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Be united to face impact of globalisation

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DEAR Sir,

Prime Minister Datuk Seri Dr Mahathir Mohamad wants Malaysians to stand united against the tide of globalisation. However, there are still far too many of us who remain clueless as to the real impact globalisation can have on the country, especially on the Malays.

Take the Multilateral Agreement on Investment, or MAI for short, one of the earliest weapons of globalisation used by advanced countries. I am surprised our economic experts or financial gurus have not been able to inform Malaysians on the looming danger of this international agreement.

MAI was negotiated behind closed doors in Paris sometime in the very late 1990s. Here is the humdinger. If agreed upon, it is a deal that will have profound economic, social and environmental consequences in countries around the globe, including Malaysia. This deal, had it not faced strong opposition, can fundamentally alter the way corporations do business and the power of governments to regulate them.

MAI was being negotiated by the Organisation for Economic Cooperation and Development (OECD), an association consisting of the world's 29 most powerful economies. It was reported that "the confidential draft text of the agreement is being hammered out in the OECD's Paris headquarters. The text was to be approved in May of 1997. The decision to approve will be made in May 1998 and must then be ratified by each member country".

Under MAI rules, transnational and multinational corporations will have the right to buy, sell and move their operations within any of the participating countries. They would be permitted to move capital, goods and services across borders without government regulation or intervention.

The ramifications of such an agreement are alarming. Critics are particularly worried that MAI will give corporations unprecedented control over economic, social and environmental conditions in all parts of the world. The draft text of the agreement specifies that corporations will have a legal status with political rights equal to those of the nations in which they operate.

In other words MAI can over-ride our own legislations.

Governments will then not be able to show favouritism to local enterprises, or will they be able to impose their own labour or environmental standards on foreign companies operating within their jurisdiction.

Furthermore, MAI will be enforceable at all levels of government, so that all federal, state and municipal governments will be bound by the agreement.

Most alarmingly, if a government is seen to be contravening the rules of MAI, a corporation may actually sue the government through an investor-state dispute settlement mechanism. This would seriously threaten the sovereignty of nations by allowing corporations to challenge any law deemed unfavourable to a profitable investment climate.

For Malaysia, if we had succumbed to Western pressure to accept MAI, the Bumiputera status will have to be scrapped and rendered useless. Proton, for another example, can be bought by General Motors and other Malaysian corporations can be snapped up by "new Western capitalists".

The good news is the ramifications of MAI on individual countries were so far reaching and devastating that this secretly negotiated international trade agreement was shot down.

Or so it appears!

This trade agreement has definitely been modified. The content of MAI can now be found in trade agreements such as the Free Trade Agreement (FTA), and the North American Free Trade Agreement (Nafta), which has turned countries like Mexico and Canada into client states subservient to the US.

What is so perplexing about MAI is that it was negotiated within the secret walls of the OECD headquarters, and neither politicians nor the media seemed to know very much about it.

Was the MAI then scrapped? I doubt it very much. The agenda remained and has surfaced in the WTO. Nafta, for example is being said to be MAI on steroids. As you know, the WTO is supposed to be about trade in goods and services but the push for a multilateral agreement on investment continues. WTO is in fact an agent of total globalisation. For me I am sure MAI was not scrapped but is simply rearing its ugly head in different forms.

The bilateral trade agreement with the US, Japan and other industrialised countries that one of our neighbours is actively pursuing, and which the Government is actively monitoring, consists some components that could be traced back to MAI.

Dr Mahathir warned Malaysians to beware of foreign capitalists trying to exploit and control the world through globalisation. He said: "The intention to control and exploit the world has returned. They create various approaches to realise their objective. Among them is globalisation or a world without borders where their money could cross all borders to control everything."

The new capitalists, he added, saw workers only as a means of profit and would switch businesses to other countries to take advantage of cheaper wages. "Finally, those who are already rich, this new breed of capitalists, will be richer and the poor will be poorer."

Dr Mahathir's appeal to workers to heed foreign threats came as the normally docile union movement showed signs of restiveness with the Government.

My suggestion to the Government is simple. Assume that the people can think on their own. Then to allow economists and financial experts to explain to the rakyat in a very simple way on what MAI and WTO are all about. I am sure that the rakyat, especially the workers, after understanding the issues fully will then rally behind the Government to ward any more evil MAI-types from permeating into our social, political and economic fabrics.

On another subject there is this book "Asian Eclipse: Exposing the Dark Side of Business in Asia" by Michael Backman. In it he asks: "To what extent in business, success of Dr Mahathir's sons... is dependent on the fact that he is prime minister?"

Backman writes that upon research: "There's no doubt that being the sons of the prime minister has helped them - but this isn't to say that Dr Mahathir has sought to give his sons privileges. If anything, the contrary is true. Arguably, the sons - all foreign-educated and from a household where both their parents were trained as doctors - would have been successful in business anyway."

The author also writes: "... the Mahathir sons have relatively narrow interests in which they have sought to become expert, and then to build on this expertise. Their acquisitions are based more on strategy than opportunism and generally aren't reliant on government-bestowed licensing and other privileges. It's difficult to find any national infrastructure project in Malaysia in which any member of the Mahathir family has a business involvement."

It is most unfortunate that Mokhzani Mahathir had to express that latent Malay trait of running amok by quitting business. It appears he quit "at midstream", as I have mentioned in my last Friday Epistle, that Malays are fond of doing. In hindsight, it is sad to see a promising young Bumi entrepreneur had to make such a heavy decision because he is the prime minister's son when an outsider like Backman could see the son as his own man.

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