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Mahathir-Globalisation

MALAYSIA TO COUNTER NEW GLOBAL ECONOMIC ASSAULTS

By: Ahmad Zukiman Zain

CAIRO, June 20 (Bernama) -- Malaysia will fight "tooth and nail" to defend itself from new global economic assaults, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

He said the country would not allow itself to be sold ideas, ideologies and slogans without carefully examining them.

"Malaysia has experienced the globalisation of capital and we were nearly destroyed by it. Fortunately we were able to develop our own methods to defend ourselves and rebuild our economy," he said at a talk at Cairo University, here.

"We know that our success may be short-lived but we are not going to allow ourselves to be sold ideas, ideologies and slogans without carefully examining them.

"If we find the slightest suspicion that another agenda is being promoted we will fight tooth and nail to defend our country and the prosperity of our people," he said.

The Centre for Asian Studies of the university's Faculty of Economics and Political Sciences organised the talk to learn about Malaysia's strategies in dealing with the financial crisis as related to the impact of globalisation on developing countries.

Dr Mahathir said Malaysia's approach to globalisation had been guided by the basic principle that the pace of globalisation in Malaysia at least must be on Malaysia's terms, based on circumstances and priorities.

"It may not always be possible of course but it is crucial to ensure that everybody benefits, both the foreign investors and Malaysians," said the prime minister, who is here to attend the 10th Summit of the Group of 15 (G15) Developing Countries which ended here today after two days of talks.

He said there was a need to be pragmatic and flexible, not dogmatic in pursuing globalisation.

"It cannot be viewed as an end in itself, but as a means to an end, which is a better life for our people and our continued freedom from foreign domination," he said.

Dr Mahathir stressed that just as absolute freedom leads to anarchy, 'absolute globalisation' could lead to chaos as demonstrated by the recent financial crisis.

"We must avoid the tyranny of 'free markets', where power comes not from the barrel of a gun but from the checkbook.

"We do not subscribe to the view that market discipline is infallible because markets have never been perfect and have a strong tendency to overreact and to be subjected to manipulations," he said.

He explained in detail Malaysia's strategies to overcome the financial turmoil including the move to introduce selective capital and exchange control on Sept 1, 1998 which pegged the Malaysian ringgit with the US dollar.

Among those in the audience were Egyptian Minister of Higher Education Dr Mofeed Shehab and Cairo University President Dr Nageeb Gohar.

Dr Mahathir said the Asian financial crisis had brought to the forefront the risks and challenges that globalisation poses to developing countries particularly small open economies such as Malaysia.

Some commentators have suggested that Malaysia need not have imposed the exchange control as they said the regional currencies were all beginning to recover in the last quarter of 1998.

"It is easy to say that now but at that point in time everyone including the great economic experts were predicting continued depression

of the Asian economy," he said.

The crisis had shown the need to address the problems of destabilising capital flows often associated with the activities of currency speculators, hedge funds and short-term investors, he said.

It has also heightened the call for reforms in the international financial architecture.

He said since Malaysia was not under the International Monetary Fund (IMF) recipe to deal with the crisis, the country was able to keep off foreign predators.

"But now the attack is coming from another direction. Globalisation and the IT are making local companies uncompetitive and their failure will result in foreign takeovers.

"We are trying to find out how to counter these new assaults," he said.

"The propaganda machine of the West is good at making everyone guilty if he does not accept the new ideas and ideologies created by the rich to give them ever more advantage over the poor," he said.

Democracy, the free market, a world without borders, liberalism, labour rights and child labour have all been cooked up in the rich countries and then forced on the poor.

"They all sound great but somehow their acceptance by the poor invariably destabilise them and put them at the mercy of the rich," he said.

Taking the free market as an example, he said Malaysia subscribed to the free market but now told that Governments were superfluous as the free market would determine the level and manner of economic growth.

"However the free market is no more than a new name for Capitalism, unbridled Capitalism with a capital 'C'," he said.

Saying that the size of the capital involved today was unbelievable, he noted that the trade in currency, which is what capital is about, is about 20 times bigger than world trade.

"Such a huge sum of money cannot but disrupt businesses wherever it goes. When used to buy and sell currencies, economies can be totally disrupted, enriching the money movers and impoverishing whole nations, exploding into riots, violence and wars, overthrowing Governments and spreading anarchy where law and order had prevailed," he said.

"It is time that we, the poor in particular, recognise that we are being led up the garden path by the sweet words and promises of the new slogans, new systems and new ideologies," he said.

Noting that they could not go backwards, the prime minister asked whether it was necessary that the way forward should be the one shown by the rich and powerful.

"Cannot the market be free without its domination by the rich and the powerful? Indeed is a free market free if it is dominated by the rich?," he said.

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