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`Capitalism's friendly face has vanished'

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WE are fast approaching a new millennium, a new era which promises to be very different from the previous two. The new millennium will surely see not only changes but a rapidity of change that will truly leave us breathless.

The changes may be the result of technology but they will also be the result of new sociological ideas and philosophies, new creeds, and new values.

Change requires adjustments on the part of everyone. Some will adjust well and will benefit from change. Some will not be able to adjust so well or may fail to adjust altogether.

And when they fail completely or partially they will have to pay a price in terms of being left behind and misfortunes.

We are now being given a preview of some of the things to come.

The 19th century saw progress in the conversion of the agrarian economy to the industrial economy. The feudal lords seized on the industrial opportunities to exploit their former serfs.

The conditions of labour in Europe were inhuman and demeaning. The sole concern of the industrialists was to maximise their profits.

By the beginning of the 20th century things were coming to a boil. Workers' resentment grew. Despite repressive actions by the democratic Governments, workers formed unions and took industrial action to demand better pay and working conditions.

In the meantime some sociologists began to rethink the social and economic order which prevailed then. In a violent rejection of the capitalist system they promoted their socialistic and communistic theories.

They insisted that exploitation of workers must be stopped, if necessary through violent revolution. The Russian revolution of 1917 was the epitome of the communist creed of expropriation and the liquidation of the capitalists.

Communism appeared set to spread worldwide. Fearful of the fate that had befallen their Eastern counterparts, the Western capitalists reined in their greed.

A friendlier face of capitalism was presented, one which accommodates some of the demands of the working class. Workers were allowed to form political parties and to contest elections. Socialist Governments emerged as alternatives to Communism.

World War II ended with the world divided into two blocs, capitalists and socialists on one side and communists on the other. The break-up of the Western empires resulted in the emergence of numerous ill-prepared independent countries in Asia and Africa.

The struggle to win the minds and the support of the newly independent non-aligned countries was set in motion. For a time the newly independent countries enjoyed being wooed by both sides.

But unfortunately the leftist communist bloc collapsed. The need to frustrate the communists by pandering to the wishes of the neutral independent countries disappeared.

Now these countries have no choice but to submit to the Western capitalist. Now they all must accept the only ideology - capitalism in its worst form.

The new capitalist insists upon the right of capital to go anywhere and

to shape all Governments in their own image. Nobody should do anything to obstruct the flow of capital across borders. Those who oppose such free flows must be deemed heretics.

Admittedly, a free flow of capital can result in poor countries becoming enriched. Many poor countries therefore welcome foreign capital in the form of direct foreign investments. And indeed the poor countries seemed to prosper with the ever increasing inflow of foreign capital.

What the developing countries did not realise is that capital can also flow out freely and rapidly. When this happens the wealth can disappear overnight.

As the end of the 20th century approaches the friendly face of capitalism has disappeared. Devaluation of the currency and share prices as capital is rapidly pulled out resulted in the destruction almost completely of the wealth of many developing countries.

Along with the collapsing economy have gone the political stability and social well-being of the people of these countries.

And so as a result of the assaults on the currencies and the stock markets of the previously rich nations of East Asia, we now see widespread poverty and depression. Where before there was wealth and plenty, where before there was political and social stability, we see today extreme deprivation, turmoil and utter confusion.

Governments which before had engineered miracles of economic development are now being overthrown and replaced with Governments which can do no better.

Still capitalism, the free flow of capital, deregulation and globalisation are trumpeted as the new religion, the new ideology, the only ideology for the whole world. Question it and you will be labelled a heretic.

If democracy stands in the way it too must be brushed aside. And so duly-elected Governments must allow themselves to be disciplined by market forces, meaning the rich with their billions invested in funds which indulge in currency trading and raids on stock markets.

This is the world of the new millennium. Developing countries must take note of this. If we are not careful, if we do not take the job of developing our countries seriously, we may revert to becoming colonies again.

East Asia is well known for the economic miracles we were supposed to have achieved. Actually they were not miracles. They were just the result of hard work and discipline, something which everyone can acquire and practise, whether they are Asian or European or African.

The most difficult part is the acquisition and practice of these traits, which incidentally have been described as part of Asian values. Actually the Europeans had these values too when they were on their way up. So they are really universal traits which can be cultivated by anyone.

I think that Asians should share their experience with others so that all can enjoy growth and development. Our experience is quite recent and it is still fresh in our minds. We should be able to pass it on with greater ease.

The post-independence turmoil lasted a bit longer in Africa than in Asia. Socialist ideologists clouded the views of those who gained power after African independence.

Now that period is over. All over Africa there is a keen desire to give the people the kind of life they deserve as independent people. The desire is there but the skills and the means are not.

That is why it is timely that Asian countries like Japan and to a lesser extent Malaysia and others should stretch out a helping hand. It will not cost the Asians much and they will eventually be amply repaid.

When the Japanese came to Malaysia to invest they not only profited from it but they also helped Malaysia to prosper. As a bonus a prosperous Malaysia has become a good market for Japanese goods.

The benefit for those extending a helping hand to develop countries are therefore two-fold. The benefits are also mutual. It is truly a win-win venture.

In the early days after independence when the objective of the donors was political affiliation rather than economic well-being, much of the help was in the form of grants and loans for projects which were not quite needed by the countries concerned.

The result is that today these countries are grossly in debt so that all their income has to go towards paying debts. East Asia concentrated less on aid but more on skills and technologies. The East Asian approach is therefore a better model.

If the countries of Africa are going to develop the way East Asian countries develop, then the strategy should be the same. True, the countries of East Asia seem to have failed recently but it is not really due to the true Asian way. The failure is due to something unforeseen.

Currency trading and raids on the stock market are not the fault of Asians or their ways or value system. Any country subjected to such destructive attacks will fail.

Thus the Latin American countries have failed and so has Russia. And recently even the rich Western countries have exhibited their vulnerability to such attacks.

So adopting the Asian approach and the Asian way towards development is still a good strategy. Besides, there is much to learn from the Asian weaknesses also. Although they are not peculiarly Asian, as for example corruption, there is much to be gained from avoiding these weaknesses.

While European-style capitalism should be avoided, it must be remembered that Europeans have a lot to contribute also. Besides, the Europeans themselves are not averse to working with and for Africans.

France for example has expressed a willingness to work closely with Japan and Malaysia in assisting Africa to develop. The three have in fact initiated a trilateral co-operation to assist Africa.

The trilateral initiative premised on African countries taking ownership of their development and with the overarching objective of building a partnership rather than a donor-recipient relationship with African countries, is a unique approach through which the three countries hope to contribute, in a modest way, to promote the social and economic development of African countries.

I am sure that Japan and France would sincerely want to help Africa develop and prosper. As much as Japan profited from Malaysia's prosperity, Japan and France will profit even more from African development and prosperity.

Africa is naturally rich. Its resources are huge. In fact it were these resources that had attracted the Europeans in the past.

Certain parts of Africa have become more peaceful. The Governments are interested in the development of their countries and the well-being of their people. But they are handicapped due to the poverty of their nations and the lack of experience and expertise.

Japan and France and even Malaysia are in a position to help the Africans overcome their shortcomings. They can help set up job-creating industries.

Africans are very skilful. With a little orientation the basic skills can be turned to industrial skills. Industries should do well in Africa as they have done well in the countries of Asia, including Southeast Asia.

The countries of Africa have lost almost half of a century. Malaysia had

tried in a small way to be of help. But we are a developing country with meagre resources. With Japan and France pitching in I am sure we can make up for the loss of time.

Japan's relatively new-found interest in the well-being of Africa is most welcome. Africans, Asians and even Europeans will benefit from the stabilisation and prosperity of Africa brought about by the co-operative efforts of three continents.

I hope this conference on African development will help everyone to focus on Africa. There is everything to gain and nothing to lose by prospering Africa, a close neighbour in a shrinking world.