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Dr M on what globalisation means

Nuraina Samad in Tokyo

DATUK Seri Dr Mahathir Mohamad said globalisation is not necessarily designed exclusively for the free, totally unregulated market and is not necessarily the destruction of borders.

"Globalisation by definition is about the globe, the world as a single entity, not divided up into many countries with closed borders.

"We must admit that the difficulties and hassles about crossing borders stifle economic interaction, the free flow of expertise and wealth-creating capital ... we can achieve the same purpose by simply agreeing to lower the borders in parts, for capital to flow in, even to provide incentives for capital inflows," the Prime Minister said in his inaugural speech, "Globalisation, Global Community and the United Nations" at the U Thant lecture series at the United Nations University here.

Citing Malaysia as an example, Dr Mahathir said the country encouraged capital inflows by incentives and reducing bureaucratic hassles, by being business-friendly, by catering to the needs of the investors as much as possible.

"We succeeded very well and we were enriched by the foreign capital inflows long before FDI became an acronym for Foreign Direct Investments.

"But we did not take down our borders completely. We did not find it necessary. As a result, domestic businesses were able to thrive and in time we were able to compete, to invest ourselves and to export our own indigenous products, earning better incomes for the country."

Dr Mahathir said he did not think the advocates of a borderless world truly subscribe to this belief as they were discriminating, demanding for borderlessness only for capital to flow in and out.

He said if they truly believed in a borderless world, then people should be able to flow in and out of countries freely.

"The millions of poor people in Africa, Asia and Latin America should be able to migrate to rich countries where they can contribute towards the lowering of costs while making hardly a dent to the pockets of the rich.

"But the vigorous advocates of a borderless globalised world are very emphatic that the borders should come down only for capital.

"In a truly globalised world where there are no borders, it is reasonable to expect the poor to migrate to the rich countries. After all the rich can make money in the poor countries, why cannot the poor make money in the rich countries? Isn't it fair?

"But, no. No way will globalisation permit a free flow of workers from one part of the globe to another."

He said the situation has not changed. "It is the same old double standards - Tails I win, heads you lose. "Globalisation at this moment is not a win-win game. It is about the winners continuing to win and the losers continuing to lose."

He said globalisation need not be so "one-sided" as it was now and developed countries need not reject globalisation but questioned whether there was a need to accept fellow travellers, the free unregulated market.

"Must we unequivocally accept that globalisation is free market and free market is globalisation?"

Dr Mahathir said there could be globalisation without a totally free market, without total deregularisation, without the abdication of governments as the overseer and the regulator.

He said the Asian currency crisis following July, 1997, which brought

down the strong "tigers and dragons" in the region happened because of the "absurd notion" that markets could regulate themselves and even discipline governments.

He said the collapse of the economies in the region during that time were due to the operations of the free market.

"Yes we admit that the governments of these countries were not the best governments in the world. There was corruption, there was cronyism, there was poor transparency.

"All these needed to be corrected. But must whole countries and economies be totally destroyed in order to carry out the corrections? Is there no other way, more humane way? Could we have not taken a little bit more time, preserving the economy as much as possible while we make the necessary corrections?" he asked.

Dr Mahathir said currency trading must not be part of globalisation and world trade could exist without currency trading. He said there was nothing wrong in having a fixed exchange rate in a globalised world and cited as an example Malaysia's fixed exchange rate to counter the manipulations of the currency traders and to stop the slide of the country to bankruptcy.

Contrary to the predictions of doomsayers, Malaysia's economy did not collapse. Dr Mahathir said Malaysia instead recovered fully, growing by 8.5 per cent last year.

Dr Mahathir said a mechanism for fixing exchange rates could be developed in order to enable a regulated devaluation of the currencies of weak economies and revaluation of the strong.

"Surely the great economists and financial experts of the world can come up with good mechanism that will largely avoid economic turmoil." Dr Mahathir said while there was a need to bring down the borders so the world could be more global, countries could be more selective in terms of trade items, in terms of time and scale.

He said the state of the world civilisation today has not progressed very far "since the caveman bludgeoned his rival and grabbed his wife".

In this 21st century, he said "might it seems is still right".

He said the United Nations, under which the WTO was formed, was "today not the institution that we had expected it to be". "The belief that the great powers who had been given veto rights would exercise that right for the good of all has not been borne out. Today the veto is often used to uphold wrong-doings."

Dr Mahathir said "while we hear of the virtues of democracy for our countries, we see a total lack of democracy in international affairs."

"In the United Nations and elsewhere, the powerful will take what they want and the weak will surrender what they must.

"Until there is reform to the United Nations system, this primitive state of affairs is going to continue. Certainly, it will in so far as world trade is concerned, in so far as currency manipulation is concerned."

Earlier, Prof A.H.Zakri, director of the Institute of Advanced Studies of the university, said Dr Mahathir was invited to deliver a lecture because he "embodies the very principle on which the university was built." Present at Dr Mahathir's lecture, the first of the series, were students, academicians, researchers, diplomats and parliamentarians.

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