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Malaysian way to growth

PRIME Minister Datuk Seri Dr Mahathir Mohamad took occasion on Tuesday to reiterate his warnings on unfettered globalisation of commerce and liberalisation of international trade. This time the comments were made in his opening speech at the Third Asia-Africa Forum. The audience would have been particularly receptive to Dr Mahathir's contrarian assessment. He reminded the gathering that the least developed and the developing countries were most vulnerable to the inexorable forces of borderless trade.

The globalisation ideologues urge countries to open up their economies. This, they say, would enable these nations to experience such dynamic economic development that, within the foreseeable future, the world will see a convergence of the rich and poor. That is the promise of the propagandists. Statistics show the contrary. The great divide between the rich and the poor has widened. In 1960, the richest two per cent of the world population were 30 times better off than the poorest 20 per cent. Today the former is 60 times better off.

This fact and its own experience compels Malaysia to rein in the optimism that globalisation would solve any and all development problems. Dr Mahathir's prognosis was articulated well. "We see powerful processes that continue to marginalise many countries in the South. We see adverse social and economic consequences, brought about by the twin forces of globalisation and liberalisation, adding to the burdens of the South." The inherent hazards are manifest. Borders would be trammelled. Foreign imports and finances would inexorably displace local enterprises and businesses. In sum the poor would be virtually colonised again and consequently become poorer.

The horizon for countries in the South is fraught with looming dangers. The rich countries of the North are forging alliances of the economic kind. Their corporations are merging and emerging as vast specialised trans-continental companies. The South does not have an effective answer to counter these rising forces. It remains fragmented, unable to coalesce regional economic groupings, partly because developing countries do not know how to work together but mostly because the developed nations actively prevent co-operation among the poor countries. For one, Asean countries broached the concept of the East Asia Economic Community. The US however made clear its disapproval. Thus the EAEC remains just a proposal.

So the countries in the South have but a Hobson's choice to move forward. They must prioritise trade among themselves. This is the gist and grist of Dr Mahathir's advice to the Asia-Africa Forum. It must discuss ways to dismantle barriers that impeded trade between countries from the two continents. They should forge mutually beneficial smart-partnerships. They should hammer out inter- and intra-regional trade-arrangements and intensify trade promotional campaigns. To wean from dependence on the US, they should use currencies other than the American dollar to effect settlement and adopt counter-trade. In sum, the Forum should look at strategies to foster more trade in goods and services between Asia and Africa. They could also learn from Malaysia's economic development. Malaysia's road to growth was charted by lessons learnt from looking East, at the successful economies of Japan, South Korea, Taiwan and Hong Kong. African countries too can learn much from looking East.

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