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No to robber capitalism

THERE will surely be no shortage of critics who, in the preservation of their self interest, will do their damnest to tilt away attention from the substance of Prime Minister Datuk Seri Dr Mahathir Mohamad's speech on the dangers of an unfettered market.

Dismissing it would be a tragedy. For Dr Mahathir is addressing a problem which has been persistently denied by the West, the biggest benefactors of unregulated capitalism. As he says, an unfettered market is very much like a Government corrupted by absolute power: its effect is the impoverishment and enslavement of people.

Dr Mahathir is right to debunk the economic myth that the market cannot do any wrong. The proof - Southeast Asia's currency and stock market problems. But the Western investment community side-steps the issue by blaming these problems on the vulnerability of Southeast Asian's so-called miracle economy. They conveniently ignore the World Bank's publication of "East Asia Miracle: Economic Growth and Public Policy" which correctly argues that, "in large measures, the high-performing Asian economies have achieved high growth by getting the basics right ... there is little that is miraculous about these countries' superior record of growth". It's a discredit to their financial analysts that Wall Street, London Stock Exchange and others are so fixated with the current account deficit that this indicator alone is the dominating factor in their analyses.

Economists say that in international finance, the reflexive interaction of independently given demand and supply that determines prices renders the market inherently unstable. But the laissez-faire ideology deliberately denies such instability and opposes any form of government intervention aimed at providing stability. When a financial market collapses, its adherents will argue that it is caused by flawed policies and not by unstable or unbridled market. They refuse to recognise the basis of the case made out by Dr Mahathir. Even United States Treasury Secretary Robert Rubin side-steps the issue by saying Dr Mahathir's crusade "does not deserve serious consideration". But then, Rubin himself was once a currency trader.

More than half a century ago, Lord Keynes tried to throw sand in the wheel of international finance so as "to check the potentially disastrous consequences of unfettered liberalisation". Today, we stand witness to and alas, as victims of such consequences. The main threat to social justice and economic stability comes from the uninhibited pursuit of laissez-faire economy which embodies the law of the jungle: the strongest will survive.

Dr Mahathir and Malaysia are not against globalisation. But we recognise that such ideology, in a liberalised financial system, will allow the privileged and dominant in the world economy to trammel on poorer countries. Dr Mahathir deserves international support for his proposal on rules and regulations in currency trading. It is a fact that a number of the detractors who spoke against his proposal are beginning to see the merits of his argument. Apec leaders now meeting in Vancouver should take recognition of Dr Mahathir's repeated calls and act in unison for some form of regulation that would provide a level playing field, one that ensures survival for all. Otherwise, the laws of the jungle will prevail, bringing wanton destruction.

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