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`Go slow on globalisation' (HL)

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A WORLD dominated by big corporations would encourage corruption and erode social justice, Prime Minister Datuk Seri Dr Mahathir Mohamad warned the International Labour Conference yesterday.

"The world is already seeing corruption of power as auditors are told to cheat or lose their contracts," the Prime Minister said in his address at the 90th session of the ILC at the Palais des Nations.

"What we are seeing now is feverish acquisitions and mergers of banks and corporations. Already most of the banks and corporations are bigger than most of the developing nations of the world.

"Despite frequent exhortations to establish level playing fields, it is obvious that they believe size is the determining factor.

"Big is beautiful. Big certainly guarantees success. But big corporations being powerful must suffer the corruption of power."

Dr Mahathir, a well-known advocate of globalisation regulated to narrow and not widen income gaps, is guest-of-honour at this year's conference.

"In a world dominated by the corporations and banks, will there be social justice or will there be massive corruption?" he asked.

He warned that in a world of unregulated globalisation, small domestic banks and companies unable to compete with the giants would have to shut down or be taken over.

"Either way they lose out, becoming at most minority shareholders, but most probably selling out and living on proceeds."

Advocating "meaningful" globalisation, he suggested the adoption of a universal convention requiring rich countries to allocate a fraction of their revenues for much-needed infrastructure in poor countries.

"Then, much will accrue to the poor people, the workers, the small contractors of these countries."

Dr Mahathir said "a very carefully planned" globalisation had to be implemented slowly, with the biggest effort directed at benefiting the least developed parts of the world.

He suggested that rich countries contribute to the building of infrastructure in poor countries, as experience had shown that such projects generated jobs and contracts for the locals and the influx of foreign funds.

Dr Mahathir said the building of infrastructure would also catalyse socio-economic development.

"All along the roads and railway lines, near ports and airports, new settlements and towns and businesses will grow.

"Electric power plants and water supply projects also built by infrastructure funds will provide basic necessities. Globalisation would then be meaningful for a greater number of people."

He noted the serious income disparities existing in the world because poor countries that were unattractive to multi-national companies were disadvantaged. With globalisation, he feared, this situation would become entrenched. A globalised world could not be only for capitalists, he said, as the citizens and workers in poor countries had to receive equal consideration.

He said if capital were allowed to cross borders freely, workers should be allowed to do the same.

"If this cannot be accepted, then free capital flows cannot be accepted either. If the free flow of workers has to be regulated in a world without

borders, a globalised world, then capital flow must be regulated also."

He pointed out that meaningful globalisation could not be about business alone but the well-being of human society worldwide.

He also spoke on the 1997-98 financial crisis that had damaged many strong economies in Asia, with specific reference to the role of rogue currency traders.

He warned that being beholden to rich countries would lead to the erosion of the independence of poor countries and their further impoverishment. While the free market could discipline governments, it was not necessarily for the good of the people.

"The players are most likely to benefit when markets discipline governments, probably at the expense of the people. The main concern of free marketeers will be profits for themselves, not social justice.

"Paradoxically, they will claim that social justice is the concern of governments, governments which they have emasculated," he said.

Dr Mahathir is the second Malaysian Prime Minister to be guest-of-honour at the ILC. Tun Abdul Razak addressed it 29 years ago.

The Prime Minister, who arrived here from Zurich, also met the Malaysian delegation to the conference.

He later held a meeting with Alstom Power AG CEO Pierre Bilger, president Alexis Fries and country president Paul Schneebeli. He also met ABB AG CEO Jorgen Centermen and senior group officer Sune Karisson.

Dr Mahathir begins his visit to Luxembourg today. He ends his two-nation European visit tomorrow.

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