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Dialogue between South, North vital for globalisation

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THE Government of Malaysia has found that during the Uruguay Rounds, developed countries in trying to get a multilateral agreement were keen to frame a global trade regime with the aim of liberalising foreign investments. After the recent looting of our hard-earned money which reduced us to less than half of what we had, we now know better why the young officials of the US government, of some other governments of the North, of the World Bank and IMF were vehement in their arguments and mantras about liberalisation and globalisation. Industries and such ventures as financial institutions in the developing countries, after the fall in currency values, are ready and cheap for the picking.

Malaysia too became a victim. We had waited a while for the financial plumbers to repair the leaks in our liberalisation after following the dictates of the International Monetary Fund that liberalisation would be good for developing countries although in view of our own New Economic Policy, we would find it difficult to accept the conditionalities imposed. Since the kind of panacea advised to neighbours gave us the impression that the United States, through its agencies or instruments of diplomacy, was trying to retain global power on the cheap, we ignored the mantras and all the seducing phrases of globalisation which were only germane to trade - therefore, not at all a new concept.

Marco Polo, Machiavelli and even Shakespeare's Merchant of Venice extolled the "kiasu" spirit which in the present cases of globalisation was confined only to currency and trade. We saw there was no spirit of globalisation when it came to other subjects such as agreements on environment and related subjects which transcended borders. Malaysians noticed that officials in the US State Department, or the World Bank or the IMF were more concerned with winning arguments in order to ensure the support of fund managers or to massage 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 should not be subject to any control. Those funds for the purchase and sale of currency and shares were lumped as "investments", along with the genuine investment monies for productive purposes which we were in dire need.

It was a disappointment to see the strong exploiting the weak, and hucksters from developed nations bullying the developing peoples.

Malaysia had been waiting to know the alternative to the IMF and World Bank mantras, and would like to hear what the so-called free world journalists and fund managers had to say was a cure for the currency ills, given the backdrop of a colonial economy.

Was Malaysia so xenophobic in her extreme that like the samurai she would commit seppuku or cut her nose to spite her face? Malaysians, polite culturally, accepted the ill-considered mantra without question lest Malaysia was regarded as anti-US or even anti-West.

Malaysia had to try the merits of liberalisation or globalisation without question lest she would be accused of being stupid or without political will. However, the attacks on her currency would require immediate defence to protect the real economy like jobs, viability of institutions and corporations and the real economy would require the realisation of the trend in growth and development. In the absence of the international financial technicians coming to the rescue, Malaysia took

the highly considered measures of capital control in the circumstances.

World opinions are beginning to incline towards a reform of the capitalist system. This is logical for which communism no longer subsists then capitalism should emerge in a new form or disappear like communism to oblivion and irrelevancy. Neo-capitalism is not at all the same as that found during the European Industrial Revolution which inspired the growth of communism.

How is this reform going to come about? The crunch is political will.

I think until the US receives an economic bloody nose, it would not have the will to change. They and some other developed peoples would go on in the comfort of being able to exploit the markets of developing or commodity-producing economies by advocating the virtue of free market without considering measures to stabilise declining commodity prices. Such a trend has benefited developed countries and their standard of living. They are not about to agree to any change.

Present aid programmes from a developed country, through whatever agencies, gives the impression that they are only to make the farmer in a developing country a better farmer than his father. It does not matter if commodity prices spiral down or the environment is ruined, so long as the greed of free marketeers is satisfied.

In the coming Asia-Pacific Economic Co-operation meeting in November, this matter of Integrated Programme for Commodities should be resuscitated in the context of global mutual benefit.

Returning to the recommendations of the South Commission, one of its cogent ideas was that a link should be organised in the spirit of co-operation and globalisation between the North and the South. It would be futile for the South to think that its problems could be resolved only by the South getting together to solve them.

As a start, such a South-South move should be welcomed but only to get the act together among the South. I have no doubt there would be a political will on the part of the South and it will also emerge among the developed countries of the North reactively.

I shall not catalogue the numerous problems which had visited the South. They include debilitating debt problems and currency movements which also could be exploited by drug merchants to launder their ill-gotten gains if left unchecked. All these have to be addressed and they should be looked at together by both South and North.

Prime Minister Datuk Seri Dr Mahathir Mohamad had taken the initiative to get the developing countries together on Sept 18, this year. He should be encouraged to take the next step to get the South-North dialogue going.

The assurance should be given to the US and the North that the dialogue would never be hostile or would in any way suggest to obliterate the cost-free leadership. Rather it would be a way to see the future in togetherness and to make globalisation even if only limited to trade without hurt to any party. Globalisation would be determined by both North and South and to the advantage of both. The South should by then feel that they are a part of the global players and not marginal spectators to collect crumbs.

No longer should such financial diplomatic instruments as the IMF or the World Bank think in the paradigm of the 60s, 70s or even the 80s but of the next millennium; the old economic order has begun to change requiring new theories. Such panacea as raising interest rates would no longer be relevant except to money managers who, we have recently witnessed, had without shame become the enemies of the poor which in the paradigm of European Industrial Revolution had spawned communism. If Russia returned to communism these greedy, selfish hucksters are alone to blame for reviving the despicable ideology which is the outcome of the absolute

selfishness of capitalism. Communism is a reaction to that.

An international economic reform is necessary in view of global neo-capitalism. Each people should study its own special needs. Malaysia has its own peculiar social problems. In neo-capitalism, Malaysia should still endeavour to continue meeting the needs of restructuring of society, the sine qua non for a positive economic and social development in the context of the philosophy of political power sharing of the Barisan Nasional with equity or the dacing as its political symbol or logo and commitment.

The South Centre could play a positive and pivotal role in bringing about the North-South co-operation in the next millennium so that globalisation and liberalisation would be meaningful not only in the context of trade but all subjects transcending borders which would equally benefit those in the North, South, East and West.

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