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"Globalisation Towards A Fair & Prosperous World"

I am most delighted to be here today to be with leading figures of the Russian business community. I wish to thank the organisers, ASLI, MATRADE, MDC, Ministry of Foreign Affairs of the Russian Federation and the Russian Union of Industrialists and Entrepreneurs for coordinating this business forum.

2. For good or ill, globalisation has become the economic buzzword of the 1990s. National economies are undoubtedly becoming steadily more integrated as cross-border flows of trade, investment and financial capital increase. Consumers are buying more foreign goods, a growing number of firms now operate across national borders, and investors are putting money more than ever before in far-flung places. Whether all of this is for good or ill is a topic of heated debate.

3. Only a few years ago the international trading system and global development would rarely have made the headlines outside the specialist press. All that has changed. Every international meeting with any kind of economic theme now seems beset with protests about the effects of globalisation. Globalisation is now a powerful force in everyday life. It affects the manufacture of the products and services we consume, the ideas we study and exchange, and the values of our societies.

4. We take for granted that goods and services should be able to circulate freely for our benefit. But at the same time many people are concerned over the accelerating pace of economic change and fear that many of the world's citizens may simply be marginalised.

5. It has been a time of significant changes for developing countries over the last few decades. For many of us, managing our own destiny is something new. Our experience with development therefore, has been comparatively limited. A number of us have achieved some measure of success in economic development; but

there are many which have yet to achieve any significant progress.

6. Many of us have on our own undertaken liberalisation measures by opening our markets to trade and investment, evolving our institutional and regulatory systems, orientating our economies to external challenges and eventually accepting globalisation, in the hope of benefiting from the opportunities afforded by this process.

7. These developments have occurred against a backdrop of changes over which we have little control. Political stability, natural and human resources, capital and investment, were once the only ingredients in the formula for development. But today technological advances, borderless flows of capital and the advent of a knowledge-based economy have complicated the development equation. We are not certain we can deal with this new complex environment, which changes even as we try to adjust to them. And because we are not so competent in dealing with these, our developments have been and will be affected adversely.

8. What we do know is that the path to development has never been easy even at the best of times. Despite our concerted efforts, we see rising inequality between developed and developing countries, with continued high levels of poverty and unequal and inequitable benefits from globalisation. We see increasing uncertainty in the global economy. We see greater disparities resulting from the globalisation process. We continue to see growing inadequacy of the global institutions to deal with the economic problems.

9. It would seem that the benefits of trade and investments have been unequally shared among countries. The current belief by the global community that countries must embrace and adopt liberalisation and global rules; and development would then follow have not been proven true. It would seem that the current practices in trade and investments are not capable of distributing wealth equitably.

10. We admit that we are not perfect. We have corruption, we lack transparency and our corporate governance is not perfect. But so have the rich. Despite our alleged corruption etc we had developed our countries and given our people a good life. The market forces, which boast of wanting to discipline Governments, have had no noticeable success despite the high cost to us. But they have certainly made fortunes by their manipulations of the currencies and the market and now by their acquisition of the banks, industries and businesses rendered moribund by their

action. The advocates of globalisation apparently care little for results as long as the methods are according to them, correct.

11. We are falling into the old trap of believing that systems on their own can resolve human problems. When we put too much faith in a system we will forget the reasons why the system was initially formulated. Systems are devised because they are believed to be able to right current wrongs and bring benefits to the practitioners. Unfortunately once a system is accepted, it becomes so sacred that even if the results it delivers are worse than the situation it was supposed to remedy, it must still be upheld, defended and practised. At that stage if anyone dares to go against the system he will be regarded as a heretic and universally condemned.

12. Globalisation has already shown signs of becoming a religion that tolerates no heresy. This is rather unfortunate, for globalisation, if properly interpreted and regulated, can bring about a great deal of wealth and benefit to the world, the rich as well as the poor. The important thing is to focus on the results rather than dogma. If the results are good then by all means implement it, but if the results are bad for anyone, then globalisation must be reinterpreted and modified until the expected results are achieved.

13. There is no doubt that if globalisation is properly interpreted and practised it can result in a more equitable world order where wealth is more evenly distributed between the rich and the poor. Badly interpreted it can destroy the poor especially and by extension stifle the growth of the rich.

14. Today political or ideological interests are of less importance than economic growth and greater material wealth for people. Most of us believe that free trade and private investments can help achieve these. We believe that globalisation can contribute to more rapid growth through free flows of goods, services and capital.

15. But we also know that the best run economies can run into deep trouble. We the poorer countries cannot afford the recessions. We believe we can contribute towards avoiding recessions. Therefore our views should be taken seriously in the formulation of the international financial and economic systems. While some countries have adjusted and benefited from the liberalisation and globalisation process, many because of their low level of development have not managed to get a share in the benefits of globalisation. In the context of the present environment, capital flows have been channelled to

where the returns are highest, and not where capital is most urgently needed to uplift the level of development. This is the natural consequence of relying on market forces. The bottom line is what counts.

16. Existing international infrastructure is inadequate to deal effectively with developmental problems and crises. The international institutional machinery, comprising the United Nations, the IMF and the World Bank, have not been able to cope with the challenges confronting the developing world. The Asian financial crisis has clearly shown the inability of the developed world and the international institutions to respond effectively to crises and the effects of contagion.

17. Poverty and unequal distribution of wealth have resulted in security and social problems. And they are likely to continue to do so in particular in the developing countries. We must be sincere and earnest in finding solutions, solutions that can realise the full economic potential of developing economies, and to reduce significantly the problems of poverty, hunger, ill health, aids, illiteracy and gender discrimination.

18. I believe that the integration of economies and the liberalisation of trade can assist in the reduction of poverty. Many countries, both developed and developing, have seen dramatic rises in their standard of living in recent decades. Developing countries - for example, Bangladesh, China, India, Ghana, Nepal, Uganda and Vietnam - that became much more open to trade in the 1980's and 90's, have experienced growth rates above, in some cases well above, the global average. Yes, it must be said that progress has been uneven and some other countries have not done so well in recent years.

19. Yet the countries that have opened up to trade have had the largest rise in incomes. There are no examples of closed economies with high rates of growth. And the problems of poverty within countries cannot be tackled without economic growth. It is a terrible fact that one in five of the world's people still lives in abject poverty. Tackling this is the greatest moral challenge facing our generation. The United Nations has set a target of the year 2015 to halve the number of people living in extreme poverty. That number is more than one billion.

20. That fact should be remembered by those who give up on democratic debate and take to the streets, as we saw recently in Genoa, and before in Gothenburg, Prague, Seattle and elsewhere. Lobbing a brick through

the window of McDonald's may relieve boredom for some individuals in the West but it does nothing at all to help lift up a billion people out of poverty.

21. Governments and the private sector and wider civil society need to co-operate particularly closely on a major threat to development and the reduction of poverty in developing countries: the HIV/AIDS epidemic. This means pursuing effective disease prevention programmes, investing in the search for new medication, making these treatments more affordable, and improving health care delivery. Poor Governments cannot do this if the rich think only of returns on investments.

22. Poor people's access to medicines has generated a real debate on the linkages between health and economic issues, involving ordinary citizens right across the world. I welcome that debate. It is only by dialogue and co-operation among governments, businesses, society and individuals that we can make globalisation work in the interest of all the world's citizens.

23. The responsibility to address the issue of development and globalisation is a collective one. Developed countries must play an active role in assisting countries affected by these problems. However, developing countries must accept that we too have to do our bit to ensure that sustainable growth and prosperity can be attained.

24. We must continue to enhance domestic resilience and capacity building. We must continue to invest in human resource development; to be equipped with the skills and knowledge to cope with a rapidly changing world dominated by technological innovations and advances. Investment in education with emphasis on science and technology must be given priority. Attention must be given to strengthening domestic institutions and the framework of laws, rules and regulations to ensure resilience in the face of challenges posed by globalisation.

25. Apart from the efforts of developing countries, advanced industrial countries have a special responsibility to facilitate this process, by assisting developing countries to gain access to knowledge, ideas and inventions, at a reasonable price. Intellectual property must be protected but consideration must be given to the needs of the poor. By all means profit from the intellectual rights but make those who can afford pay more while reducing the profit from the poor.

26. To be able to manage the pace and direction of liberalisation and globalisation, developing countries must be allowed to effectively participate in the

decision making process in all international institutions. International institutions must have the mechanisms to allow the views of all to be heard. The recent WTO Meeting in Genoa, Italy clearly demonstrated the need to involve all relevant parties in the decision making process. Street demos can serve as a wake-up call but we should all be discerning enough to anticipate protests and be proactive so as to avoid the resort to street violence.

27. Malaysia is not against globalisation. But we want to ensure that the poor, the developing countries can benefit from the fruits of globalisation. Hence our demand that all should be consulted in the interpretation and formulation of a global economic order.

28. We need the process of liberalisation and globalisation to benefit businesses and citizens, especially in the developing world. There is no necessity for greed as the world is extremely rich in both natural and human resources. Morality must temper our desire to acquire more for ourselves.