

23. Rail Vice Minister Sun Yongfu said that China will cooperate with other nations to build rail lines, creating more links of the Asian-European continental railway, including the rail line to Kyrgyzstan.

In December 1999, the new 1,451-kilometer rail link between Turpan and Kashi, the Southern Xinjiang Railway, was opened for traffic. Kashi, known as the city farthest from any ocean, is already the eastern terminal of the Karakoram Highway from Pakistan. In November 1999, it was announced that the Turpan-Kashi rail line was to be extended to the area bordering Kyrgyzstan. On Oct. 16, 2000, Zhou Shengtao, of the Xinjiang government, said that construction of a rail connection to Kyrgyzstan and Uzbekistan will soon be started.

Minister Sun Yongfu said that China's rail sector is to invest 40% of its total construction fund in Western China for the coming five years. This will amount to 100 billion yuan (\$12.05 billion), to build some 18,000 kilometers of rail lines, as well as renovating and expanding existing railroads. Other huge rail projects, including construction of a rail line into Tibet for the first time in history, and a pan-Asian rail link from Kunming, capital of Southwest China's Yunnan Province, with Singapore, are also being planned.

The rail line to Tibet, also a long-term Chinese project, will be built under the Five-Year Plan for 2001-05. Four possible routes, which could connect Tibet with Qinghai, Yunnan, Sichuan, or Xinjiang, are under consideration, and this enormous project would take 5-10 years to complete.

The long-planned Trans-Asia Railroad (plans have existed for decades) also needs an urgent kick-start to be realized. On Oct. 16, the head of the State Railway of Thailand, Saravuth Thammasir, said that the project could be completed in 2002. This rail network, which would repair and connect already-existing lines in Singapore, Malaysia, Thailand, Cambodia, and Vietnam, to Laos, Myanmar, and Kunming in southern China, is certainly feasible. Most of the terrain is relatively easy, compared to that between China and Kyrgyzstan, although northern Myanmar and Yunnan are extremely rugged. The key issue is funding, which would need about \$2.5 billion.

Economic and financial cooperation is essential for the future of Asian nations. These great projects will provide the engine for that cooperation.

Mahathir Issues Call for 'New Asia' Agenda

Malaysian Prime Minister Dato Seri Dr. Mahathir bin Mohamad's successful policy of asserting economic sovereignty for his nation, against International Monetary Fund (IMF) dictates, following the 1997 Asian crisis, has earned him the deep respect, and a position of leadership, throughout the developing nations of the world. Dr. Mahathir has now issued a stirring call to arms to the nations of Asia, to unite behind new economic institutions to counter the ongoing global crisis. In a speech entitled "Agenda for a New Asia," presented to an Asia Society Forum in Hong Kong on Oct. 28, Dr. Mahathir placed the urgency of the creation of an Asian Monetary Fund in the context of the colonial heritage of most of the Asian nations, and the disastrous results of the IMF policies imposed throughout the region following the 1997 financial breakdown. Dr. Mahathir emphasized the role of Japan in the post World War II era, in rebuilding its economy based on state-sponsored technological and industrial development, while developing a market in the Third World—long neglected by the Western industrial nations—by providing high-quality, but inexpensive, products. When the other Asian nations followed suit, portending an "Asian Century," the Western powers declared such state-guided economic policies (policies once known to the world as the "American System," as opposed to the free trade policies of the British Empire) to be criminal and immoral, and in 1997 used their power over the global financial system to destroy the Asian economies altogether. Dr. Mahathir then explained both the necessity and the feasibility of creating new economic institutions in Asia, with an eye to forcing the issue of a new world financial architecture, independent of the bankrupt IMF.

The following are excerpts of the Prime Minister's speech. Some punctuation, and subheads, have been added.

Agenda for a New Asia

The Asia Society has asked me to talk about Asia and about the future. I know something about Asia's past, and its present situation. But as to its future, my guess is as good as anyone else's. That is not to say that I don't have some ideas. I do. But they are just ideas about what should be and maybe what can really be.

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There is a tendency in this part of Asia to think that East Asia is Asia, and that South Asia, Central Asia, and West Asia do not count. Of course Russian Asia is totally ignored. But in talking about Asia, its present and its future, these other very substantial parts of Asia must be taken into account. . . .

By the beginning of the 20th Century all the Asian countries had come under the rule of various European powers, including the European Russians, who subjugated the Central Asians. Almost without exception, the Asian countries under European domination remained backward and poor. The only country which managed to remain independent and to industrialize along the European pattern was Japan. This, then, is the historical and cultural background against which we must consider the present and the future of Asia. During the second half of the 20th Century, competition for influence between the Western bloc and Communist Russia led to the freeing of the Asian colonies of the European powers. The reason given for this generosity on the part of the European colonial powers was humanitarian. It was wrong, it seems, for people to colonize other people and other countries. But the true reason was fear that the colonial people would side with the other bloc. The desire to dominate remains and it was a matter of time before this desire manifests itself again.

After the end of the Pacific War, most Asian countries were in shambles. It seemed that they would never be able to rebuild themselves, much less challenge the industrial and commercial supremacy of the West. But Japan set out to restructure itself and to reindustrialize. And Japan succeeded beyond expectations. Its *Zaibatsu* had been broken up, but the broken pieces regenerated themselves until each one was bigger than the original conglomerate. The old strategy of producing inferior cheap products was replaced by an assault on the world market with high-quality but still relatively cheap goods.

It is difficult to imagine what the international market would be like without Japanese products. Left unchallenged, the Europeans on either side of the Northern Atlantic would produce high-quality expensive products meant basically for their own rich markets. They would stress margins rather than market share. If their goods are exported to poor countries, it would be meant for the rich only. Their consumer products would not flood the markets and the people of the poor countries, would not enjoy the luxuries of sophisticated household appliances, pick-up trucks, and small, economical passenger cars. Their standard of living, in terms of modern life-styles, would remain primitive. But the Japanese, by producing high-quality, cheap goods, had lifted the living standards of a great many people. Of course, the Japanese did not set out to do this. They were after profits as much as the Europeans. But their strategy of maximizing market share through low margins, inadvertently contributed to the



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improvement in the standard of living of many in the poor countries. . . .

In the meantime, other East Asian countries were also growing rapidly and the term NIC [Newly Industrializing Country] was liberally applied to them so as to justify early economic discrimination against them to be applied. Still they kept on growing. There was much talk of the 21st Century becoming the Asian Century. The Europeans were not going to have things their way much longer. China, held down by the Communist ideology, woke up from its slumber and rapidly absorbed Western-style commerce and industry and showed every sign of becoming another Japan, only five times bigger.

China and Japan remained virtual enemies, but it did not seem likely that they would go to war against each other. Both seem to appreciate that they would be committing national suicide. Attempts to persuade them to expend their energy on military confrontation failed. Both apparently seem bent on becoming economic powers and to dominate the world through their wealth and technological know-how, rather than by force of arms.

The 'Tigers' Come Under Attack

The threat of Asian domination of the world in the 21st Century was becoming more and more real. They could not be stopped militarily. Nor could the West defeat them and impoverish them by competing in the market. I don't think

there was a conspiracy. It is more likely that an opportunity had presented itself and it was seized by the worried Europeans.

For some time the Western media had been harping on the failure of the tiger economies of East Asia to adopt Western moral standards in governance and in their approach to national recovery and economic development. The Japanese came under attack for the close cooperation between the government and big business. This was labelled Japan Incorporated, and this was regarded as thoroughly immoral and wrong. There must never be government help for the private sector. It was a thoroughly shameful way of doing business. That it had helped the Japanese economy to recover from the ravages of war, that it had brought tangible benefits to the poor people in poor countries, is irrelevant. By Western moral standards, it was wrong and it must be stopped. In fact, all the Japanese business practices were wrong and immoral and must be stopped.

In trying to adjust to the alleged Western norms, the Japanese dismantled all their practices, made crimes of everything that they had been doing before, arrested their civil servants, and generally undermined the confidence of their own people. Even lifetime employment was considered wrong. Workers must be sacked and thrown on the streets, and executives must be publicly humiliated for doing what was acceptable before.

But the attacks on the morality of Asian governments expanded to the other economic tigers. All were accused of crony capitalism. The Asian governments cheated by helping the establishment of corporate giants which were able to challenge Western supremacy in manufacturing, in commerce and trade. That these governments had built good economies, alleviated poverty, and generally contributed to the well-being not only of their people but also of people in the poor countries, meant nothing. These governments cheated by collaborating with their corporations, and they must stop.

The Korean companies, for example, had successfully competed with Western construction companies for great engineering projects worldwide. Their reduced cost had saved billions of dollars for many developing countries. But in the process, they had reduced the profits of the great construction companies of the West. The Koreans were therefore doing something immoral. It was suggested that they were using prisoners to reduce their labor cost. That was how they could outbid their Western competitors. . . .

After the Koreans, came the Taiwanese, the Honkies, even the Southeast Asian countries. They were growing fast, and they must be cheating through their penchant for close cooperation between the government and the private sector. They were all indulging in crony capitalism. And they should stop. The Western media carried out a sustained campaign against everything that is practiced by the countries of

East Asia.

But the countries of East Asia continued with their own ways of growing their economies. It looked like there was no stopping them. They were going to grow and they were going to continue to challenge the West. There was a good chance for the 21st Century to become the Asian Century.

Now I will not say that the attacks against the East Asian economies were orchestrated. It is most likely that the rogue traders saw an opportunity to make a pile for themselves. Be that as it may, the fact is that their attacks soon left most of the East Asian economic tigers in a state of unprecedented economic turmoil and sudden poverty. From being economic threats to the West, they suddenly found themselves totally dependent on the West for their recovery.

Enter the International Monetary Fund

This is where the IMF, a major instrument of Western policy, stepped in. No one, no country, should help the beleaguered Asian countries except the IMF. And the IMF should only help if the Asian countries give up all their strategies for economic development. They should not help their distressed corporations to recover, they should allow their banks to go bankrupt, they should increase the taxes on their people, do away with subsidies, and in a severe recession introduce a surplus budget. . . .

Dangling the loan carrot and brandishing the big stick, the IMF, backed by the power of the powerful, demanded the dismantling of everything that had contributed to the amazing development of the East Asian tigers and dragons. Not only must corruption stop, but subsidies for the poor, business-friendly governments, protective tariffs and non-tariff barriers, conditions on foreign ownership of businesses and banks, all had to stop. These countries must open up to direct and full foreign participation in their economies. There must be no restriction at all to anyone wishing to take advantage of the business potentials of the economies.

Anything done to help the locals came under the general definition of crony-capitalism. Local companies distressed by the collapse of the stock market and the economic downturn must not be helped. Any help would be regarded as bailouts. That thousands of poor workers would be thrown out of work as a result of the collapse of the businesses was irrelevant. Let them starve, riot, and kill. But no government help should be extended. This was considered as being morally wrong in terms of business practice. . . .

Anything that could be imposed or done to prevent the quick recovery and regeneration of the East Asian tigers was done, at times blatantly. Governments were undermined and overthrown, law and order were destroyed, the break-up of countries was encouraged and expedited. The Asian tigers were no more. The ambition to make the 21st Century the Asian Century was pulverized. No one talks about it any more, least of all the former tigers.

Systems vs. Results

This is the picture of Asia at the beginning of the new millennium. It is a dismal picture. Much of the energy and the spirit which had driven it in the past have been dissipated. . . . The stress now is too much on systems rather than results. The idea that a “good” system which produces bad results is better than a “bad” system which produces good results should be re-examined.

The West is too fond of a single cure-all. We saw how the IMF had forced down the throats of all the East Asian countries their single formula for recovery, and we saw how disastrous it had been for many countries. Asian ways of doing things are not bad simply because they differ from the West. Asian ways which obviously deliver results must be quite good. Japan, Korea, and China recovered very quickly from the effects of war and the socialist ideology of the West. Their people became more prosperous and poverty was largely eradicated. Their self-respect has been restored. Maybe they have still to subscribe to conservative norms, maybe the freedom of individuals to thumb their noses at the majority is less. But that is a small price to pay for a people who were once dismissed as incompetent or unable to progress.

Southeast Asia can recover faster and more strongly if it is less preoccupied with gaining the approval of the West in the way it manages things politically and economically. While oppressive authoritarian rule and corruption must be avoided, firm and strong governments must be allowed to govern and to develop their countries. The idea that a country is not democratic unless disruptive forces are allowed to threaten peace and stability must be rejected. The essence of democracy should be government by representatives elected by a majority of the people. Liberalism which permits the individual or minority rights to negate the rights of the majority need not be regarded as an essential part of democracy. Freedom cannot be absolute, whether it be in the area of human rights or free speech or free press. Freedom of the press should not include freedom to tell lies and instigate violence. Harsh perhaps, but to believe that people should accept being maimed and killed because other people are exercising their democratic freedom, is to negate reality in the interest of the ideal.

The countries of Northeast and Southeast Asia have enough in common for them to come together and to act together. It would take a very long time before they can unite the way the European countries unite. But cooperation on many things affecting them is entirely possible and productive. It may be an economic group or an East Asian Monetary Fund. But these things and many others are entirely possible for East Asia. . . .

Central Asia is doing quite well in terms of stability, but it is not able to build needed infrastructure, especially in terms of railways. The camels were once regarded as the ships of the desert. Obviously, they are no longer adequate to carry

the rich raw materials of Central Asia and the goods that Central Asia needs. The ships of the desert in these days of mass consumption are the railways. What Central Asia needs is a vast network of railways of super-sizes and -length. Two-mile-long trains running on ultrawide gauge would reduce the cost of transporting raw materials and goods across the vast expanse of Central Asia. Just as tankers are built to transport ever increasing quantities of oil across huge oceans, there is no reason why the railways cannot be improved in the same way.

If the governments of the Central Asian Republics can accept that making profits is not criminal, the countries of the West and the East can come together to invest in these super-transport facilities which will make being landlocked no longer a disadvantage. . . .

An Asian Association for Development

The more developed nations of Asia should invest and help the less developed. An Asian Monetary Fund would be useful. An Asian Association for Development should be set up to enable the countries of all Asia to interact, to discuss common problems and to cooperate where necessary.

Any idea about Asia dominating the world in the 21st Century should be discarded. It is not feasible and it will merely serve to antagonize the rest of the world, in particular the European nations on both sides of the Atlantic. Neither should any Asian nation harbor ideas about dominating Asia.

Asia and Asian nations must be free, truly free. No one should impose their values or ideologies or system on Asia. While everyone should be concerned over human rights, the environment, etc., no one from within or outside Asia should appoint himself or his country as the policeman charging himself with the responsibility to ensure that everyone behaves. Asian countries are mature enough to know what is right and what is wrong. Any attempt to undermine the sovereignty of independent countries through subverting nationals should be condemned roundly by everyone.

This agenda is very general, but it should serve to point the direction that Asia should take. Obviously, it is going to take time, a long time. Obviously, it is not going to be smooth sailing. It is going to be difficult to achieve. But the long-term objective should be for all Asian countries to be subservient to no one, but truly independent and as developed as the nations of Europe. Asian countries must take their places in the community of nations of the world as equals. And Asian values and Asian ways of doing things must be accepted as legitimate, normal, and inferior to no one.

This is the agenda for Asia. It is not fanciful. It is not a dream. It is really doable, and it is within the capability of Asians to realize it. With this agenda, Asian countries will emerge in the 21st Century as equal partners with the developed countries of the world.