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LID-MAHATHIR

GLOBALISATION CAN ROB OUR INDEPENDENCE, SAYS MAHATHIR

By: Mikhail Raj Abdullah

LANGKAWI, July 25 (Bernama) -- Datuk Seri Dr Mahathir Mohamad has warned developing countries against the folly of blindly embracing globalisation promoted by the west, saying it will not only rob them of their social and economic independence, but their political freedom as well.

"This is too high a price to pay for the dubious benefit of gaining access to the markets of the rich for goods which they do not produce," the Prime Minister said in his keynote address at the opening of the fourth Langkawi International Dialogue (LID '99) here tonight.

"We certainly cannot just submit, the idea of globalisation is far from clear," he said in his speech on "Globalisation and Smart Partnership" to some 300 participants attending LID '99 comprising heads of government mostly from Africa, as well as captains of industry from 38 countries.

Painting the dangers of globalisation if its interpretations were accepted unquestioningly, Dr Mahathir said that while "it is apparently irresistible, it does not mean that we should just sit by and watch as the predators destroy us."

He said globalisation could only bring benefits if it was given a human face or governed by rules and practices which could ensure that poor countries would not be faced with repeated economic turmoil and regression.

"It is entirely possible for this to be done. But it can only be done if the international community including the poor are given a say in the interpretation of globalisation," he said.

"Currently, the poor have hardly any say (while) many are obliged to the rich for aid and loans and are not able to speak out," he said.

To ensure globalisation brings equitable benefits, Dr Mahathir said that handicaps should be given to disadvantaged countries, something akin to sports which could be extended to international market competition.

He said new regulations need to be worked out by the international community and enforced by truly independent international agencies and not by those under the control of the powerful and the rich.

"There must be transparency in trade and dealings between nations. No one, certainly not the currency traders and market manipulators should be exempted from the requirement to open their books.

"There must be limit up and limit down provisions so as to prevent excesses," he said in reference to equity markets where trading is suspended temporarily if prices increase exorbitantly or decrease very sharply, a ruling designed to control wide fluctuations and ensure market stability.

Since speculators attacked currencies freely and without cost, bringing about untold damage to developing economies, Dr Mahathir said there should be a tax on all international speculators.

"They may not operate out of offshore financial centres (and) the tax must be shared so as to help the countries ravaged by them to recover."

Besides this, loans extended by banks should be prudent and balanced. If countries are subjected to ratings so must the hedge funds," he said.

The Prime Minister said: "These are some of the things that can help to give a human face to globalisation. There must be many things that can be done which can make globalisation more welcome by all, including the poor."

As for ratings, he said they should be done by international non-profit organisations financed by the international community and that no none

should dominate through too high a proportion of the financing.

Against a backdrop of continuing exploitation by the rich at the expense of the poor, the Prime Minister said that the risk and the destruction for developing countries to accept globalisation without question was simply too great for them.

He said currency speculators who exploited a globalised market and brought prosperity for their own countries, but destroyed wealth which took decades to build clearly exposed the ill-effects of globalisation.

Currency traders might devalue currencies for profits claiming they were disciplining governments, but Dr Mahathir said "they will not discipline governments if they are going to lose money in the process."

"The wealth of whole nations is destroyed in order to give a little profit to a few people, it is worse than a zero sum game (for) truly, the poverty they cause is very many times greater than the profits they make and the wealth they bring to their own economies," he said.

"They may not leverage by more than a reasonable multiple of their assets and those competing with them as well as the governments must be able to leverage by the same multiple at reasonable rates, he said.

Dr Mahathir pointed out out how curbing currency traders and short-selling manipulators have helped the ravaged economies of East Asia to recover.

He said their greed and excesses which caused the New York-based Long Term Capital Management hedge fund disaster have led to banks denying funds for their activities.

At the same time, there was fear that if they were not curbed, then the countries affected might take action by regaining control over their currencies or merely refusing to pay their debts.

He also said that the recovery of East Asia was not even due to the loans extended to them by the International Monetary Fund, for it should be noted that these loans were largely for paying the loans due to foreign banks.

Dr Mahathir also said that rescue operations by the international agencies could saddle them with more debts which they might never be able to repay.

"Rebuilding their economies would take decades. Placed under the supervision of the international agencies, they would lose control over their economy and as can be seen in some cases, even their politics can come under the control and manipulation of foreigners," he said. -- BERNAMA

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