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Mahathir hits out at proponents of 'ugly capitalism'

Lokman Mansor in Tokyo

TOKYO, Thurs: The push for deregulation and globalisation is a way for proponents of "ugly capitalism" to exploit poor countries worldwide and reap unlimited gains, Prime Minister Datuk Seri Dr Mahathir Mohamad said.

He said these new capitalists talk of profits in billions of dollars, and cannot wait to do ordinary business involving time-consuming research, manufacturing and exporting.

"They want to make their billions overnight. And currency trading provides them with these mind-boggling profits," he said in his keynote address at the Nihon Keizei Shimbun International Conference on "The Future of Asia" here today.

Dr Mahathir said with old capitalism, the rich controlled the wealth in one or two countries and exploited the poor workers in these countries only. Their markets were the empires that they had acquired.

"These were captive markets, which not only bought all the manufactured products at whatever prices that were fixed, but also supplied all the raw materials at prices which were fixed by the rich industrialists.

"This arrangement was neat. Unfortunately in the post-war years the empires had to be dismantled. Preoccupation with the Cold War and the need to retain the allegiance of the newly independent countries kept the capitalists at bay. But once the challenge posed by the Communist bloc was overcome the capitalists were let loose," he said.

Dr Mahathir said the advent of the Information Age and instant communication brought forth the idea of a world without borders, a world in which not only information but capital, goods and people could move freely and business potential could be exploited without regard for citizenship or loyalties.

Dr Mahathir said the most highly developed of the developing countries did not take too kindly to these ideas of deregulation and globalisation. They did not reject them completely but begged to be given time to strengthen their companies and banks. Their delaying tactics merely made the giant countries and their corporations impatient.

"Somehow they must be forced to speed up. It is to the credit of the powerful economies of the West and their giant corporations that they did not conspire. But the opportunity was thrown into their laps when the currency traders attacked and devalued the currencies of all those developing countries which were delaying globalisation," he added.

Dr Mahathir said currency traders can devalue any nation's currency at will. Currency trading is done not by hedge funds alone, but also by large banks. Between these banks and the currency traders they have almost US\$30 trillion (US\$1 = RM3.96).

Dr Mahathir said with trillions at their disposal they have become a force that no governments of developing countries can go against. Control of the media enables them to shape public opinion, censor criticism and promote the legitimacy and wholesomeness of their concept of the new world order.

"If they say globalism is good then the whole apparatus will say so and no one will be allowed to say otherwise," he added.

Dr Mahathir warned that there is not going to be much of a future for Asia, at least not a future that is distinctly Asian. In the globalised deregulated world the future of Asia will be so closely interlinked with that of the rest of the world that it cannot be distinguished from the

world's future.

"Asian countries will prosper again but not as Asian countries. Their economies would be dominated and run by the huge foreign corporations, practically all owned and managed by non-Asians," he said.

In this scenario, South-East Asia will provide a base for the production of low-cost products to compete with those of certain large Asian economies which refused to be controlled, Dr Mahathir said. In the end these countries too will give in.

"Governments will submit because they know they are up against forces which they cannot defeat. But the people will show their resentment against those outsiders who will lord over them once again," he said.

Bitter over the takeover of their national corporations, the people will show their feelings in many ways. Dr Mahathir said sooner rather than later they will think of regaining control over their economies.

"Maybe this will not be the future of Asia. Maybe Asia will extricate itself from the present situation intact. Maybe the healthy economic competition between Asia, Europe and America will be restored.

"But the new capitalists would not want to miss the opportunity to dominate the world and make lots of money in the process. Only if their own countries restrain them will the future of the world of which Asia is a part be peaceful and prosperous," he said.

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