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Dr M: Developing countries must speak with one voice

Saiful Azhar Abdullah in Jakarta

DATUK Seri Dr Mahathir Mohamad said developing nations should speak with one voice to urge developed countries to provide information and communication technology at more affordable prices as well as support infostructure development and financing.

In his speech at the inaugural session of the G-15 Summit held at the Jakarta Convention Centre yesterday, the Prime Minister, speaking on behalf of Asian member nations, said developing countries have to participate actively and together in global negotiations on ICT.

"Acting individually, we have limited capacity in withstanding the mounting challenges confronting us.

"Acting collectively and in concert with each other, we can make a stand and even contribute to shaping a future in which the concerns and interests of developing countries are taken into account," he said.

Stating that the summit came at a very crucial time for developing countries and G-15, Dr Mahathir said:

"Clearly, every aspect of our lives and the manner countries are conducting their relations have been affected by the march of globalisation, which has been accelerated by the revolution in ICT.

"While we do not deny that globalisation brings benefits, we have also to acknowledge the challenges and risks that unfettered globalisation has brought.

"We have to manage the challenges and be wary of the risks if we do not wish to be marginalised."

The Prime Minister said globalisation had exacerbated the vulnerabilities of developing countries and eroded their national policy-making capacity.

In the area of trade, for instance, developing countries had been unable to overcome the inequitable and declining terms of trade against that of developed countries.

Yet, he said, developed countries continued to push developing countries to further liberalise their trade regardless of whether or not their economies were ready or able to cope with the process.

Aside from being already disadvantaged by the imbalances contained in the Uruguay Round agreements, developing countries were being pressured into agreeing to a new round of World Trade Organisation negotiations, incorporating new issues demanded by developed countries.

"Indeed if these new issues were to be included, developing countries would ultimately lose whatever limited policy discretion they still possess in pursuing their development dimension and nation-building process.

"In the financial sector, despite painful lessons that should be drawn from the Asian financial crisis, we have been disappointed with the little progress made to reform the international financial architecture.

"Sad to say, the focus has tended to be more on ideological rather than the practical issues."

The failure of the free market to self-regulate international finance as well as misallocated resources and volatile exchange rates have largely been ignored, said Dr Mahathir.

Instead, the highly questionable value of free and unregulated markets are still being touted as the ideal which must be adhered to at whatever cost.

"The ideology of market freedom it seems is more important than the well-being of human society."

Dr Mahathir said it has become all too clear that the International Monetary Fund is more a political instrument than one for financial rehabilitation.

There is little hope that contrary views will be entertained, he said.

However, the Prime Minister said Malaysia was encouraged by the G-15 consensus that it assume a more proactive role in the international financial architecture reform process.

"To give effect to this commitment, Malaysia will convene a meeting of G-15 experts in the next few months."

On the ICT revolution, Dr Mahathir said ICT has emerged as an additional challenge to developing countries.

He said in order to benefit from ICT, developing countries must create an efficient system of knowledge management where knowledge could be shared, distributed and analysed to enable the creation of new knowledge.

As developing countries, he said they must overcome major impediments in order to seize the opportunities offered by the digital era by developing necessary human capital and developing good infostructure as well as a pragmatic legal and policy framework.

However, to harness ICT for development, the primary problem faced by developing countries was the low accessibility to the network.

"Service penetration especially to remote and rural areas where the majority of our people live is low.

"The developed economies, for instance, have a penetration rate for fixed lines and Internet at around 50 per cent of the population whereas the developing economies are languishing at below 20 per cent."

Dr Mahathir said the biggest hurdle to overcome was the cost involved in financing comprehensive infostructure development.

"Even if we deregulate the provision of such services, we still have to address the inclination of the private sector to concentrate on commercially viable areas or services that command premium charges.

"Leaving the financing of infostructure entirely to the private sector is to aggravate the digital divide not only within the country but also the greater divide between countries."

Dr Mahathir said besides the infostructure, creating a knowledge society that was not only computer literate but has the capacity to create content and application solutions in order to leverage on ICT for development was also important.

However, he said the rapid advancement in ICT had its downside which needed to be addressed.

"ICT has facilitated an explosive increase in short-term financial speculations in stock and currency markets and other financial markets and enabled highly leveraged institutions such as hedge funds to speculate."

In Malaysia, the Prime Minister said the lack of infostructure was viewed not merely from the technical perspective but also from the policy approach.

"We have learnt that some intervention is required in order to rebalance a purely market-driven environment.

"Malaysia will be instituting the Universal Service Provision, whereby a fund financed through mandatory contributions from licensed operators would be established to provide service to areas formerly neglected.

"The Government would also provide direct funding to connect schools and other public institutions," he said, adding that developing countries could learn from India in developing content industries as well as in creative media.