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PM: Free market system must be re-evaluated in light of results

Ashraf Abdullah

KUALA LUMPUR, Thurs. - Prime Minister Datuk Seri Dr Mahathir Mohamad said the free market system must be re-evaluated as it might prove to be harmful and have to be discarded like past ideologies.

Dr Mahathir said the system, which was designed to enable the people to prosper through their own initiatives, had been translated into unrestrained dominance of the rich over the poor, and the strong over the weak.

"In the conduct of international relations, can we afford to be just fanatical followers of an ideology or should we examine the results as well? How many times have our systems and our ideologies gone wrong?"

He likened the free market system to feudalism, socialism and communism, which were fervently believed to be right and good for human society at one time, but had all gone wrong.

"They have failed. Could it not be that the new ideology, the free market and market forces, globalisation, liberalisation, deregulation, absolute freedom etc, could eventually be proven equally wrong?"

"And that they will lead to human misery, to strains in relations between nations, to war even as the oppressed struggle to liberate themselves once more from the colonisers?"

Dr Mahathir said apart from calling capitalism "market forces," it was no better than the inconsiderate capitalism of the past - the capitalism that brought about the violent reactions and the birth of socialism and communism.

"We have become such believers in the system that we no longer care for the original objectives and obvious results.

"A system that was designed to free people from stifling governmental regulations and enable them to prosper through their own initiatives and labour has now resulted in the suppression of that very freedom and brought about misery for the people instead," Dr Mahathir said at the Harvard Project for Asian and International Relations Conference at the Putra World Trade Centre.

Dr Mahathir's speech, read by Education Minister Datuk Seri Najib Tun Razak, was of special significance as it was addressed to a select group of youths, comprising some of the world's most promising intellectuals.

The conference was co-organised by the Harvard University student organisation, AIESEC Universiti Putra Malaysia and the International Malaysia Forum.

The Prime Minister said through currency devaluation and depressing the stock market, the new capitalists had found the most effective instrument to create fear.

"Thus, when the currency of a country is devalued, instant poverty can be created. The capacity of a country, a company or an individual to purchase anything is reduced by the percentage of the currency devaluation," he said.

Dr Mahathir said the country would not be able to go against the market forces because to do so would result in a loss of confidence and another round of attack.

"Obviously, a country which is the target of an attack will be caught between the devil and the deep blue sea.

"To maintain the confidence of market forces, it will have to increase interest rates, reduce credit, increase taxes and remove subsidies. These

measures will bankrupt companies, increase unemployment, and induce riots and political instability," he said.

He added that eventually the country would go bankrupt and foreigners would buy up good companies at a cheap price.

Dr Mahathir said if in the past, kings were defenders of the faith, today, the religion was liberal democracy and its corollary, the free market.

"The priests are the democrats and the free marketeers. They no longer burn heretics at the stake nor chop off their heads. They merely apply sanctions or devalue their currency."

The results, Dr Mahathir said, were the same - people and States lived in fear and were forced to submit rather than resist.

If in the past, he added, religions and sacred books were used to intimidate people, today the media did a better job.

As in the past, when only the priests could read and interpret the holy books anyway they liked, today the media was manipulated by media moguls in the same way.

"Democracy is still evolving. New ideas are being thought up all the time. Deregulation, liberalisation and globalisation are now being equated with the freedoms of democracy.

"And as usual, the cry is taken up by the free world media. They promote these new concepts and tolerate no opposition. Anyone who opposes the words of the free media must by definition be against freedom.

"If the free media promotes liberalisation, deregulation and globalisation, then opposing them would be opposing freedom. There would be no freedom to oppose freedom," he said.

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