

Protectionism not the way to prosperity
Malaysiakini.com
August 02, 2010

In his latest blog posting, Dr Mahathir Mohamad claims that the people who promote tariff-free world trade are the biggest hypocrites. Why? According to Tun, all countries exercise some forms of tariff or non-tariff barrier and there really is no free market. As usual, he takes the US as an example and criticises the way it protects its local players.

I am a supporter of free market principles. The reason is simple. Overall, free market has made our life more prosperous. We blog using American software. The cars that we drive, regardless of make, contain parts imported from other countries. We watch movies made in Hollywood, Bollywood and Hong Kong. We can even watch international movies. Machinery imported from other countries have helped our manufacturers reduce their costs and increase productivity. Advanced farming techniques from overseas have improved the life of our farmers.

Our fishermen now use better and safer boats made from tools and parts imported from other countries. In turn, people from other countries benefit from our expertise in rubber and palm oil products. Furniture made by Malaysian companies has found its way into homes all over the world.

Malaysian companies have operations in most countries in various fields from manufacturing, engineering, construction and education. Even Petronas, the pride of the nation, benefits enormously from free market, having a presence in many countries and opening the path for other Malaysian oil and gas companies.

Free market principles are not only applicable to inter-country trade. Consumers, as a whole, benefit from free market principles applied domestically. Even limited applications improve our life tremendously. We pay much lower phone bills now largely due to the competition between the players in the industry.

Competition between the big supermarkets drives prices down. We have many choices of places to shop, from the night markets to high-end shopping malls. The main reason Malaysia is a food heaven is because we have so many choices as far as food is concerned. We can go to hawker stalls, restaurants, hotels, etc etc. The relatively free business environment and tough competition ensure that the quality and price of food remain reasonable.

Whenever free market principles are not adopted and excessive regulations are put in place, the overall quality of the people's life deteriorates. The mainstream media is tightly regulated therefore we have a pitifully low standard of journalism and reporting. We have to put up with substandard but expensive cars because of protection given to Proton, Perodua, their vendors, and AP holders.

Our broadband services are worse than even Vietnam because of monopolistic practices of TM. The shortage of sugar supply happens regularly because of price control and monopoly. We do not have much recourse if we are not satisfied with Astro services because the competition is prohibited by exclusivity in its licensing arrangement.

It is true that most countries apply some forms of barriers to trade. However that does not mean that we have to retaliate in kind. If the American government implements barriers that prohibit its citizens from enjoying lower prices and having more choices, then bad for

them.

The concern of government should always be the prosperity of its citizens. It is important to note that despite the protectionist measures taken by the American government, it remains one of our largest trading partners. The way to prosperity is more trade, not more protectionism.

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Source : <http://www.malaysiakini.com/news/138966>