

■ Globalisationr Poor nations at risk

PM warns of

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economic terrorism

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LANGKAWI, Thurs. — Datuk Seri Dr Mahathir Mohamad said tonight that poor nations ran the risk of stagnation if “economic terrorism” was not defeated.

The Prime Minister said “economic terrorism” took various forms, citing as an example a country that attracted a major investment away from Malaysia by offering US\$200 million (RM760 million) and other perks to the prospective investor.

“There’s no way Malaysia can offer anything like this,” he told the welcome banquet for some 400 participants of the Global 2002-International Smart Partnership Dialogue, which incorporates the Langkawi International Dialogue, the Southern Africa International Dialogue and for the first time this year, the East Africa International Dialogue.

Dr Mahathir said although globalisation and free trade along with democracy were being touted as the saviours of the world and in particular the poor, experience so far had shown that they were being destabilised and robbed.

“We are told to open our economy to foreigners. There is no doubt that foreign direct investment in industrial production creates jobs and increases the wealth of the poor. Malaysia has generally benefited from FDI.

“But now the rich are competing with the poor to attract FDI. They are providing land and capital free to foreign firms, including

those from the newly developing countries, to set up their plants in the rich countries.

“Failure to set up plants in their countries can mean all kinds of non-tariff barriers and discrimination. The result is not an inflow of capital into the poor countries but starvation of FDI and even outflow of capital,” he said.

Dr Mahathir said the 1997/98 East Asian financial crisis was another example of “economic terrorism”.

“The countries of East Asia were growing fast and were known as economic tigers prior to the crisis. Korea was apparently going to become another Japan. The controlled Western media began to call Korea a new industrialising country.

“Korea was very proud of this recognition. But it soon learnt that it was to justify all kinds of restrictions on the export of its products,” he said.

Dr Mahathir said timber products from Southeast Asian nations were boycotted because they were said to be destroying their forests.

“That Malaysia, for example, is 50 per cent covered by natural tropical forests, with 20 per cent more covered by tree estates, is ignored. They insist that we are destroying our forests,” he said.

Dr Mahathir said the action of currency traders who short-sold currencies of East Asian nations devastated economies in the region.

They claimed they sold the currencies to

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avoid losses when the currencies devalued. But in fact they held none of the currencies.

"They merely sold short knowing that by doing so the currencies would be devalued. Then they expected to buy at the lower value to deliver the currency to the people who had bought earlier from them at a higher price.

"They netted millions of dollars from this short-selling operation," he said.

Dr Mahathir said when these currencies were devalued against the US dollar, economies of the region were devastated.

Malaysia, he said, needed twice the amount of ringgit to pay for imports while Indonesia had to pay six times the number of rupiahs for their imports.

It was the same with Thailand, the Philippines, South Korea and even Taiwan, he said, adding that these countries became poor as a result of the currency manipulation.

Dr Mahathir said poor nations had been told globalisation would bring prosperity to the poor.

"And this prosperity would come from allowing the big corporations of the world to invade our economies and do what they like.

"In the free market, the most efficient corporation would win because they would have the ability to produce the best products and sell at the lowest prices. Free competition is what the free market is all about.

"Obviously! the biggest corporations would win hands down. A level playing field is useless for the mid-

ets and the weak. It will be the law of the jungle, the survival of the strongest. Might is going to be right even more than before," he said.

Governments, Dr Mahathir said, would not be able to do anything as the free market was based on non-interference by the authorities.

"The market is supposed to regulate itself. In fact, these corporations will be so powerful that they will control not only the economy but also the politics of a country," he said, citing as example the countries of Central America which had been controlled by the owners and managers of foreign-owned banana plantations

Dr Mahathir said the argument that these corporations were so well administered that they would not only bring wealth to the poor but also ensure high standards of morality, was a joke.

"Look at the behaviour of some of the biggest corporations which were already well on the way to becoming world monopolies. They have no morality whatsoever.

"They cheat, they lie, they fiddle with their accounts and they are protected by their government cronies. A few have been exposed. We don't know how many more have been fiddling while the world's economy burns. Every week there is a new exposure," he said.

Dr Mahathir urged the developing nations to work together within their borders and between them to fend off "economic terrorism".

"We are weak and we are client States, dependent on aid and loans. But still it is possible to take a common stand to fight off the threat".