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Meeting challenge and exploiting opportunity in a globalised market

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MALAYSIANS, through the peaceful 1999 General Election, have given the Barisan Nasional Government an overwhelming mandate to govern for the next five years.

They have also strongly approved the way the Government has steadfastly steered the economy through the Asian crisis towards a remarkably fast recovery.

More importantly, Malaysians have expressed their faith in the Government's capacity to lead the country successfully into the 21st century.

Now the Government has to deliver. It will have to fulfil its promises and meet the high expectations of the Malaysian people.

But as we approach the 21st century, we wonder what is in store for us all, from a socio-economic and business point of view, and what will be our own individual prospects in the foreseeable future. How well will the new Government be able to face the challenges ahead?

The greatest challenges and opportunities as well as threats to our well-being will come from globalisation. How will our new Government deal with this new powerful force that can be both good and bad? Malaysia will gain from globalisation only if we succeed in managing it properly.

Most of us will agree with Prime Minister Datuk Seri Dr Mahathir Mohamad that the time for globalisation has arrived.

But what is globalisation?

Briefly, it is the process of opening up all economies, to accept the free movement of goods and services, without the restrictions of tariffs and taxes, which now exist in all economies. In fact, these tariffs and taxes do constrain the free flow of trade and investment.

Malaysia and most developing countries therefore welcome globalisation but what we resist is too rapid globalisation!

This is because we fear that the rich and powerful industrial countries will gobble up our assets and buy up the ownership of our industries. This is due to their huge economies, their much greater access to capital and their superior technology.

It is an uneven playing field when we have to compete with the industrial countries on uneven and sometimes unfair terms.

The rich industrial countries are pushing hard at the World Trade Organisation meetings, as they did at the WTO summit in Seattle, for a faster pace of globalisation and liberalisation. They are doing so in order to gain as much as they can, especially while the developing countries are still relatively underdeveloped!

However, it is not entirely true that only the rich countries will benefit from globalisation. The poorer developing countries will also gain from globalisation and liberalisation but to a much lesser extent and only if they can compete with the rich industrial countries.

But competing effectively with the industrial countries is not feasible in most cases in the short term. The developing countries can only do so when they become more developed and in the longer term.

So the real question is whether Malaysia, as a developing country, is ready for globalisation.

My answer is that we are not yet ready for full globalisation. Neither are we doing enough to meet the challenges, opportunities and threats inherent in globalisation.

This is because we are still a developing country. This is also because Malaysia has a major problem reconciling the need for social stability and equity with the open and more competitive environment that globalisation will inevitably bring.

Globalisation can lead to ethnic imbalance and social instability if it is rushed to promote big business interests, without due consideration for human welfare and social justice. That is why there were so many demonstrations in Seattle and all over the world by well-meaning non-governmental organisations recently.

This is the very basis for Malaysia and other developing countries requesting more time to make the necessary major structural changes in their economies in order to face the challenges of full-scale international competition.

We have to gradually remove the protective policies that we have for our comparatively less competitive industries, as they could otherwise be swamped by the giant multinational companies.

So what should be the strategy of the newly elected Government to face the tougher challenges of globalisation in the 21st century?

Obviously, we cannot ignore or be indifferent to the waves of globalisation. But we should also not easily submit to the powerful commercial forces that are putting enormous pressure on their elected governments in the rich industrial countries, to force developing countries to liberalise faster for their benefit.

Our strategy would be to work much more closely with all developing countries especially those that have enough economic and political independence.

Those developing countries that are 'clients states' of some powerful industrial countries that provide aid to them will, unfortunately, be unable to oppose the strong pressures for rapid liberalisation and globalisation.

Those developing countries that are under western spheres of influence because of their proximity to the powerful countries, security obligations or special aid and trade ties, may not have the same affinity with the more independent developing Asian countries like Malaysia.

Hence, the challenge would be to identify like-minded developing countries, that together could effectively resist those powerful industrial countries and political leaders aiming to dominate the developing world. Many of these countries and leaders are influenced or even controlled by the very rich commercial interests or oligarchs, especially in the powerful industrial countries.

That is why it is important to persuade Japan and China to take the lead in forming some kind of East Asian grouping, to take up more united action to reform the international financial architecture and even WTO.

Now that China is being accepted into the WTO, it is more appropriate that East Asian countries hold consultations to present a united stand at all major international fora on global issues.

The present 'Asean plus Three' meetings could be formalised soon as the new East Asian Forum for the new millennium!

Asian countries will become more aware of the western interest to dominate their economies through globalisation, especially after the recent Asian economic crisis.

Asia will become even more suspicious of the richer western countries as they push to prise open their economies and aggressively expand trade and investment in Asia, at Asia's expense.

Frustration will increase as Asian businessmen find it increasingly difficult to compete with their counterparts in the industrial countries, due to their superior resources.

Asia's own culture may even decline with the powerful impact of the US mass media that is now dominated by a few powerful oligarchs.

Over time, Asia could well become so exposed and dominated that the smaller countries will become much more international and westernised. Their society could become like some small countries, that are more efficient and more prosperous, but which are already dominated, at least in the private sector, by rich commercial foreigners.

In time, the powerful foreign commercial interests could also dominate the political elites. Then, the countries concerned could lose their identities and their very souls! That will be sad indeed.

So what can governments in developing countries like Malaysia to resist foreign commercial and even cultural and political domination?

We in Malaysia should accept that we have to move faster to change and improve our national policies, to become more internationally competitive and less protective. We have to do this carefully, so as not to undermine ethnic balance and socio-economic and even political stability.

The vital challenge to the new Government will be: How do we modify the National Development Policy to face the challenges of globalisation?

All these changes are now much more feasible because the 1999 General Election has reinforced the Government's strong political mandate and leadership. This will enable it to make the necessary national structural adjustments in an atmosphere of stability, peace, harmony and progress.

When that happens, Malaysia will indeed become a model country and a fine example for many countries to follow.

If we adopt these new strategies, there is every prospect that Malaysia and other Asian countries will be able to face up to the challenges of globalisation, and yet maintain their integrity and independence as sovereign nations.

With greater co-operation, East Asia will also be able to establish itself as one of the major world centres of peace, stability, and prosperity in the 21st century.

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