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If lost, return to where we started

THE task of renewing Asia's foundation for growth starts with the courage and political will to recognise and reject ideologies that not only discriminate against the developing world but also enslave them to an exploitative global finance and trade order.

As pointed out by Prime Minister Datuk Seri Dr Mahathir Mohamad at the World Economic Forum East Asia Economic Summit 2002, "We need to relook very closely at the interpretation of globalisation, the proposed regime for world trade and finance". The mid-1997 Southeast Asia financial crisis is instructive.

Asians were told by the experts that the outflow of capital was a flight to quality - a bizarre explanation considering that the flight was to the United States, whose macro-economic indicators appear far less healthy than any of the countries in the region.

One does not need to be addicted to conspiracy theory to accept the fact that as long as the dollar retains its pre-eminent position in the world economy, international capital will behave as a homing pigeon that seeks out other financial markets only to drop them and punish them for declared policy inadequacies and, as happened to Korea, Thailand and Indonesia, use the consequent financial crisis for the acquisition of cheap assets.

Asians learnt the bitter lesson that stock exchanges are used not for raising capital for real business or productive investment but for making a quick, speculative buck.

Might rather than altruism determines the rules of the game in world trade. The use of labour and environmental standards by the "Quad" (US, Canada, European Union and Japan) as protectionist levers threatens to further widen the North-South divide. In laying the case for the World Trade Organisation, the rich advocated "trade, not aid" for poverty eradication and bridging the gap between the haves and have-nots. But the reality is that trade has become a source of aggravating inequity.

Dr Mahathir has repeatedly called for a revamp in the international financial framework to prevent economic anarchy. The call is now drowned by the war drums against Iraq. There is no other choice but for Asia to summon the courage to make its voices heard, work together against the financial terrorists and go its own way in resolving its problems. With enough will, the genie of an economic model gone berserk can be sucked back into its bottle.