

05/02/2002

## Asia's globalisation challenge

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NEW YORK, Mon: Prime Minister Datuk Seri Dr Mahathir Mohamad says the challenge for Asia is to influence the thinking on globalisation, to reshape it and reduce the chances of it going awry and destroying economies and countries.

"There is nothing sacred about the present concept of globalisation that it cannot be changed, radically if necessary, so that it will pose less danger to those accepting and practising it.

"Free trade is not synonymous with globalisation. If we have to regulate trade in order to benefit from globalisation, why not?" he asked.

Addressing a select group of participants at the World Economic Forum's (WEF) Asia Networking dinner at the Waldorf Astoria in New York, Dr Mahathir said Asia's experience of globalisation has not convinced it that this is the answer to economic ills or the vitamin for economic growth, at least not the globalisation being promoted by the rich Western countries.

The session was moderated by Professor Joseph E. Stiglitz of Columbia University in the US.

The word globalisation, he said, seems to describe the coming together of all the countries of the globe into one entity. It is coined by the rich countries apparently in response to technological advances and the speed and ease of travel. The emphasis appears to be on the free flow of goods and services but not for people and other things.

Free means free of government regulations, laws and policies. International institutes would take over, enact rules and enforce them. From the poor developing countries' standpoint, there will still be rules, laws and policies, but they will have no say in the determination or enforcement.

For most developing countries, globalisation means not more freedom but less freedom from rules, regulations, laws and policies. Worse still, these uniform rules disregard their particular weaknesses and problems.

It is unfortunate that East Asian countries learnt about this through experience and now know how terrible the damage is and how difficult it is to recover.

Globalisation need not be about free capital flows only, he said, adding there can still be globalisation but it should not be absolutely free; it should not be purely market driven. Regulated globalisation can still be compatible with the idea of globalisation.

In his address entitled "Globalisation: Challenges and Impact on Asia", Dr Mahathir said the impact of globalisation involving the free flow of capital and the straight-jacketing of business had been disastrous.

He cited the example of Asian economies which had been growing miraculously prior to 1997. Malaysia registered a growth rate of 8 per cent per annum for 10 consecutive years. Today, these economies "are shadows of their former selves". For years now, the attempts to resuscitate the economies have not been successful.

"There will be permanent scars. And the impact will not be any better for as long as the present interpretation of globalisation is forced upon Asia." Even so, East Asian countries are luckier as some have made a fair degree of recovery. But Argentina is not so lucky.

Sovereign loans are not so safe as countries can go bankrupt when the International Monetary Fund (IMF) imposes its policies. Dr Mahathir pointed out that a number of countries were floundering about because the

money they borrowed from the IMF had to be used to pay off foreign creditors. Nothing is left for the locals. "Of course, they still have to pay the IMF money they had borrowed."

He warned that the world would fail to recover if, instead of focusing on resuscitating the economy following September 11, efforts continue to be on forcing the globalisation of capital flows on the world.

"Is what happened to the East Asian countries a manifestation of globalisation or not?" he asked. "Clearly it is," he replied, and pointed out that trading in currencies is only possible if government abdicates as the authority to determine the value of currency and leaves it to the so-called market forces. The market is interested only in making profits and cares nothing for the well-being of society.

The market favours the rich and the technologically advanced. Mergers and acquisitions make banks and corporations even bigger and these big corporations and banks are not from developing countries.

"When all the borders are down, these super giants will move in to gobble up all local businesses and will ignore the interests of the countries where they operate. Their only concern is to make money.

"If they have to pull out of a country in order to reduce losses and maximise profits, they will do so without compunction. It is irrelevant to them if their pulling out precipitates economic turmoil, massive unemployment and bankruptcies. It is all the fault of these countries."

Being big is all important. It guarantees success. It makes for economies of scale, more research and development, and cheaper products. But Dr Mahathir reminded his audience that size did not save Long Term Capital Management or Enron. "Indeed, the bigger they are the harder they fall, dragging everyone with them."

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