

23/01/1999

Globalise yes, but have rules: PM (HL)

Adeline Ong

MALAYSIA has had a foretaste when capital was pulled out from its economy and its currency devalued but the country will give globalisation a chance - if it is regulated.

"Globalisation can be good... just as capital flows can be good if regulated," Prime Minister Datuk Seri Dr Mahathir Mohamad said at the 50th anniversary dinner of the American International Assurance (AIA) in Kuala Lumpur last night.

"We should welcome globalisation but we must ensure that it will not be open to abuses."

The Prime Minister said Malaysia was unprepared against the abuses of the free flow of capital and is fortunate to have been able to deal with the "foretaste of globalisation" in the form of the ringgit devaluation and sudden pull-out of capital.

"But we now see the preparations being made by the rich in order to take advantage of globalisation. Huge banks, industries and utilities are being formed through mergers and acquisitions. Each of these is bigger than most of the developing countries. Each can literally swallow up these countries.

"There is no doubt that their intention is to monopolise the field that they are in. The tiny banks, industries and utilities in the developing countries will be swallowed up by them once the borders are down.

"In any case, it will not be possible to compete with these giants.

Their economies of scale will be simply unbeatable," he said.

The Prime Minister added that "governments cannot protect (them).

Protection of businesses owned by nationals will be labelled cronyism and nepotism. Only foreign takeovers will be free of such accusations".

"Eventually, the foreign giants will take over everything. The competition will be among them. We will all work for them.

"Globalisation can mean this. We have to ask ourselves whether we want to be employees of international foreign-owned giants or owners and managers of our own little banks and industries."

Dr Mahathir said "the intellectuals and social activists" are still jousting at their favourite windmills.

"But real thinking people, concerned nations must focus on what is being prepared for us. We have seen what capital flows across the borders can do to us. When the giant corporations of the world step over our borders, will we have the benefit of scale and size or will we be just sat upon and squashed?"

"At the moment we can still fight against the trend", Dr Mahathir said, and Malaysians must learn to rely more and more on themselves and be cautious when accepting something new as proposed by others.

"We welcome globalisation, deregulation, liberalisation and borderlessness but we must know what all these mergers and acquisitions and the consolidation of giants are all about.

"Are they preparing for a world invasion, for worldwide monopolies, for economic hegemony? If they are, and it looks as if they are, then if we cannot halt them we must appeal for time."

Dr Mahathir also spoke out against the use of the International Monetary Fund "to prise open our markets to pick up things on the cheap".

"Do not accuse us of cronyism if we try to protect our people from these predatory giants. We do not fight for independence only to be trampled

under and made worker bees to foreign queens."

Malaysia is a small country which survives and prosper through open trade, not aid. "But we know that there is no perfection in any system devised by man. Man will always find ways to abuse anything designed for their good. They will always find loopholes," he added.

The Prime Minister also spoke of a possible global deflation as a consequence of the destructive activities of currency traders and stock market raiders.

"Today we are seeing the effects of that destruction. Real business and real profits are no longer contributing to the growth of the world. For a time there will be make-believe wealth in the form of inflated share prices.

"But the share prices do not reflect the real business or the profits made. They are just figures on the screen. Interest rates cannot be lowered forever in order to support the share market. Nor can the economists and the media talk up the market indefinitely. Sooner rather than later the bubble will burst."

And when the bubble bursts, Malaysia will be affected. "So our problems are far from over. We must be prepared for a possible worldwide deflation. They say it would not happen. But they have been wrong many times before. And they can be wrong again," Dr Mahathir said.

(END)