

The Official Launching Of The Boao Forum For Asia

Boao, Hainan Province, China 27 February 2001

I would like to compliment and thank President Jiang Tse Min and the Government of the People's Republic of China for conceiving this idea of an Asian Forum where Asian leaders, past and present, can come together to discuss and debate and hopefully to give birth to new ideas on matters concerning Asia and also the world.

2. The forum is especially timely as the world is going through one of its periodical revolutions which puts many communities under tremendous stress and strain. We have already seen how perfectly healthy economies can crumble merely by the currency traders devaluing their currencies. We believe that it is only the beginning. Many more things are coming as old ideas about sovereignty and independence make way for such previously unthinkable concepts as a world without borders, of globalisation. Then there is democracy which becomes more and more liberal everyday and is very disruptive, even leading to virtual anarchy.

3. When countries became independent they believed that they would be free to manage their own affairs by themselves. Foreign countries may not interfere in the internal affairs of independent countries. But they did not reckon with the power of the international media or with the Non-Government Organisations (NGOs). These are not bound by the understanding that Governments may not interfere in the internal affairs of other countries. The international media and the foreign-funded NGOs easily cross borders and often undermine national Governments to the point where they would find themselves unable to govern or be overthrown even. Of course the media and the NGOs claim they were justified in doing this. Weren't these Governments oppressive and corrupt? Without outside help their people would not be able to overthrow them. But then once people get the idea that they can overthrow Governments, even elected Governments, they would not stop overthrowing them. The result is not better Government but probably a series of ineffective Governments or anarchy.

4. What the International media and the NGOs have done is to prove that independence does not mean freedom from foreign interference, domination or hegemony. Once such interference become common, the powerful countries felt free to ignore international niceties and to interfere openly in the affairs of weak countries. The excuse given at first was violation of human rights but now it has been extended to bad governance, to failures to adopt prescribed business practices, to less

than acceptable level of democratic practices, etc. Any excuse is good enough.

5. Actually today the independence of nations is a mockery. Weak nations cannot expect to manage their own affairs freely. They must submit to international scrutiny and even to international management. At that stage there is no independence any more.

6. Perhaps the loss of independence is a good thing. But it does seem that independence is a function of strength. If a country is strong it can do what it likes, it can even attack and kill people and yet it will remain independent. But if it is weak, even when it is doing the right thing, it may be accused of all kinds of misdemeanours and would be placed under the surveillance and control of the strong.

7. In the countries of the strong private citizens may set up "watch committees" to oversee the behaviour of weak countries. That they have no mandate from anyone does not put them off. They consider it their divine duty to right the wrongs of the world. And frequently their public pronouncements undermine the economic, political and social stability of whole nations. The people of these countries suffer as they would have no means to seek redress.

8. Many of the Asian countries are quite defenceless and exposed. When the currency traders destroyed their economy they could appeal to no one for help. Indeed if any country offered help, that country would be chastised and told to cease helping. It would undermine the IMF. Clearly the IMF wanted to use the currency crisis to foist its policies on the troubled countries and to control them.

9. Now globalisation is on its way. In preparation for the borderless world the giant banks and corporations of the very rich are merging to form even mightier giants. Obviously when the weak countries are forced to open their borders these giants will come in to compete with their puny local counterparts. There can be no doubt as to the results. The domestic banks and corporations will go under. Eventually the world will have only a few international giant banks and multinational corporations. They will be so highly capitalised and powerful that the Governments of the third world countries will be totally dominated by them.

10. They will then compete among themselves or they will continue to acquire the competitors or to merge again. They will not confine themselves to specific industries but will diversify. In the end there will be only a few banks and corporations left. They will operate worldwide and they will

insist that Governments meet their demands for total deregulation so as to remove all obstacles to their pursuit of unlimited profits.

11. Frightened, Governments of the powerful countries may try to curb these giants, to break them up. But even the powerful Governments are not going to be able to do this. The powerful corporations and banks will wield so much influence that Governments, however powerful, will have to bow to them. The media which they own and the NGOs which they finance will back them. Remember the LTCM and how it was bailed out. No one was punished for nearly destroying the finances of the rich countries.

12. Perhaps I have painted too grim a picture of a globalised free trade world. Surely the corporations and the banks do not have this ambition in mind. But when the Bretton Woods Agreement was discarded and the currencies allowed to float, no one predicted that in 1997 a handful of currency traders could wield so much power over so many countries. No one predicted that the currency traders could impoverish whole regions, throw millions out of jobs, provoke violence and cause the fall of Governments. But we do know now that they could and they did.

13. Politicians are not the only people who yearn for power. Business people can have the same yearning too.

14. There is a need for us to imagine the worst scenario and to be prepared to deal with it. We do not want to see a repeat of the currency turmoil when the Asian countries were caught by surprise and went down like ninepins.

15. It may be coincidental that the currency traders are almost all non-Asians. It may also be coincidental that the countries they damaged the most were Asians. But coincidental or not, what is certain is that Asians are too naive and trusting. They never bothered to study the possible danger to themselves from the system of floating rates and the free trade that they had so readily accepted.

16. While we should welcome the revolutionary concepts and ideas that we are being introduced to, we should also study closely the implications and the dangers that will come along with them. The frightening picture that I have just painted may be too fanciful. But free trade can have frightening consequences which for small nations can be very destructive. Even the mere lowering or abolishing of import duties may result in depleted treasuries for countries which have no other worthwhile taxes. Income and corporate taxes or value

added tax are not reliable sources of revenue for the Governments of poor countries.

17. What the Asian countries need is a forum to air these problems and fears and to receive serious and sympathetic hearing. They need to discuss new ideas thoroughly. They need to do serious studies and to work out different scenarios. From the results they should make their common stand in international fora. I believe the Boao Forum can do this and more. The Boao Forum can be of great service to Asians and to the world in the challenging years of the 21st Century.

18. Because of that we must also look at positive ideas which can result from the meeting of Asian leaders, leaders who naturally are close to the problems and the state of affairs in Asia.

19. We know that there are large numbers of people in Asia who are living from hand to mouth. Many Asian countries are terribly poor. There really is no reason why some people should be obscenely rich while so many live in abject poverty. There is even less reason for people to be poor when the world of today, the world of high technology and high added value is so very rich. Obviously there is something wrong with the redistribution of wealth across the world. It does not reflect a world which has been reduced to a village. In a village we share everything fairly.

20. In the early years of the UN there was a sincere wish to help the poor. But we know that the approach adopted was not successful. Foreign aid was misspent and loans simply made permanent debt slaves of the poor countries. As a result the rich have reneged on their promises and the poor have become poorer. Or the rich will extend aid for the purpose of furthering their own agenda.

21. Yet today there is an even greater need for the poor to be helped. If making available funds or loans is not productive, then the International community should just build needed infrastructure for the poor.

22. We know that adequate and relevant infrastructure can facilitate the development of countries. The mere construction of infrastructure can provide jobs and contracts for the locals. Construction of roads and railroads will help land-locked countries reduce the cost of transportation of raw material out and the imports of needed manufactured goods. The benefits of power plants need not be enumerated. The great rivers can be developed for cheap transportation the way the Rhine and the Danube have been developed. Pipelines can not only be for oil and gas but also for water

from melting snow in the north to the arid deserts of the South.

23. Ports and airports are also much needed facilities for the poor countries but they will never be able to afford these on their own.

24. Today's IT economy can only be beneficial if there are computers and other equipment available. It is ironical that the rich can make their costs lower with IT when the poor must continue to bear higher costs because they cannot afford the necessary computers and equipment.

25. The cost of infrastructure is very high. The poor cannot possibly build all these by themselves. The current foreign development aid would also be inadequate. A new reliable source of funds must be found.

26. It is normal in any country practising market economy for the rich to be taxed and the poor to benefit from the expenditure of the revenue collected by the Government. It is time the world thinks of taxing the rich countries on a sliding scale in order to gather sufficient funds to finance the construction of infrastructure in the poor countries. The basis of the assessment can be worked out and agreed upon. So can the agency which will collect and administer the revenue and implement the projects be agreed upon. Of course the agency must be elected democratically by the UN and so must the international civil servants be chosen. No one country should dominate.

27. The rich might question the moral or legal basis for taxing them. But they had insisted that poor countries should open up their economies for them to exploit. Of course they are going to argue that the flow of capital into the poor countries would be beneficial for them. I am not so sure. Malaysia's experience is that capital can also flow out and when they do this rapidly the economy can collapse. In any case the globalisation of the world will profit the rich mostly.

28. Even the expenditure on infrastructure development from the tax on the rich will benefit the rich also. Only they have the know-how, the machines and the trained experts to carry out the projects. They will therefore get back a good portion of the money they paid for the world infrastructure tax. But beyond that when the poor countries become richer they will provide excellent markets for the goods and services of the rich. It will be a win-win affair.

29. The UN as we all know is in need of reforms but we know that this is not going to happen. The fundamentals of the UN structure will resist change for obvious reasons. But what I have suggested is peripheral and minor. It will cost the rich really very little yet it will bring about tremendous benefits to the poor. Certainly it will enrich them a little.

30. There will be no debt for the poor to pay and neither will they be able to misuse their funds. The infrastructure projects can be decided and implemented by an International body which will be guided by experts.

31. There can be no doubt that this tax on the rich countries will help spread the wealth to the poor. Since part of the wealth of the rich comes from the exploitation of the resources of the poor, it is only fitting that they return some of it to the poor.

32. In the 21st century serious efforts must be made to eliminate poverty throughout the world. In Malaysia there is practically no absolute poverty. Even relative poverty is minimal. China, Japan and Korea have been able on their own to reduce or eradicate poverty. But for many countries of the world there is no hope that they can, on their own, eradicate poverty in their midst. Foreign aid has failed. So have foreign loans. Only an International Infrastructural Development Programme funded through an International tax and confining itself to building needed infrastructures can overcome the poverty of these nations and the poverty of their people.

33. When I first heard of a globalised borderless world I thought it was ridiculous. If Malaysia has no borders then it would not be independent. It would not be able to collect import duties. It would not be able to protect its fledgling industries, its tiny banks and businesses.

34. We had struggled long and hard to gain independence after 450 years of foreign rule. We have become independent only about 40 years. Now we are being told to literally give up our independence.

35. We were told that a borderless Malaysia would be good for us. This was before the currency traders robbed us. We were not convinced then and we are certainly not convinced now. But what can we do? We helped create the World Trade Organisation after the frustrating rounds of the GATT talks. Now we must make good our undertaking to the WTO. We must accept globalisation and a borderless Malaysia.

36. If Malaysia can accept globalisation and being borderless, certainly the rich countries of the world can and should accept the idea of an International tax in order to help the poor of the world.

37. But first of all we the Asians, largely poor, must accept the idea. Japan is the only rich country among us but Japan has always been more generous than all the other rich countries. I don't think Japan is going to reject this idea. We should at least agree to discuss this world infrastructure tax. One day we together must push for its adoption by the world, by the UN.

38. As I said the world is never as rich as it is today. It is immoral that in a world so rich there should be people and countries which are so distressingly poor.

39. A globalised world, actually a world nation, should not let the rich exploit the opening up of the borders of countries without exacting payment. A world nation would be meaningless if the rich can make more money but are exempted from taxes. Just imagine if one day this world must go to war with another planet. Wouldn't we think of everyone becoming involved in the defence of the world? If everyone including the poor must take up arms, shouldn't they be entitled to a bit of the wealth of this world?

40. This forum should be tasked with the study of globalisation and a borderless world, of democracy and human rights, of good governance, of corruption and cronyism and all the new ideas which we Asians are expected to accept and to practise. We should study them critically because they are not perfect and they need to be improved. We should be prepared to correct, modify or even reject them if we think that they would do us and anyone something bad.

41. Asians have a right to think for themselves. They should not be passive receptacles for non-Asian ideas. They must put up their ideas with righteousness and confidence. We Asians are not bereft of wisdom and innovativeness. Our ideas are every bit as good as anyone else's. They can be good not only for ourselves but for the world as well.

42. Long ago we gave the world their religions and the wisdom of Confucius, Tagore and others. It cannot be that today we are totally lacking in wisdom and bereft of solutions for the ailments of mankind. I am sure that even within this hall there are brilliant minds capable of shaping a greater future for mankind.

43. We should not reject the ideas and ideologies of the non-Asians of course. But we must remember that they are never perfect, that in the end they would be rejected by the very people who formulated them. If they can ignore their failures and come back with new ideas which they again claim to be perfect, why should Asians be shy of formulating Asian ideas on the governance of mankind?

44. It is the height of arrogance for anyone to claim their values alone are universal values. Our Asian values too can be, and probably are universal values. We must stake a claim and prove it.

45. Asia and Asians have a great future in the 21st century. We are not going to dominate the world. The 21st century will be the century of the world. But Asians must play a big role in the creation of this century of the world.

46. This forum may discuss more mundane things but it will only make its mark if from its meeting and discussions, great ideas emerge, ideas which will be as world shattering as those of the ancient sages of our past.