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Dark side of globalisation

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EVER since Monday, 21 September 1998, I have been in New York at the United Nations listening to South African President Nelson Mandela address the members of the South Centre. The South Centre is the creation of the South Commission.

The South Commission was formed in 1987 following a number of discussions among the various leaders of the South. It eventually fell upon Datuk Seri Dr Mahathir Mohamad, our Prime Minister in his wisdom and foresight to take the initiative at the Non Aligned Movement (NAM) summit held in Harare in 1986, to form the South Commission.

Mr Mwalimu Nyerere from Tanzania was made chairman. Dr Mahathir had obtained Nyerere's consent earlier in Dar-es-Salaam, Tanzania. I was appointed by Dr Mahathir and the Government of Malaysia as a member of the Commission in my personal capacity along with about 30 other people including Carlos Rafael Rodriguez, the then Vice President of Cuba and Guyana-born Sir Shridath Ramphal of Sri Lanka, a former Commonwealth Secretary General.

The Commission, after meeting a number of times and visiting a number of developing countries, produced a unanimous paper entitled Report and Recommendations in 1990.

The paper was then submitted to all NAM members and was also forwarded to the leading countries of the North. It was hoped that the statements and recommendations would be given some consideration by the governments and peoples of the South and their friends in the North.

The Government of Malaysia had discovered that during the Uruguay Rounds, developed countries in trying to negotiate a multi-lateral agreement, were keen to frame a global trade regime with the ultimate aim of liberalising foreign investments.

After the recent economic looting of East Asia's painfully built economies and standards of living, which has reduced a once thriving region to less than half of what it was worth, we now clearly understand why the young officials of the US Government, other governments of the North, the World Bank and the International Monetary Fund (IMF) were so vehement in their arguments and mantras about the benefits of liberalisation and globalisation.

Industries and other economic sectors such as the banks and financial institutions in developing countries are now ripe, ready and cheap for the picking given the dramatic fall in East Asian currency values against the US dollar since July last year. The Malaysian ringgit, for example, has lost 70 per cent of its value against the greenback.

Malaysia was unable to escape the contagion affect and eventually became a victim of the economic malaise. We then waited for the international financial plumbers to come to our aid and repair the leaks in the liberalisation programme.

After all, Malaysia had listened to the mantras of the West, led by the IMF, which claimed that liberalisation would bring nothing but good to developing countries; although in view of our own New Economic Policy, we knew that we would find it difficult to accept the conditionalities imposed.

Since the bitter remedies offered to Malaysia's neighbours - Thailand, Indonesia and South Korea - gave us the impression that the US, using the IMF or World Bank as its instrument of diplomacy replacing the traditional

gunboats, was trying to retain global power regardless of the cost, we ignored all the mantras and the seductive calls of globalisation which were only germane to trade and therefore not at all a new universal concept.

Marco Polo, Machiavelli and even the Shakespearean Merchant of Venice had all extolled the "kiasu" (or one-upmanship) spirit which when equated to the present case of globalisation is confined only to currency and trade.

The Malaysian Government realised that there was no spirit of globalisation when it came to other subjects such as agreements on the environment and those related to subjects which transcended borders.

Malaysia noticed that officials in the US State Department, the World Bank and the IMF were more concerned with winning arguments in order to ensure the support of international currency speculators or placate hedge fund managers who might otherwise become panicky.

The net result was that the developing countries were left with huge gaping holes in their currency systems which were not meant to be subject to any controls under globalisation. The funds involved in the purchase and sale of currencies and shares were lumped together under the common banner of "INVESTMENTS" alongside the genuine investment monies for productive purposes which we were in dire need of.

I, as a former member of the Malaysian Government, equally felt the disappointment in seeing the strong exploiting the weak and the hucksters from developed nations bullying the poor developing peoples.

Malaysia has been waiting to discover what exactly the alternatives were to the IMF and World Bank's mantras and would also like to hear what the so-called free journalists and fund managers have to give to the developing world as a cure for the currency ills, given East Asia's background as a colonial economy.

Was Malaysia so xenophobic and extreme in its views that, like the Japanese samurai of old, it would commit ritual seppuku (suicide) or cut of its nose to spite its face?

Malaysians are a culturally polite people and we accepted the wicked and ill-considered mantras of globalisation and liberalisation without question lest Malaysia be regarded as being anti-US or even anti-West. However, in truth, Malaysia was never anti-West or anti-anyone at all for that matter.

Malaysia had to try and discover the merits of liberalisation and globalisation without question lest it were accused of being stupid or without any political will.

However, the attacks on Malaysia's currency and its stock market does call for an immediate defence mechanism in order to protect the real economy including jobs as well as the continued viability of its institutions and corporations.

The real economy would also require the realisation of continuing trends in growth and development. In the absence of international financial technicians coming to rescue Malaysia from its economic malaise, the Government was forced to implement highly controversial measures involving foreign exchange capital controls.

World opinion is now beginning to incline towards a reform of the capitalist system. I think that this is logical given the fact that communism is no longer an acceptable way of life. Capitalism therefore, must emerge in a new, universally acceptable form or disappear like communism into oblivion and irrelevancy. The current brand of neo-capitalism is not at all the same as that which existed during the European Industrial Revolution and which eventually inspired the growth of communism.

How is the new reform of capitalism going to take place? The crucial link this time around will be political will. I think that until the US receives an economic bloody nose it will not have the will to change. The US and some other developed nations will continue to bask in the comfort of being able to exploit the markets of developing or commodity producing economics by advocating the virtues of the free market without considering measures to stabilise declining commodity prices.

Such trends have been benefitting developed countries for years and has greatly boosted the standards of living of their peoples. They are therefore, not about to agree to any change.

Current aid programmes generated by any developed country, through whatever agency, all seem to give the impression that they are only meant to make the farmers in the developing country better farmers than their fathers were.

It does not matter if commodity prices spiral downwards or if the environment is ruined in the process, so long as the greed of the free marketeers is satisfied. In the coming Asia-Pacific Economic Cooperation meeting to be held in Kuala Lumpur this November, the matter of an Integrated Programme for Commodities should be resuscitated in the context of mutual global benefit.

The programme should not be based on any form of "kiasu" argument or on the basis that the rich need not bother about the poor so long as the poor are given an equal opportunity to raise their living standards. It is ridiculous to assume that without some form of governmental influence through an affirmative action programme, the opportunities are truly equal in the former colonies or between the powerful rich and the weak poor.

Let me now return to the recommendations of the South Commission.

One of its cogent ideas was that a link should be organised in the spirit of cooperation and globalisation between the North and the South.

It would be futile for the South to think that the problems of the South belong only to the South, will never affect the North and can be easily resolved by the South getting its act together. Such a South-South move may be a good place to start and should be welcomed, but it must then be expanded to include the North.

I have no doubt that there will be great political will on the part of the South and that this will eventually extend and emerge among the developed countries of the North, either as an automatic reaction or as a natural response.

I shall not proceed to catalogue the numerous problems which have plagued the South. Suffice to say that these problems include debilitating debt problems and volatile currency movements which may be exploited by international dadah merchants seeking to launder their ill-gotten gains.

All these problems have to be addressed and they should be looked at together by both the South and the North.

Dr Mahathir had taken the initiative to get the developing countries together on 18 September 1998. He should now be encouraged to take the next step and work towards a South-North dialogue.

The assurance should be given to the US and the North that the dialogue will never be hostile or suggest in any way that the current bilateral ties be eliminated or damaged. The dialogue is meant to be a way of facing the future in a united manner to ensure that globalisation, even if only limited to trade, is practised without causing hurt to any party.

The globalisation and liberalisation agenda must be jointly determined by the North and the South to the advantage of both. The South must be made to feel that they are a part of the global team and not merely marginal spectators left to collect the fallen crumbs.

No longer should such financial and diplomatic instruments as the IMF or

the World Bank continue thinking in the paradigm of the 1960s, 1970s or even the 1980s. They must look forward to the next millennium and alter their mindsets since the old economic order is beginning to change dramatically and new theories will be required.

The remedies involving the raising of interest rates would no longer be relevant except to money managers who, as we have recently witnessed, had, without shame, become the enemies of the poor. The world must never forget that, in the paradigm of the European Industrial Revolution, this very attitude had spawned communism.

If Russia turns once again to communism, these greedy, selfish hucksters will be solely to blame for reviving a despicable ideology which is the outcome of the absolute selfishness of capitalism. Communism is merely a reaction to this selfishness and benefits no one in the long run.

An international economic reform programme is necessary in view of the global neo-capitalists. Each nation should study its own special needs and Malaysia, for example, has its own peculiar social problems.

In the neo-capitalist era, Malaysia should endeavour to continue restructuring its changing society. This is the sine qua non of positive economic and social development in the context of the philosophy of political power sharing advocated by the ruling Barisan Nasional Party. This philosophy is enshrined in the Barisan National's logo which is the weighing scale symbolising equity and commitment.

I hope that during the deliberations of the South Centre, which may last for a couple of days, it becomes possible to raise and discuss this issue.

The Centre is in a position to play a positive and pivotal role in bringing about North-South Cooperation in the next millennium in order to ensure that globalisation and liberalisation are meaningful not only in the context of trade but in all matters transcending borders and benefitting people all over the world equally.

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