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A 'shocking' wake-up call for East Asian nations

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TOKYO: In the face of adversity, there are only two options: succumb to the prevailing situation or overcome it. Since last July, one after another East Asian country has come under tremendous pressure due to the region's financial crisis. Several have caved in, some are fighting back.

Either way, the prospects are not expected to take a turn for the better too soon. The currencies of these countries are still sinking, and one has lost more than 600 per cent of its pre-crisis value. Share prices on their stock exchanges have gone through the floor.

Those that could not cope with the pressure turned to the International Monetary Fund and other international institutions for aid. But in so doing, they were told to raise interest rates and taxes and to squeeze credit.

All subsidies were to be withdrawn and monopolies dismantled, and governments were told to open up their economies so that foreign companies can operate without any restrictions on ownership or areas of economic activity.

How are these rapidly changing events going to shape the future of these countries and the region in general? These and other issues were discussed in Tokyo recently at two major conferences.

The first, organised by Japan's Institute for International Monetary Affairs, focused on "Revitalisation of Japanese and East Asian Economies". The second was sponsored by the Nihon Keizei Shimbun group, and discussed "The Future of Asia".

Prime Minister Datuk Seri Dr Mahathir Mohamad spoke at both meetings, and gave Japan and Asia a frank wake-up call.

Using thoughtful sarcasm, he exposed the irony of "experts" who had praised the region's economic strength and sound financial management before the crisis hit home.

Some of these same "experts" now say the opposite - criticising these economies for corruption, monopoly, crony capitalism, and weak banking systems and practices. Remember the boy who cried wolf?

Dr Mahathir pointed out that in a globalised borderless world, people "should not mind" their economies being controlled by foreigners as long as they get the services of the most efficient and financially powerful companies in the world.

"Banks and corporations should allow themselves to be absorbed by the big foreign banks and corporations. People should be happy to work for foreign companies since they are likely to receive better pay," he said.

Dr Mahathir said with such deregulation there would be, businesswise, no more borders to hinder the activities of those with the capital and know-how from the most advanced and richest countries.

"The whole world would be just one country, open to everyone who knows and can exploit the business potential to the maximum," he added.

Perhaps it is no coincidence that countries asking for more time to prepare for globalisation are also the ones that have seen their currencies attacked to the point of their economies going bankrupt.

Unfortunately, these countries are often unable to present their concerns and views effectively against the propaganda from the capitalist-controlled world press.

For example, and as a sidenote, one of the international wire news services for some reason took Dr Mahathir's sarcasm literally, and

reportedly flashed the news that Malaysia is supportive of opening up its market completely to foreign corporations.

On the contrary, what Dr Mahathir sought to do was point out just how bad things can get, or will get if nothing is done.

Relating the experience of other economies, he said there was a time when big American companies owned huge banana plantations in some of the poor Latin American republics.

The revenue of the governments of these republics came almost exclusively from the banana plantation companies. If the companies failed, the republics would be in grave trouble. It was in the interest of these republics to accede to the demands of the companies, including political adjustments.

"It is just possible that the giant corporations which operate in the countries which have been persuaded to open up will have the same influence over the governments," Dr Mahathir said.

No country is safe from such powerful forces. As a reminder to Japan to do more to help the troubled economies, the Prime Minister said in the future Asian economies could be dominated and run by huge foreign corporations.

South-East Asia will then provide a base for the production of low-cost products to compete with those of "certain large Asian economies" which refuse to be controlled. "In the end, these countries too will give in."

Things could get worse. While governments may submit to these forces, the people will show their resentment against those outsiders who will lord over them again, Dr Mahathir said.

"Bitter over the takeover of their national corporations, they will show their feelings in many ways. Sooner rather than later they will think of regaining control over their economies. They will regard this as a new war of liberation. Even if they want to avoid violence, violence must come as the new capitalists disregard the signs," he said.

A distressing and shocking scenario, no doubt, and probably bound to rattle both the countries in the region and those developed economies in the West who support "market forces".

But this is necessary to enlighten not just East Asian economies but also the international community of what could be the future of Asia and, because they are interlinked, the future of the world as well. Whether they come true or not depends on the choices we now have to make.

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