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Smart partnership is what we all need most

Tan Sri R.V. Navaratnam

I AM glad that Ambassador John Mallot replied (NST, Jan 31, 1997) to my article "Malaysia must prepare now for the WTO meet" that I wrote in the NST on Jan 4. Now I understand even better why I have always enjoyed his excellency's excellent company but have also often disagreed with him.

It is because of the fundamental differences in our convictions and views on how "to look at international economic issues through the economic lens."

I believe that I have inadvertently hit a raw nerve and that he has unfortunately over-reacted by undiplomatically rejecting constructive criticism as rhetoric! Let me reply to some of his points.

Firstly, the Ambassador must surely know that neither international nor national economic issues are seen or can be seen exclusively through an "economic lens."

His thesis is not only fallacious but outdated and harks back to Adam Smith. The world has now become wiser and more realistic. That is why the US has "Anti Trust Laws and Affirmative Action," which are intended to reduce the ill effects of "open markets" under capitalism.

That is why we in Malaysia too have our own New Economic Policy.

In the real world, economics and socio-politics are inter-related and we ignore this modern concept at our peril.

Secondly, it is too simplistic to suggest that "one of the basic principles of economics is that both sides gain from an economic exchange".

That is true in the classical textbooks but again not in the hard world of politics, economics and business.

It may be true, however, when as they say in economics "all things are equal", then all sides will win.

But, alas, in reality, there are wide socio-economic differences within national economies, and especially among international economies.

So the strong economies have and will take advantage and dominate the weak economies, as we see today.

The rich countries also gain much more from free trade than the smaller and weaker economies. That is why the developing countries took so long to agree to the WTO during the eight long drawn years of negotiations under the Uruguay Round. That was the reality, not rhetoric.

The US could have helped to address the "unfinished business" of the Uruguay Round instead of pushing its own self interest for the Information Technology Agreement.

For these reasons, I am disappointed that the good US Ambassador has somehow conveniently got the wrong impression that the "now outdated North-South" divide is over.

But most Third World Ambassadors will tell you that it is as alive as ever. It would be a serious miscalculation to think that the North-South debate is no more.

Thirdly, it is true that Malaysia has gained from its openness to foreign investment from all over the world and not only from the US.

But it is also true that the US is not investing in Malaysia as a favour to us but for its own benefit, which has been considerable.

There is no point therefore, in pointing out that the US buys RM35 billion from Malaysia or RM1,850 for every man, woman and child." These are trade figures and not charity or aid from the US.

Fourthly, outstanding Leaders of Developing Countries have expressed grave concerns over globalisation and the US policies and practices which continue to lead and even dominate the world, as the single most powerful nation today - especially after the collapse of the former powerful Soviet Union.

One way of dominating Asia is to undermine Asia's economic strength and success and to have rejected the legitimate democratic concept of the formation of the proposed East Asia Economic Caucus.

Another tactic is to block China, the largest country in the world, from joining the WTO. So, who is talking about the rhetoric and the win-win situation.

Fifthly, I agree that free and open trade will benefit all parties. But the point I made in Jan 4 article is that the US, as the most powerful economy in the world, will get the lion's share of the benefits.

The win-win concept will be unequal and lopsided unless the developing countries organised themselves better, unite and resist attempts to dominate and control our economies and ultimately our independence.

We have to fight domination through "trade wars" as we have fought colonialism to ensure that we get a fair share of the enormous benefits of free trade.

For this, we need a level playing field and, as our Prime Minister Datuk Seri Dr Mahathir Mohamad has well put it, the players must be of equal stature.

But as long as we are not equally balanced, the free trade theory will remain theoretical and not work in the real world. In fact, unfettered free trade can be damaging if not handled properly. Indeed it could perpetuate dominance and inequality and stifle progress among the developing countries. What we need is a "smart partnership."

I hope Ambassador Mallot sees international trade from the lens of developing countries as well - to be fair to all sides.

This will ensure that the fruits of free trade will benefit all countries almost equally, and not just benefit the rich and powerful countries in perpetuity. Unless we have a more balanced and holistic approach to international trade, the world is in danger of grave instability.

I hope the Ambassador will be able to help the US understand the intricacies of economic, as well as social and political developments which in modern times are very closely interrelated.

Finally, in the spirit of Hari Raya and Chinese New Year, I hope all's well that ends well!

Tan Sri R.V. Navaratnam  
Kuala Lumpur

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