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The right to do it our way

THE crux of Prime Minister Datuk Seri Dr Mahathir Mohamad's address at the Workers' Day solidarity gathering is the attempt by the rich and mighty of the West to use globalisation to enrich themselves further and dominate the world in the process.

Detractors may dismiss it as an anti-capitalist critique. However, it belies the fact that Malaysia has always been committed to an open economy and as oft-repeated by Dr Mahathir, there is no stopping the tide of globalisation and the rakyat must rise to its challenges. But when modern capitalists, as Dr Mahathir calls these currency traders, are allowed to pulverize a country's economy into ashes, it is crucial to re-examine the postulates of the present economic set-up.

The recent financial crises in East Asia, where the scale of disequilibria of the real economy casts doubt on the validity of the neo-liberal economic order, show that we are living in a troubled period of American capitalism. Under the current framework, unfettered competition is the key to capitalist success but should it be at the expense of the less privileged countries? It is said that unfettered competition would spur people into action, guiding the allocation of resources as if by an invisible hand. But it is obvious from the rampage on currencies that they have overstressed the rationality of the free market's hedonistic motives.

As Dr Mahathir pointed out, the capitalists 'wanted the stricken countries to beg them for help so that they could impose conditions to turn the countries into colonies'. They would rouse the revolutionary ardour of some people, stoke anti-government sentiments and blame the crisis on crony capitalism. Government-business relations in countries such as Japan, Taiwan and Malaysia came about as a vital means of co-ordinating the country's developmental drive. It started when industrialisation was under-developed. The trust and co-operation of the private sector are vital for effective policy implementation.

The high-growth period of these countries, including Malaysia, which earned them good reviews and praises from the World Bank and rating agencies, were also the high point in government-private sector co-operation. The corporate sector's progress in Malaysia never reached a point where economic activities are dominated by a handful unlike elsewhere where the top 30 conglomerates accounted for 95 per cent of the country's GNP. Nor does the partnership invite rent-seeking and smother industrial vitality as the case is in several Latin American countries. Without such partnership, there will be information gaps which lead to policy failures. It is a shame that the catalytic role played by the Government in the formulation of an industrialised economic infrastructure to provide jobs and better incomes for the people should be misconstrued by these outsiders.

But fortunately, the country's employers, workers and the public at large did not succumb to the incitement by external forces or their proxies. Malaysia has chosen its own way. It recognises that anything short of an overhaul of the international financial system will only compound the problems and bring on another round of speculation-engendered crisis. To posit that the swapping of information by the financial elites is a way of minimising risks of short-term capital flows is hardly illuminating. This is why Malaysia remains adamant that currency trading must be regulated.

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