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MAHATHIR-GLOBALISATION
GLOBALISATION IS NOT INHERENTLY DESTRUCTIVE

KUALA LUMPUR, June 16 (Bernama) -- Globalisation is not inherently destructive but what is destructive is the abuses which they make possible, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

A clear and obvious example of a bad encounter with globalisation was the recent Asian financial crisis where rapid flows of capital across borders had brought about exchange rate instability, countries losing money, business being destabilised and masses of people becoming poor, he said.

Speaking at the Millennium Leaders' Summit here today, Dr Mahathir said even countries situated thousands of miles away were not spared and the world's economy went into a tailspin.

"The only people profiting from this particular manifestation of globalisation were the currency manipulators while millions of people lost their jobs and billions of dollars of hard-earned wealth," he said.

"The question that begs to be asked is whether globalisation must result in periodical massive economic turmoil for the whole world. Cannot there be a way to design and regulate globalisation so as to benefit the poor while not impoverishing the rich? Indeed, cannot the rich further enrich themselves without causing economic turmoil and impoverishing the countries targeted?" the prime minister asked. -- MORE

Dr Mahathir said currencies had been traded and capital had flowed across borders for a long time but destabilisation then was minimal.

But the hedge funds, armed with large amounts of capital, discovered that they could actually influence fluctuations in exchange rates by pushing down or up the value of currencies simply by selling or buying a particularly currency, he said.

"Whilst speculation is a form of betting with all the risks involved, manipulation of exchange rates by huge hedge funds through their own buying and selling, involved hardly any risks. A return of 30 percent is promised to the very rich investors in the hedge funds," he added.

Blaming the recent economic and financial turmoil entirely to manipulation by hedge funds, the prime minister said they had made use of free unregulated markets to make money for themselves alone and in the process strangled real businesses, including the tourist business.

Dr Mahathir said economic turmoil could be prevented if "we are prepared to recognise the culprits and regulate their activities."

However, the world is apparently not yet ready to name the culprits and act against them, he told participants of the summit comprising industry leaders of the meetings, incentives, conventions and exhibitions (MICE) industry.

Until then, Dr Mahathir said home grown remedies had to be applied to provide a stable financial and economic environment for businesses to thrive.

In Malaysia's case, it has fixed its exchange rate, thus enabling businesses to plan their budgets precisely.

"They will not be burdened by the cost of hedging. As you may have noticed, the cost of visiting Malaysia is not only low but predictable," he said.

On the meetings' industry, a sub-sector of the tourism industry, Dr Mahathir said it has a significant role in the economy with its worldwide value estimated at US\$280 billion.

In competing for international tourists, Dr Mahathir said meetings or

conference travellers are among the most sort after target groups as they spent three times as much as tourists.

Now that Malaysia has made a convincing economic recovery, prospects for a strong upturn in the meetings' industry would even be much brighter, he said.

Apart from strong economic growth, a stable political situation and attractive investment opportunities would draw foreign investors and businessmen to the country, he said.

With the increase in the MICE traffic to this region, Dr Mahathir said Malaysia is positioning itself to gain from this opportunity by offering an attractive range of conventions, services and the necessary infrastructure.

He said by the end of last year, there were a total of 1,404 hotels in Malaysia supplying a total of 109,413 rooms. Many of these hotels have adequate meeting facilities to cater for MICE activities.-- BERNAMA

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