich everyone in every country. . . .

Governments are not anachronistic. The idea that the market knows best, is promoted by those who dominate the market and want their financial strength to determine what is best for themselves. They do not want governments concerned over the social cost of their predatory activities to stand in the way. The free market is about maximizing profits. Nothing else matters. If the economy of countries has to be destroyed in order to make profits, so be it.

Only governments can fight these predatory commercial giants. Asia must put in place governments which can protect the weak and afford them a chance to survive and prosper. By coming together and standing up against unfettered predatory capitalism and the absolutely free market that it wants to impose on the world, by offering alternative systems and code of ethics, Asia, and in particular East Asia, with Japan playing a leading role, can prevent the headlong rush towards destruction which the current Western model will certainly lead us to.

Remember the destruction of the world’s economy and the millions of deaths that the Western socialist ideology had led to in the past. Let us not allow another of the West’s perfect systems to bring about the same catastrophes. Only Asia is in a position to offer alternatives, and Japan, together with East Asia, must proffer their solutions to the world’s financial and economic problems, and so ensure better relations between the nations of the world.

Japan and Asia must work together for a better world where economic battles to the death are replaced by friendship and understanding, mutual respect, and mutual gains. If we want to build mutual understanding between Asia and Japan, it must not be exclusively for our own good. It must also be for the purpose of showing to the rest of the world that mutual understanding is better than the imposition of foreign values and methods on people who are not ready for them. Prospering each other is far better than forcing down the throats of others, the perfect values and ideologies that you have conceived. Remember how in the end, you yourselves have in the past rejected those values and ideologies. And remember the cost that had to be paid. . . .

It is not good for Japan and Asia to become prosperous through mutual understanding, if it is not going to result in prosperity for the rest of the world. Just as Kansai’s prosperity will enrich Japan, so should Asia’s prosperity enrich the world.

★ LAROUCHE IN 2004 ★

www.larouchein2004.com

Paid for by LaRouche in 2004.