

## **The Asian Global Leadership Forum: The Pangkor Retreat**

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"Building and Shaping Prosperity : Giving a Human Dimension to Globalisation"

If I may, can I begin this discourse with a hackneyed phrase i.e. that Globalisation is an idea whose time has come. But having said that I would hasten to add that like all ideas, ideologies, and concepts, Globalisation lends itself to many interpretations. While we all accept and agree on Globalisation I am afraid we differ and differ widely on the interpretation of Globalisation

2. There in lies the problem

3. Globalisation is the natural consequence of a world that has shrunk and still is shrinking rapidly. The process began as soon as man acquired the ability to move from place to place faster than his two feet could carry him. With his continually improving mobility the world appeared to be bigger than the immediate area he was able to cover walking on his two feet

4. Finally he was able to discover that the world was a spinning ball with a definite and constant size, and he could move about to any place in this world, depending on the speed of the vehicle he was able to create. As the speed of his movement increases he feels that in terms of time distances have diminished. Physically then he now perceives the world to be smaller, and is getting smaller.

5. But faster than his speed of travel is the speed of sound and visual communication. They have now become instant and transmissible in real time. The world has indeed become physically a village. And a village, being the smallest unit of community cannot be divided into smaller units. The Global Village can only be one village. Consequently Globalisation is an idea which cannot be denied

6. But even villages need to be administered and to have rules and laws. Rules and laws must of course be for the general good. In these days of democracy equitability is an imperative. The will of the majority must be respected. And the will of the majority must result in the common good

7. But Globalisation at the moment is not about egalitarian sharing, about common good. Presently Globalisation is about competition, the competition of the market place. It is about

the dominance of the most efficient. Ostensibly it is about the efficient giving the best at the lowest cost. But in reality it is about establishing the monopoly of the strongest and the biggest

8. The most important thing about Globalisation as presently interpreted is the freedom of capital to move about unhampered by rule and restrictions. It is really not a bad thing. There are many places in the world parched of capital while in other places there is a surfeit of capital. If the places with the excess capital were to transfer their capital to the parched regions then no one would be without capital; everyone would be able to gain the benefit that capital brings. The world, the global village would in fact become more equitable because of the sharing of capital

9. Along with the capital would come the technology, management expertise and the marketing skills

10. Malaysia knows all these. Right from the time we gained independence 45 years ago we rejected the idea of keeping our puny market to ourselves. We had always been a trading country. There is evidence that 1800 years ago the people of the Peninsular had collected jungle products to exchange for silk, gold ornaments, lacquerware and others. Under the British we produced rubber and tin for the world market. And so when we became independent we bucked the trend towards nationalisation and keeping out the foreigners. Instead we invited foreigners to take part in the economy of Malaysia. It was largely their capital and know-how which transformed Malaysia from an agricultural country to an industrialised country

11. But we had safeguards. We did not allow an absolutely free hand to the foreigners. We imposed conditions which safeguarded the Malaysians and their small businesses and their share of the economy. We extended sufficient carrots to be attractive

12. It was not difficult in those days to be attractive to foreign investors. Most of the other newly independent countries were actually hostile towards foreign investors. So a few well-chosen incentives were sufficient for us to attract the labour-intensive industries we needed for our growing work force

13. The foreigners were not actually competing with the locals for the locals were not into the kind of industries the foreign investors were bringing to Malaysia

14. In time our people acquired the skills and the discipline of the work place. In time our people acquired the capital and the know-how and they were able to go into the industries on their own

15. Today we still desire foreign direct investments but investment by locals have become significant and with the flow of FDI going elsewhere we are not too badly off. Our own industries can compete in the domestic and the world market

16. We are not yet ready to lift the safeguards that we have put in place. Certainly we will not be able to compete with the giants which are preparing to invade our country. We think they will not provide us with fair competition. It seems that they are merging and acquiring each other in order to become so big that they will be able to overwhelm us completely. If they are allowed in unrestricted then all our banks and companies would go under

17. It is clear that Malaysia had subscribed to the concept of Globalisation all along. Long before foreign direct investments became a by-word and FDI became familiar to the great economists of the world, Malaysia had already welcomed FDI and has benefited from it greatly. The high level of economic growth of Malaysia and its conversion from an agrarian economy to an industrial economy is the result of FDI

18. This being so why are we so critical of Globalisation? Well, it is because globalisation is interpreted simply and almost exclusively as the free movement of capital into and out of a country. Free movement means no rules, no regulations, no conditions and no controls. While admittedly inflow of capital benefits a country but outflows, especially sudden and massive outflows, can seriously damage the economy and even the social and political life of a country

19. That was what happened in 1997. Devaluation of our currency impoverished us, and caused a fall in the price of shares. To avoid losing money the shares were dumped by foreign investors and the index plummeted. Banks and companies were left breathless and distressed. They were all going to go under, taking the whole country down with them

20. If Globalisation including FDI is to bring benefits to the poor countries, then it has to be regulated, taking into consideration the weaknesses and the sensitivities of these countries. Total freedom of inflow and outflow of capital cannot be allowed. Manipulation and speculation in the stock market and currency trade must be banned. We have seen how much damage the manipulation of share prices can do even for the powerful economies

21. This is why Malaysia is critical of Globalisation

22. The pity is that globalisation can be tailored to benefit not just the capital and technology-exporting countries but the recipients as well. This can be done by respecting the policies of the hosts, by recognising that they are at different stages of development and they are not yet ready for the free for all, dog eat dog, winner takes all market. Each one of the developing countries needs to be treated differently, taking into consideration not just the stage of its development but also the culture and the ways of its people and the systems of governance.

23. Also those who benefit from Globalisation must pay a tax to the world. When we do business in our countries or in any country we accept the logic and need to pay taxes to the country concerned. We may be exempted but we cannot dispute the right

24. Now, when the whole world becomes our country, the place that we do business in and make profits from, surely we should accept the need to pay a world tax. It should not be much. Even half percent of the profits after taxes should be enough. And the world tax should be used exclusively for building the infrastructure so much needed by the developing countries in order to develop, indeed to become more attractive to foreign investors

25. We can build roads, bridges, railway lines, airports, ports, power plants, water supply facilities etc which will raise the standard of living for the people, create jobs, support local suppliers and contractors and cause a real inflow of funds. It does not matter who builds. It is not a matter of providing funds to the Governments. It is a matter of actually building the infrastructure as indeed some countries have done by building bridges of friendship for example. The difference is that the recipient countries will not be obliged to any particular donor who very often exert too much influence on the country and its people

26. Think of how much can be contributed towards the elimination of poverty in this world if the poor countries are able to exploit their resources and even become attractive to investors because they have all the necessary infrastructure. Think of the lower cost of their imports and the higher earnings from their exports. Think of the job opportunities created during the construction, the supply of local construction materials, the little businesses selling food and other needs of the people involved in the construction

27. Perhaps it may even be necessary for the worldwide funds to help maintain the infrastructure, resulting in a continuous inflow of money for the country's economy.

28. The world had once agreed on a voluntary contribution of 0.7 percent of the donor country's GDP to help poor countries. But most countries had reneged on their undertaking. Besides, the funds provided may not be used properly. But an international tax is legally enforceable and the infrastructure projects will be specific and the construction internationally supervised or indeed be constructed by reliable international companies

29. This way much of the world poverty can be eliminated and the anger and frustration of a large segment of the world population diminished. The apartheid which Thabo Mbeki spoke about, the divide between the rich countries and the poor, will be reduced. Those who extract riches from a globalised world owe this to the world, to the world's poor to return some of their profits. It will cost them practically nothing as they can offset this against the taxes imposed by their home countries.

30. With the reduction of poverty in this world, the global village will be a much better place to live in. Today, while some countries are able to attract FDI, many get nothing at all. No jobs are being created, no industrialisation, no amenities, nothing. It seems like the global village is the village of the rich. The poor will have no share in it. It is apartheid indeed

31. Then there is terrorism, a result of the frustration and anger and bitterness in a world that tolerates oppression and all kinds of injustices. People, innocent people, are being deliberately starved through sanctions imposed actually by the very rich, the overfed and most wasteful of consumers

32. Weak countries are being militarily attacked, their people killed and their land seized. They are punished for not accepting western cultures, values and systems. Despite all the talk about freedom of choice, about democracy and human rights, the fact is that the only choice permitted is liberal democracy. Failure to accept democracy results in sanctions, even bombing attacks, and blatant attempts to change Governments by force of arms

33. It may be coincidental but the fact is that most of the targets of oppression and attacks are Muslims and Muslim countries. Pakistan, Bosnia-Herzegovina, Kosova, Sudan, Libya, Iran, Iraq, Chechnya have suffered military attacks, sanctions and discrimination

34. In Bosnia-Herzegovina 200,000 largely Muslim Bosniacs were massacred before the powers-that-be stepped in to put a stop to the killings. If they could act at the later stage, surely they could have acted earlier. But they held back and just watched the slaughter

35. In Palestine today the killings go on. Yes, the Palestinians too are guilty of terror attacks, but what recourse have they? No one is helping them or restraining their enemies. Indeed the Israelis are being financed and armed to the teeth in order to systematically kill more Palestinians. Yet the Israelis are not blamed. They are said to be defending themselves. That they occupy Palestinian land and kill more Palestinians than the number of Israelis killed is considered as justified. Palestinians wanting to free their land and retaliate in the only way they can against the Israelis is regarded as terrorists

36. I need not mention the sanctions against Iraq, Iran, Libya and Sudan -- all Muslim countries. Is it any wonder that Muslims everywhere feel oppressed, feel angry, bitter and frustrated? They cannot go to war in the conventional way. They did that before against Israel but they were defeated, largely because Israel is backed by the great powers. The only way they can retaliate is through acts of terror, hitting out blindly at the innocents as well as the guilty

37. Today the world lives in fear of Muslim terrorists, not other terrorists, but Muslim terrorists. Because terrorists cannot be easily identified or located, all Muslims are considered as potential terrorists and are so treated. Because the majority of the people of Malaysia are Muslims, all Malaysians are being penalised. They are denied visas, are checked and rechecked, and are humiliated when they go to certain countries

38. Huntington's forecast has come true. There is now a clash of civilisation, that of the West against the Islamic civilisation. And typically the Western solution is to physically fight against the enemy, the Islamic civilisation, the Muslims

39. But unfortunately, short of total genocide, the terrorists cannot be militarily defeated. The West refuses to acknowledge this and will continue this costly war without end

40. We in Malaysia have had some experience in fighting terrorists and we have defeated them. We defeated them not just by military means but by psychological warfare, by winning the hearts and minds of the supporters initially and eventually the terrorists themselves. We think that what is

being done in the war against the Muslim terrorists is wrong. There is practically no effort to win the hearts and minds of the Muslims. In fact everything is being done to alienate them further, to anger and frustrate them, and to ensure there will be a constant and probably increasing supply of recruits to terrorism

41. The West does not care to find out the causes of terrorism and to remove them. The faint voices protesting from among them are ignored. The powerful are bent on revenge rather than solutions. And so there will be no end to Muslim terrorism

42. The world is today less peaceful than it was during World War II. The world lives in fear. The world believes that this fear can be dealt with by raising high walls around it. Yet the world talks about a borderless world, about Globalisation. That just cannot happen. And when that cannot happen, the rich resort to force, the only thing that they believe in

43. Just as force cannot remove the fear, force cannot create a richer world. The rich may colonise the world once again but history has shown that colonisation did not work. There will be constant rebellion and turmoil. Many will die as people struggle to free themselves

44. The answer does not lie in confrontation, in force, in a war to end all wars. The answer lies in justice and fair play, in being sensitive, in being willing to step back and to admit mistakes and to banish the idea that any one race has a monopoly of the right values, the right systems and the right solutions to all the human ailments

45. Democracy, human rights and all the other rights have caused as much turmoil, injustice and damage as autocracy. There is really no perfect system, certainly no system that suits all. Even if the system is good, and democracy is perhaps the best system yet devised by man, the changes and the adoption must be gradual. Not everyone knows how to handle democracy or freedom. And handling something that you are not familiar with will definitely not bring about the expected good results

46. If we want to restore normalcy to this planet, the first thing that has to be done is to stop thinking of revenge and begin to think of justice and fair play. Pride does not have a role in solving human problems. Humility has. Only humility can bring the kind of justice and fair play to reduce the causes of the turmoil, political, economic and social that the world is facing. The arrogance of power must be eliminated. Until then there will be no prosperity for the globalised world.

