

Distinguished Lecture Series

The Pillars of Development

Mahathir bin Mohamed



THE ACADEMIA BIBLIOTHECA ALEXANDRINAE (ABA)

The greatness of the Ancient Library resided as much in the remarkable community of scholars that it had helped create as in the vast collection of manuscripts it assembled. They represented the best in the World of their time. So, to recapture the spirit of the ancient Museum, we have established the ABA and its objectives include:

- The promotion of excellence in science and the arts;
- Helping build international goodwill, primarily through collaborations between scientists, scholars and artists;
- Spreading the values of science, and the culture of science in Egypt and the region;
- Fostering openness to the cultures of others, through inter-cultural dialogue;
- Encouraging tolerance, rationality and dialogue.

To achieve these objectives, the ABA will, through its membership and secretariat, create and maintain an international network of dedicated scientists, artists and scholars, and will:

- Organize lectures, conferences and exhibitions;
- Organize expert panels around certain themes of general interest;
- Publish reports and proceedings;
- Encourage cross-disciplinary studies and collaborations;
- Suggest improvements in curricula for science, mathematics and the arts; and
- Assist in the identification of young talent.



The Pillars of Development

Lectures delivered by Mahathir bin Mohamed

Alexandria, EGYPT

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INTRODUCTION

An Amazing Legacy

The very name of the Bibliotheca Alexandrina conjures up the image of a glorious past, of a shared heritage for all of humanity. For it was indeed at the Ancient Library of Alexandria that the greatest adventure of the human intellect was to unfold. Launched in 288 BCE by Ptolemy I (Soter) under the guidance of Demetrius of Phaleron, the temple to the muses, or *Mouseion* (in Greek), or *Museum* (in Latin) was part academy, part research center, and part library. The great thinkers of the age, scientists, mathematicians, poets from all civilizations came to study and exchange ideas.

They and many others were all members of that amazing community of scholars, which mapped the heavens, organized the calendar, established the foundations of science and pushed the boundaries of our knowledge. They opened up the cultures of the world, established a true dialogue of civilizations. For over six centuries the Ancient Library of Alexandria epitomized the zenith of learning. The Library completely disappeared over 1600 years ago... but it continues to inspire scientists and scholars everywhere. To this day, it

symbolizes the noblest aspirations of the human mind, global ecumenism, and the greatest achievements of the intellect.

The Rebirth of the Bibliotheca Alexandrina

Sixteen-hundred years later, under the auspices of HE President Mohamed Hosni Mubarak, and with the continuous untiring support of HE Mrs. Suzanne Mubarak, it comes to life again. The Bibliotheca Alexandrina, the New Library of Alexandria, is dedicated to recapture the spirit of the original. It aspires to be:

- The world's window on Egypt;
- Egypt's window on the world;
- A leading institution of the digital age; and, above all
- A center for learning, tolerance, dialogue and understanding.

To fulfill that role, the new complex is much more than a Library. It contains:

- A library that can hold millions of books;
- A center for the Internet and its archive;
- Six specialized libraries for (i) audio-visual materials, (ii) the blind and visually impaired, (iii) children, (iv) the young, (v) microforms, and (vi) rare books and special collections;

- Four museums for (i) Antiquities, (ii) Manuscripts, (iii) Sadat, and (iv) the History of Science;
- A Planetarium;
- An ALEXploratorium for children's exposure to science;
- The Culturama;
- VISTA (Virtual Immersive Science and Technology Applications);
- Nine permanent exhibitions covering (i) Impressions of Alexandria: The Awad Collection, (ii) The World of Shadi Abdel Salam, (iii) Arabic Calligraphy, (iv) The History of Printing, (v) The Artist's Book, (vi) Arab-Muslim Medieval Instruments of Astronomy and Science, (vii) Mohie El Din Hussein: A Creative Journey, (viii) Abdel Salam Eid, and (ix) Raaya El-Nimr and Abdel-Ghani Abou El-Enein;
- Four art galleries for temporary exhibitions;
- A Conference Center for thousands of persons;
- Eight academic research centers: (i) Alexandria and Mediterranean Research Center (Alex-Med), (ii) Arts Center, (iii) Calligraphy Center, (iv) Center for Special Studies and Programs (CSSP), (v) Center for the Documentation of Cultural and Natural Heritage (located in Cairo), (vi) International School of Information Science (ISIS), (vii) Manuscript Center, (viii) Alexandria Center for Hellenistic Studies; and

- A forum for dialogue and discussion.

Today, this vast complex is a reality, receiving more than one million visitors a year, and holding hundreds of cultural events every year.

The Academia Bibliotheca Alexandrinae (ABA)

The greatness of the Ancient Library resided as much in the remarkable community of scholars that it had helped create as in the vast collection of Manuscripts it assembled. They represented the best in the World of their time.

Today, to recapture the spirit of the Ancient Museum, we have established the Academia Bibliotheca Alexandrinae (ABA), to include 100 of the greatest minds of the contemporary world. Today, with the magic of the Information and Communication evolution, these eminent men and women can and do reside and work in all parts of the world. The ABA is a “virtual organization” with a small secretariat established in the Bibliotheca Alexandrina, Alexandria, Egypt. The Director of the BA functions as the secretary to the ABA. The ABA will create and maintain an international network of scientists, artists and scholars dedicated to:

- The promotion of excellence in science and the arts;

- Helping build international goodwill, primarily through collaborations between scientists, scholars and artists;
- Spreading the values of science, and the culture of science in Egypt and the region;
- Fostering openness to the other, through inter-cultural dialogue; and
- Encouraging tolerance, rationality and dialogue.

Beyond the virtual network, a special event of the ABA shall be organized tri-annually. Between the proposed meetings every few years, many activities sponsored by the ABA will take place. Indeed, individual members come and visit the New Library at different times and they and their guests, deliver lectures here.

The Distinguished Lecture Series

In the spirit of spreading the goals and values that the ABA espouses, and the Bibliotheca Alexandrina's commitment to its mission, it was considered appropriate that the Distinguished Lecture Series should be developed to record and make available, in an affordable format, some of the distinguished lectures delivered at the BA by members of the Academy or their distinguished guests. Thus was the Distinguished Lecture Series born.

There is no specific frequency for the issuing of these publications of the occasional lectures. We would expect no less than three such published lectures to appear every year, and sometimes there will be substantially more. The Series is driven by content and quality, not by timing.

In terms of coverage, in keeping with the scope of the Ancient Library and the interests of the New BA and its Academy (the ABA), the Distinguished Lecture Series includes science, the arts, politics, and every aspect of the human condition. The only requirement is the rigor of the presentation and the distinction of the lecturer. It is as broad as the human imagination, as varied as the fields of knowledge whose mosaic creates the universal human experience, and as engaging as the talents of the distinguished speakers who bring to life the different topics of their choice. Each lecture stands on its own. It can be appreciated as an experience in its own right. It does not have to be read in relation to any of the others.

It is our hope that by publishing this series, the Bibliotheca Alexandrina is allowing many more individuals to share in the benefits of the lectures, beyond those who have attended the actual event. It safeguards the material for posterity and invites those who are so inclined to view the actual video record of

the lecture, which is safeguarded in the Library's multi-media section.

To make the publication more suited for the reader, a special introduction has been included which explains the work of the individual concerned and positions the lecture in relation to that body of work. Each publication also includes a bibliography of selected works and a short biography of the lecturer.

Ismail Serageldin
Librarian of Alexandria
Director of the Bibliotheca Alexandrina
Secretary of the Academia Bibliotheca Alexandrinae

FOREWORD

Former Prime Minister of Malaysia, Dr. Mahathir bin Mohamed's achievements are of a lasting variety. He was a nation-builder and not just an excellent, charismatic administrator. He surprised the world and all of the people of Malaysia by stepping down and passing on the baton to his chosen colleagues. The smooth transition speaks volumes about his enormous achievements and his abilities. Malaysia's former Prime Minister did not only transform Malaysia but also transformed the terms of the discourse on international economic relations.

In his lecture on Human Resources Development, Mahathir bin Mohamed explained how Malaysia turned from a poor, rice-cultivating country into one of the most competitive industrial giants in Asia. The country did not adhere to any rigid ideology, whether communists or capitalists, but followed management and production styles appropriate to enhancing his countries capabilities. He contrasted the work ethics of a rural society with the operation of a highly industrialized urban community, adding that the switch from one to the other "required a change in the mind-set of the people as a whole".

Mahathir bin Mohamed stated that women, represented 50 per cent of the society and that they are employed in all professions including the Armed Forces. If they were to be confined to their homes, the society would lose half of its working force. He explained that there was no conflict between the tenets of Islam and the work of women. He spoke of the value of education particularly in the disciplines of science, mathematics and the English language. He also spoke of the spirit of religious and cultural tolerance and that if ... “we have differences, let us learn to tolerate them and focus on what is common between us.”

The Malaysian experience is important because the people of Malaysia succeeded in promoting education and the role of women and achieved remarkable technological and scientific progress in a very short time, while maintaining their distinctly Malaysian identity with its Islamic dimension.

Thus the lecture on “The Development of Human Resources” is essential for us at a time when we in Egypt generally, and in the Bibliotheca Alexandrina specifically, are seeking to address the issues of reform in our education and training systems.

In his lecture on Cultural Integration he explained that “Today people are more mobile and borders are crossed easily.” Hence, “Single ethnic countries are more difficult to

sustain.... The former Prime Minister of Malaysia related his country's experience of coexistence between the indigenous Malays and the descendants of Chinese immigrants. Thus the official language is Malay but the other languages was preserved and used as teaching media in schools. Islam is the official religion of the country but other religions may be professed without any hindrance. "The cultures of the different races are preserved but some elements of the non-Malay cultures have become a part of the national culture," he explained.

Mahathir bin Mohamed also spoke of cultural integration as a transnational theme, pointing out that "cultural integration is not just a national problem, it is also an international problem." However, he added that "Many countries are facing and will face the problem of peoples of differing cultures living together. Where the dominant culture is that of the vast majority, the best solution would be to adopt the dominant culture. But of late we are seeing some resistance on the part of the minorities and this must be handled with tolerance and understanding."

The evolution of cultures is not static and cultures evolve in interaction and by opening the self up to the different "others". Cultures change over space, such as rural and urban societies in the same country, and over time, where things were once considered unthinkable, they can become acceptable,

an example is the Sistine Chapel in Rome. Michelangelo's magnificent ceiling and the nudes is considered today among the most remarkable achievements of the human intellect. They are certainly among the most inspiring works of art, and yet in the sixteenth century they were considered pornographic, and there was an enormous attack against Michelangelo's work, even to the point where remedial measures were taken against it.

What gives us the ability to change is the protection of the different and the new. Indeed the protection of freedom of speech is not required except for obnoxious speech, because the acceptable normally does not require protection, since it is widely accepted. It is the contrarian view that requires protection. We must remember that many of the present established political rights were once upon a time considered radical, even seditious, justifying repression in order not to undermine society's foundations. Such notions as the abolition of slavery, the independence of the colonies, elected leaders, universal suffrage, the rule of law, women's rights; were at one time or another considered seditious, requiring suppression...

Mahathir bin Mohamed emphasized the importance of tolerating other views and cultures, while preserving one's own identity. Dialogue among civilizations and cultures is

always possible and “in any country there will be rational people, and they are the ones you should concentrate on.”

While we are aware that some of Dr. Mahathir bin Mohamed’s views are controversial, we, at the Library of Alexandria, do believe that Mahathir’s emphasis on different communities learning to live together in harmony is relevant and important to an Arab World where ethnic and religious fissures can be seen and felt from Sudan to Somalia to Iraq. His call for the majority to be tolerant of the minority’s rights to manifest their culture is also essential. What is particularly telling is that in Malaysia, there were none of the ethnic conflicts that erupted in Indonesia against the Chinese minority at the time of the economic crisis of the late 1990s.

Former Prime Minister, Mahathir bin Mohamed resisted the conventional wisdom of the International Monetary Fund (IMF) at the time. He advocated the introduction of capital controls, and stabilized the currency fairly quickly without resort to crippling interest rate increases. He showed that the management of the crisis could rely on the significant domestic savings to tide over Malaysia and was able to remove the capital constraints a few years later. The success of the program remains an enormous achievement that spared many of his countrymen additional miseries that the more conventional treatment would have imposed.

To round up the two lectures he delivered in Alexandria, he allowed us to add some of his previous articles on the economic crisis to the written form of his presentations.



HUMAN RESOURCES DEVELOPMENT*

What I have to say about human resources development may sound naive to the experts. However, my knowledge of the subject emanates from my experience in developing Malaysia's human resources to meet the needs of its rapid industrialization.

We often talk about Human Resources Development as if all that needs to be done is to gain skills training. The abilities of people to carry out things are probably the same. However, their abilities to deliver the right kind of work with the same quality of products almost always differ. The difference is due to the influence of culture, the value systems which affect the focus of the workers at any level, from top executives to the manual laborer.

* Lecture delivered at the Bibliotheca Alexandrina, on 3 September 2004.

It is obvious that not only will humans gain skills through experience throughout life, but the skills seem to pass on to their children and children's children. In other words, skills can apparently be inherited. Today's young people are noticeably more skillful and knowledgeable than yesterdays. Certainly, we are all more skillful than our forefathers, decades or centuries ago. The people of skill-backward communities will, of course, produce children who are backward in relation to the other communities even though they may still be more skillful than their forebears.

What this means is that everyone in every community has the potential to acquire skills. However, if they are born in a backward community, they are not going to inherit and develop the full potential they possess.

Migratory workers living in skill-advanced countries quickly acquire the skills of that community. If they had not migrated, the levels of their skills would remain that of their skill-backward community and country. Again, this proves that we have inherent skills but we need the right environment to produce these skills.

What occurs when a worker migrates is, of course, the exposure to a different work environment with higher skills and the adoption of the cultural values of the people of the new community in which he works.

In a rural community, it is not the kind of work ethics that is compatible with the operation of a highly industrialized urban community. In a rural community, there is no pressure to work at certain times and in a certain way. The rural worker performs when he feels the desire to work and stops when it is convenient. The time taken by him is flexible as are the quality of the products and the time of completion. There is, in other words, no workplace discipline. However, in an industrialized environment the time to work is fixed, the quality must be of the required level, and the delivery must be on time. Clearly, the village worker must adopt new values when he moves into an industrial urban environment; usually he can and he will. However, his adaptation and acquisition of the skills and the work ethics would be better and faster if he was helped to do so. This is where training or human resources development comes in.

Apart from the need to adjust and adapt to a new orderly and disciplined working environment, there is also a need to adjust to life in urban surroundings, away from family and fellow villagers. The freedom of urban environment where everyone seems to mind his own business may lead to a feeling of loneliness or of unaccustomed freedom. For female workers, the danger of some stranger befriending and taking advantage of the innocence of a rural girl is very real. Trusting strangers may end up in rape and even murder. On the other hand,

the freedom from parental supervision may lead to moral collapse.

The majority of factory workers in Malaysia are girls from the villages anxious to earn an income for themselves and to send back home some of the money earned. If they are to survive in these strange urban and industrial surroundings, they need to be more sophisticated and worldly. It may take time to learn, and until then they can fall prey to anyone with evil intentions.

For the boys, the danger is not so great. However, the towns provide many distractions. They may fall into bad company and get involved in drugs and even petty crime.

Serious social problems can therefore result if the proper human resource development is not undertaken.

A nation, such as Malaysia, wishing to switch from an agricultural economy to an industrial economy faces many social challenges as the demography of the country is forced to change to accommodate the needs of an industrialized environment.

The first task of human resource development is therefore to gain the confidence of the rural families who are reluctant to let their children, especially the girls, out of their care. Stories of girls disappearing and found murdered, though very rare, deter parents from allowing their children work in factories.

Where possible, factories have to be located near enough for the workers to be ferried to and from their work place daily; this is not always possible. More often, the workers have to leave home and be away for a considerable length of time. Worry about their parents and families can affect their work.

Adjustments to factory life and living away from home will need some help. Frequently the older and more experienced workers can advise and befriend the new workers. However, some elderly women acting as chaperones and counselors would be useful.

Joining with other workers of the same gender to rent lodgings would also help. Going to and from work together would avoid the danger of being waylaid or enticed by strangers. Accepting lifts from strangers poses special dangers. Even known persons may try to take advantage of trusting young girls.

The switch from an agricultural to an industrial economy also requires a change in the mind-set of the people as a whole. A new culture has to be shaped and introduced. This is especially important in a Muslim country where the norms are usually orthodox and conservative. Changes are not often welcome and may well be rejected and resented. However, economic progress cannot be achieved by continuing with the old unproductive small-scale peasant/rural agriculture. Only

large industries can create the jobs needed for an expanding workforce. The industries that can do this cannot be located in the rural areas.

Even the urban population needs to change. There will be a big migration from the rural areas to the towns of people not accustomed to urban living. There will be slums, poor housing, poor sanitation, and also some increase in the crime rates. The local authorities and the government have to deal with this, but the urban society itself will also have to make adjustments. Above all, they must be made to understand what is happening and how it will help the economy to grow and to benefit the nation as a whole; which of course includes the urban people as well.

Even as the social aspects of Human Resources Development are being attended to, the training of the workforce must begin. Primary and secondary education has already provided the new workers the capacity to understand simple instructions. In today's world, the ability to understand English is an asset. Investors from foreign countries would not be able to speak the local language. Even the instructors from non-English speaking countries speak basic English to communicate and to instruct. It would help the training of the new workers if they understand simple English. One of the reasons Malaysia has been successful in attracting foreign direct investments

is the fact that Malaysians understand English, even though most cannot speak English fluently.

Basic skills can be acquired on-the-job. This is often sufficient for the kind of labor-intensive industries involved in the production of garments, or simple assembly-line work.

Sooner or later, as more complicated jobs are introduced, specialized training will have to be provided by the employer. If in-house, this is inadequate because of rapid demands for skilled workers. Skills training centers can be set-up by the industries on their own or in cooperation with the government.

Skills training centers can help upgrade the workers already engaged or in preparation to take on new jobs. Such centers have to be equipped with the tools and machinery used in the factories. This kind of training will produce workers with the right kind of skills for the jobs they will have to perform.

Actually, workers anywhere can acquire any kind of skill if they repeat the job over and over again. Actually, it is a drill. Initially, it will require strong concentration on the part of the trainees, and patience on the part of the instructors. If the specific job is done over and over again for a sufficiently long period then the skills will develop to the point where each movement of the hands and feet will be almost automatic. Even the workers from the farms or the children of fishermen

can do a perfect job and produce flawless products. There really is nothing difficult or mysterious about the production of sophisticated components, appliances, and electronic products and even quality automobiles such as the Mercedes. Anyone can produce these seemingly complicated goods if he knows the specific work he has to undertake and the sequence of work he must follow. This knowledge and skills he can acquire while working, or at the skills training center.

If the right culture is cultivated then quality will come almost by itself. However, initially direct and close supervision will be needed. Over time, the work culture that they acquire will become a part of the national culture. Industrialization will then gain in speed.

The simplest jobs add very little value to the products. The wages for such jobs cannot be high. However, as more and more complex jobs are needed, the added value increases and the worker becomes entitled to higher wages. This is an incentive for workers to learn new skills or improve their current skills.

For the truly determined workers there is almost no limit to the increase in their skills. The ultimate would be in the design of new products. Malaysian workers have reached this level, where their design skills are used by big multinational

corporations to introduce new products for the world market.

At this stage, or even earlier, the higher education institutions would have to introduce suitable courses to produce technicians and engineers for the industries. The courses need to be upgraded all the time because the way things are manufactured is being constantly upgraded and even changed. Of course, the products also change. The original dialing telephone sets produced in Malaysia have given way to the complex electronic cellular phones.

In the early years, most tile work was manual. The parts are assembled manually, practically from start to finish. Today, most of the work is being done by automatic machine and robots. The worker now becomes a supervisor of machines, each monitoring perhaps several machines. The modern machines even detect any mistake that is made and sound a warning.

Workers now have to know the functions of these machines, the likely causes of the failures or breakdowns, and what to do to put things right again. The worker is now a technician with greater responsibilities and quite different skills. Naturally, the pay would be higher.

Now the jobs to be performed by humans have been reduced further but the skills must be even higher. In many

of the new industries half or more of the smaller team of workers would be qualified engineers, the others would be skilled technicians. Practically, no manual work is performed except when assembling the machinery. Even these would be assembled by automatic machines or robots except when the machines are being installed in a new factory. Then manual work involving engineers and technicians would be needed.

By this time, human resources for the industries would be almost fully developed. They would be able to undertake any project in any industry. By this time too, the country would become an industrialized country able to venture into any kind of industry. The limiting factor would be the market.

At this stage, Human Resources Development will have to focus on the training of managers. The success of any industry depends on the skills of the managers. It is possible for almost anyone to manufacture the most sophisticated products with the highest quality. However, they will not be saleable unless the prices are competitive. The managers must ensure that costs are kept as low as possible while the quality remains as high as possible.

New machines may have to be introduced, facilities upgraded, and perhaps new material used. Even workers may have to be retrained or retrenched. Several other things can

be done by the manager, together with the floor supervisor, in order to keep costs low without affecting quality.

The Japanese are very good at introducing new ways of performing things in order to reduce costs. One of the innovations they introduced is “just in time” manufacturing. The whole process is studied to know what is needed and when. By careful logistical control, the parts are delivered just as they are needed for a particular job. This eliminates the need to store raw materials or parts over long periods before they are actually required. The savings, in terms of cost of holding huge supplies and their storage facilities, can be much increased through the “just in time” program.

Another Japanese innovation is quality control. Each worker must ensure that the part he is responsible for is perfect before he passes it on to the next worker. Obviously, if everyone does a perfect job and produces zero defect products, the end-result would be equally perfect. The rejection rates would be very low. In fact, the objective is to achieve zero defects in every product, thus reducing the cost of rejects and reassembly.

Yet another Japanese improvement is to listen to suggestions by workers and to implement them.

Truly, the best resources of a nation are its people. Countries, such as Japan, that have no mineral resources and limited arable land, have prospered because their people

are disciplined, hardworking and skillful. Work is almost a pleasure as nothing gives them greater pleasure than the beauty of the things they produce.

From ancient times, the Japanese were able to produce exquisite products such as lacquer ware, ceramics, silk kimonos, high quality steel, bamboo crafts, etc. Their houses were made of bamboo, paper and wood with high quality and precision. It takes a certain culture to live in a house made of paper.

When they industrialized, their products were at first of poor quality. Following the war, they quickly improved their quality so that it is actually far superior to the products of the Europeans.

Their ability to do this lies in their culture and value system. A deep sense of shame makes them strive for perfection. For this, they are prepared to study hard, to spend time on it, to repeat over and over everything that they perform until they achieve as perfect a result as possible.

If we are able to instill these high values in our workforce then human resource development will yield excellent results. It will take time, of course, but it is not impossible.

I hope those responsible for the development of human resources will never forget the importance of the right culture in order to achieve the best results.

CULTURAL INTEGRATION*

When cultures meet, three things occur. First, one culture may completely dominate so that the other culture or cultures decline and disappear. Second, the cultures may absorb each other so a new culture is created which is a mixture of the different cultures. Third, the cultures may coexist, sometimes harmoniously and sometimes in conflict. Of course, this is a generalization and there is no clear-cut separation between the three. Elements of one or the other or both may be found in any of the three categories.

Today, people are more mobile and borders are easily crossed. Single ethnic countries are more difficult to sustain. More and more countries are becoming multi-ethnic as people migrate in all directions to seek a better life. In fact, this trend will intensify in the future so that there will be substantial percentages of the population of any country which are of different ethnic origins from the native inhabitants and would belong to different cultures.

Additionally, the world is, figuratively speaking, getting smaller. Jet travel and instant telephone and wireless communication have forced countries and peoples and their cultures to come in close contact with each other. Unless

* Lecture delivered at the Bibliotheca Alexandrina, on 6 September 2004.

there is greater understanding and tolerance of the numerous differences between people, differences in color, religion, language, and culture, conflicts are bound to occur. Such conflicts may even lead to civil war.

Due to all these possibilities for conflict, it is important to try to understand what occurs when cultures come in contact and work out how to deal with the different results.

In the past, when culturally different people met due to migration or conquest, there was usually no room for cultural coexistence. Generally, the culture of the majority or the dominant prevailed. The minorities simply adopted, or were forced to adopt, the culture of the dominant and discard their own.

Thus, in Muslim Spain, although the Jews and the Christian Spaniards retained their religions, they all adopted the Arab Muslim culture. They spoke and wrote Arabic, adopted Muslim names, enjoyed Arabic poetry and music and built Arab-style dwellings and buildings. Some did convert to Islam as well.

The Anglo-Saxons who colonized North America by practically exterminating the indigenous Red Indians became culturally dominant. Later immigrants had to adopt the Anglo-Saxon culture. In South America, except Brazil, the Spanish culture prevailed so that not only did everyone speak

Spanish, but conversion to Catholicism was universal. The cultures of North and South America did not remain static forever. They evolved into distinct cultures which did not follow exactly the same lines as in the European motherland; still, they remained identifiable with the original cultures. The old indigenous cultures may persist in vestigial forms. Thus, religious practices differ, especially in South America where the old religions of the Amerindians intermingled with Christianity. In North America, the indigenous cultures of the Red Indians disappeared but those of the blacks intruded into the Anglo-Saxon culture, giving it a distinct flavor.

When the ethnic groups are equally strong, either numerically or because of some aspect of power and wealth, there can be assimilation of the different cultures into one culture with some elements of the original cultures. Thus, the spread of Islam has resulted in many hybrid cultures in many countries of the Muslim world. The languages incorporate many Arabic words and expressions. Frequently the Arabic script is used. The value systems too reflect the influence of the Arab Muslims. Otherwise, the local culture and values are maintained along with the languages.

In some countries, the cultures of the different countries of origin are effectively sustained, quite often deliberately. Conflicts are more frequent when this happens. Even chronic

civil wars can plague such countries. If the degree of tolerance is high the different cultures can exist side-by-side.

Here, with your permission, I would like to relate Malaysia's experience. Malaysia is a multi-racial country made-up of the indigenous Malays together with the tribes of Sarawak and Sabah; the Chinese descendants of immigrants who started drifting to the Malay States more than 600 years ago, before European colonization; and the Indians brought in as indentured laborers by the British to work in the rubber estates. At one stage, the Chinese actually outnumbered the indigenous Malays. Had it not been for the recession in the 1920s when many immigrants returned to their countries, Malaysia would be a Chinese-dominated country like Singapore.

During the colonial period, the British separated the different races physically apart. This prevented racial conflicts and it also preserved the cultures of the different racial groups almost intact.

At the time of the struggles for independence, the majority of the people of Malaysia were Malays. Since British rule in the Malay States was through treaties with the Malay Sultans, independent Malaysia should revert to Malay rule. The Chinese and Indians would legally have no status in Malaysia; but the Malays decided that they should share political power with the

Chinese and Indians and the other non-Malay indigenous people. Malaysia's approach to race relations, like everything else, is unconventional.

The Malays harbored hopes that they would assimilate to other races. However, the other races were too big and too strong for this to take place. In addition, the Chinese were economically powerful, and this enabled them to balance the political power of the Malays. The differences in the religions of the three different races also militate against assimilation. Attempts to make Malay culture the official culture were not very successful. In the end, it was accepted that the different races should retain their cultures but the official national culture should largely be that of the Malays. Thus, the official language is Malay but the other languages can be preserved and used as teaching media in schools. This contrasts significantly with some countries that do not allow the languages of the minority communities to be spoken at all. Islam is the official religion of the country but other religions may be professed without any hindrance. The cultures of the different races are preserved, but some elements of the non-Malay cultures have become a part of the national culture. The Malay culture has in turn become a component of the cultures of the non-Malays.

The preservation of the cultures of the three races is such that they remain distinct enough to be recognizable and identifiable, yet they are different from the cultures of their countries of origin. Thus, the Chinese spoken in Malaysia is sprinkled lavishly with Malay words, while the Malays use Chinese words for certain things. It is the same with the Indians.

The differences in the cultures of the different races are such that Malaysia claims to be truly Asia because you can see the Malay Indonesian, the Chinese, and the Indian cultures in Malaysia, including their ethnic cuisines.

What enables the different cultures in Malaysia to be sustained and to co-exist is the spirit of tolerance and pragmatism displayed by everyone. Malaysians know that any attempt to impose any one culture would cause resentment, non-cooperation, and perhaps racial confrontation. The country would become unstable and unable to grow.

We believe in Malaysia that it is better to have a slice of a growing cake, than the whole of a shrinking cake. The tolerance for each other's culture has resulted in Malaysia becoming peaceful and stable. As a result, economic growth has been rapid and the share of the economic wealth of each community has grown far bigger than the whole of the original economic wealth of the country.

Malaysia's formula for cultural integration follows no hard or fast rule. It is the result of responding to given situations. Had Malaysians been dogmatic and unwilling to make adjustments, the integration of cultures would not be possible.

While Malaysia's formula cannot be applied to all countries with a multi-racial population, there is no doubt that a spirit of tolerance can help with cultural integration. There is no culture which is so superior that it must be adopted at all costs.

Many countries are facing and will face the problem of peoples of differing cultures living together. There will be problems in the handling of cultural integration. Where the dominant culture is that of the vast majority, the best solution would be to adopt the dominant culture. However, lately, we are witnessing some resistance on the part of the minorities and this must be handled with tolerance and understanding.

Thus in the USA, the Jews and the Hispanics have succeeded in retaining much of their cultures. In some parts of the USA, the Spanish language is used officially and as a teaching medium. The Jews, on the other hand, have been successful in countering the bias against them and have openly flaunted their religion and cultures. They even claim the right to dual citizenship. Their religious holidays have to be respected, but they still claim to be culturally Americans.

Cultural integration is not just a national problem; it is also an international problem. It has become so because of the development of communications technology, especially television with its real time news broadcast 24 hours a day. It has brought the world into everyone's living room. This is fine if not for the fact that English has become, by an accident of history, the *lingua franca* of the world and the Europeans, whether English-speakers or not, have quickly seized the opportunity to present their perceptions of things over the airwaves.

Between Hollywood and the electronic media, the culture of the ethnic Europeans, in particular American culture, has been spread worldwide. There is no culture in the world that is not affected, or influenced, by this onslaught.

The culture of the Americans is very liberal. It is based on absolute individual freedom; where before pornography was banned, now explicit pornography is made available to everyone, including children, on the Internet. There is no doubt that this destroys the moral values of other cultures. In fact, such pornography can be directly linked to sex crimes and murder.

However, the Americans will not stop the advertisement of pornography, including video clips, through the Internet.

Their culture insists that freedom is far more important than the destruction of moral values which it may cause.

Ethnic European culture of today is so permissive that homosexuality and same-sex marriages are almost encouraged. Even priests openly flaunt their homosexuality in the name of freedom. Women's bodies are exposed in order to sell everything from automobiles to beverages. Indeed the dresses worn by women expose more of their bodies than they cover. Yet if anyone looks at the exposed parts, this would constitute sexual harassment and the person can be sued and pay millions in damages.

The ethnic European society is litigious. Friends and family members can be sued for millions if through an accident someone is injured.

Love no longer exists in the ethnic European culture since it is now interpreted as meaning the sex act. There is no feeling of fondness or desire for companionship for life between men and women. The only desire is for the sexual act, causal and totally bereft of any noble feelings. After the sexual desire is satisfied, the relationship is terminated.

Children are born of these liaisons, who may not know their fathers, and not knowing this, brothers and sisters can commit incest and beget inbred children. In fact, the ban on incest is being questioned now. Why shouldn't brothers and

sisters marry if they so desire? Obviously, the culture of the ethnic Europeans, which is touted as the universal culture, threatens other cultures in a world of countries that can no longer be separated by borders. How does the world deal with this? How do non-Europeans preserve their cultures if they do not want to be polluted through domination, assimilation or integration?

One of the values touted by ethnic European cultures is freedom of expression, freedom of the press. When this was first mooted, speech and press were limited in their reach. In any case, the European societies, which preached these freedoms, were conservative and their value systems did not permit such a high degree of societal freedom.

Once the principle of freedom of expression was accepted, its interpretation began to widen and deepen. What was proscribed when freedom of expression was first mooted could not be proscribed if society professes to believe in freedom. Anyone or any group of people wanting to do anything, no matter how offensive to other people, must be allowed if freedom is really going to mean freedom.

Justice too is being reinterpreted to give meaning to freedom. We now hear that the independence of nations does not mean that other countries cannot force an independent nation to change the government and to install one which

meets certain specifications. That the people of the country do not want to accept the culture that is to be imposed upon it is no reason why force should not be used to ensure the acceptance. That the use of force is contrary to the concept of freedom of choice is of no concern to the liberal democrat enforcers.

The evolution of the liberal culture is still going on. In the name of freedom anything can be done. However, there is no freedom to reject this culture of absolute freedom.

In the face of all these can there be cultural integration? Is it not possible for cultures to isolate themselves, to preserve themselves? Must there be integration when integration is likely to destroy one culture and preserve only the moral depravity as shown by the culture of the ethnic Europeans.

There has been talk of a clash of civilizations. The present conflict between Muslims and ethnic Europeans is not a clash of civilizations. It is nothing more than the struggle of Muslims to regain land which had been wrested from them to create the State of Israel. Give back the land and the Muslims will live in peace with the Israelis and their ethnic European backers.

However, a clash of cultures seems to be building up. Muslims and many others cannot accept the culture of the ethnic European. It is not a Christian culture. It has nothing

to do with religion; if at all it is an anti-religious culture-based on hedonism and the satisfaction of animal desires.

There is no scope for integration here, not even for values such as justice and fair-play. The culture that is being promoted by the ethnic Europeans as the universal culture must be confined to them alone. They must not be allowed to have it integrated with other cultures simply because other cultures will simply fail and collapse as moral values are rejected or interpreted to mean quite the opposite. Thus what their own religion says is a sin is now openly practiced as a virtue by their very spiritual advocates.

There can be integration of some cultures as I have mentioned earlier, but there can be no integration between the inherent cultures of the Asian and African civilizations with the culture of the ethnic Europeans.

Modern enlightenment based on science rejects the belief in retribution for sins. When the peoples of the world do not know who their parents are and incest, homosexual relations, injustice, the oppression of the weak by the strong, are sanctified in the name of liberal culture; it is entirely possible for disasters to befall the world as divine retribution.

We have to be careful that the desire for cultural integration will not destroy all the high moral values we cherish.

MAKING GLOBALIZATION WORK: MEASURES TO ENCOURAGE INVESTMENT AND TRADE FLOWS*

The past three decades have seen a rapid pace of integration of the global economy. Anything that happens in one country's economy must have some effect on the economy of the world. Thus the collapse of the economy in a small country may cut off the world's supply of some products which would then affect the pricing of goods involving that product. The collapse may be due to natural causes or political upheavals but the effect is the same. In the most extreme case the gyrations of the New York Stock Exchange (NYSE) will be followed by similar gyrations in the stock exchanges of the world although the businesses, companies and banks of the different countries have nothing to do with the NYSE at all.

No country can isolate or insulate its economy from the rest of the world. In one way or another, the performance of the economy would depend on the economic situation in the rest of the world. This inability to insulate is worsened by the speed of communication. Every little thing that happens anywhere is communicated to the rest of the world in real time. Invariably they have an economic dimension. Thus, if there is

* A speech delivered at the Commonwealth Business Forum in Johannesburg, South Africa, on 10 November 1999.

a draught in Brazil, coffee prices would go up. If there is a demonstration in a country, tourists would cancel their visits and investors would put their money in another country.

All these would of course have an effect on the economies of nations, bad for some and good for others. The speculators love this. They would have a field day shuffling their capital from one country to another in their pursuit of profit maximization.

What if the reports through the wire services are false or fabricated? What if the speculators invent rumors or make wrong forecasts deliberately or otherwise? The countries targeted would lose money as speculators dump their holdings of shares or commodities. People would suffer as they lose their means of livelihood. There may be riots and even bloodshed; all because some speculators want to make money for themselves.

How does a country or a businessman protect himself against the gyrations of supplies and prices? Hedging is the answer. By buying or selling forward, or by purchasing hard currencies, the effect of the uncertainties, whether real or manipulated, can be minimized. Indeed the smart ones can actually make money purely through hedging.

So, a new business is born. This is the business of securing against gyrations in prices and in exchange rate fluctuations.

It started off innocently enough as insurance against the unpredictable and the unexpected. It is a kind of gambling. Sometimes the hedger makes, sometimes the hedge funds make. It was all still fair-and-square.

Then, the hedge funds found that they can easily manipulate the unknown and the unpredictable so as to win and profit every time, all the time. The theory is as old as commerce itself. If you are big enough to monopolize then you can ensure the prices by being able to fix them. Since you own all the supplies you are in a position to demand to be paid the price you name.

Why own the commodity? Why not simply control the supply of the commodity? This can be done simply by putting a small deposit on future supplies. If the supplies are not taken up, only the deposit would be forfeited. On the other hand, if the prices go up, huge profits can be gained.

Forward selling of non-existent commodities can also be made if there is a possibility that the price would fall below the price sold. That way the commodity could be bought at lower price and delivered to the buyer who had bought at the higher price. Eventually real goods or commodities need not be involved at all. Fictitious goods were sold at current price for delivery later when the real goods have been reduced in price and could be bought for delivery.

If commodities and goods can be traded in this virtual way, why not money itself? So money or currency became commodities to be traded in the same way.

The price of everything is determined by the willingness of a buyer to buy. To sell, the price must be lowered until a willing buyer is found. The result is a rapid fall in prices as more and more of the virtual commodity is offered.

In a borderless world the players with unlimited money can offer any amount of any commodity worldwide at continuously lower prices. The actual producers of the commodity will find the prices falling below cost resulting in huge losses. The real traders in real goods will often lose money but the speculators and manipulators will make huge sums without ever owning or taking delivery of any real goods or commodities or currencies. Whole currencies and their governments can go bankrupt because their products fetch prices below costs and their currencies lose their value. The loss is not just economic or financial but also social and political. Governments can and have actually fallen because of this trade in non-existent commodities, including money. Thus when globalization enables the free flow of capital, serious abuses can take place.

Globalization can offer a lot of good to poor countries. If the poor countries try to raise themselves up by their bootstraps, the process and the pace would be so slow that it would only

result in their being left behind. For the poor countries it would be like having to invent the wheel. However, if the rich with their money, technology and marketing knowledge were to invest in poor countries, not only would the poor see big inflows of capital but they would also acquire the skills and the technology to catch up with the rich. Thus with the technology and capital, rich countries through their multinationals can set up production facilities in poor countries to take advantage of lower labor costs and other costs. The workers in the poor countries gain employment, incomes and skills. Their country gains through reduction in unemployment and through the injection of funds into its systems. Eventually these countries would learn enough about management and technology to start their own industries bringing even greater benefit to their people. In time, poor, technologically deprived countries can become industrialized through this process. From being a country dependent on the production and export of only two commodities, tin and rubber, Malaysia has now become a significant exporter of manufactured goods. Today, 80% of Malaysia's exports are made up of manufactured goods. The per-capita income of the country had risen from US\$300 to almost US\$5000 before the economic turmoil of 1997/1998. Thus the opening up of its borders to foreign capital and know-how has benefited Malaysia tremendously. It should

benefit other developing countries as much if conditions are made suitable for the inflow of direct foreign investments.

Clearly, globalization and the borderless world have their ups and downs. They are not a panacea for all economic ills. While they can enrich the poor, they can also impoverish and even destroy the economies of countries and regions.

Globalization is a concept invented by man and as such it is not perfect. It can bring about a lot of good but it can also lend itself to abuses and give forth some of the most tragic results. Globalization cannot be embraced *in toto* simply because it enables free movement of capital and trade. Free movement by itself does not bring benefit. Although capital inflow can create wealth, capital outflow, particularly rapid capital outflow, can bring about economic and financial disaster.

As with every system invented by man, good can only come about if the system is properly understood and managed. Unfortunately, there are always rogue elements in human societies and they will always abuse the system to reap high returns, whether economic, social or political. To minimize abuses, all systems must be regulated.

Unfortunately, in their enthusiasm, the great trading nations have insisted that along with globalization there must also be total deregulation. They believe the market will correct itself. This is called the discipline of the market. In fact they

believe the market will actually discipline the governments, forcing them to be less corrupt and more transparent.

Idealists are always blind to the contrariness of human nature. Market players are not the most caring of people. Their fixation is with profits at whatever cost to others. They are not particularly concerned about society and its well-being. The idea that governments, especially elected governments, should surrender societal care to the market is as welcome as allowing wolves to guard sheep.

The world is nevertheless going through a process of dismantling rules, regulations and laws governing capital flows and trade in goods and services. The World Trade Organization (WTO) is forcing the pace simply because globalization and deregulation are considered to be good themselves and not because of the results they produce. So when recently the free capital flows destroyed the economies of whole regions, the free-market idealists refused to recognize anything wrong with the system. They blame the lack of transparency and corruption of the governments instead. That these same governments had obviously succeeded in rapidly developing their countries until the free-marketeters attacked them is ignored. The free market just cannot be wrong. Only non-believers and heretics will fail to acknowledge this. As we all know, the only way to deal with heretics is to burn them at the

stakes. Figuratively that is what was done to the free-market non-believers.

A “level playing field” is a term invented by the rich to imply fair competition. Merely because the field is level is not enough for fairness and equitability to be achieved. The players on the field must also be evenly matched. In sports, handicaps are acknowledged simply because it is recognized that certain participants are disadvantaged. In fact, it is common in sports to grade the teams according to their ages and sizes. A heavyweight boxer will never be pitted against a featherweight no matter how well level constructed the ring is.

Yet the emphasis in trade and investments is solely on level-playing fields. If globalization is going to benefit the world, the relative strengths of the trading partner(s) must also be given due consideration. It will not cost superior partners much if handicaps join weaker partners. Indeed, in the long run, it will benefit the superior partner also, for the prosperity achieved by the weaker partner due to the privileges would make it a much more viable market, a market that is sustainable for the rich.

Just as we should rethink globalization and deregulation, we should talk no more of level playing fields without talking also about the relative strengths of the parties concerned and the need to award handicaps. One should remember that it

took the developed countries of Europe almost 50 years to bring down their trade barriers against each other and even then not completely. The European countries are more evenly developed than the other countries of the world today. Surely a globalized world should not be equated with the union of the European countries where borders are now more or less removed and access is more or less open to everyone. Probably over a period of centuries the countries of the world can be expected to do away with borders and become as unified as Europe. Many people have only just emerged from colonial bondage and they value the little freedom they enjoy to become apparently equal citizens of the globe. They suspect that they would not be really equal citizens. They suspect that they would once again revert to being subjects of the strong and the powerful, who only incidentally happen to be their former colonial masters.

Provided handicaps and privileges are accorded the weak countries, provided that certain rules and regulations remain, there is every possibility that globalization will help the developing countries catch up with the developed countries. In fact, in certain areas they can be actually strong and competitive. Thus where natural products and labor are of prime importance they can actually be more competitive than

the developed countries whose commodities have been used up and whose labor cost is extremely high.

There is a need also to consider the terms of trade. For decades now the commodities produced by the poor countries have valued in price at a slower rate than the manufactured products they import from the rich. This means that the poor have to sell more and more of their commodities in order to buy less and less of the imported goods they need. The result is that the poor are getting poorer while the rich are getting richer.

The rules of supply and demand, of market forces must of course prevail. However, the prices of commodities are not always governed by these rules. Far too frequently the prices are determined by speculators, their forward purchases and their short-selling activities. Invariably the poor producing countries are the losers as they are not involved in speculative trading.

On the other hand, the cost of the goods they buy are often the result of the artificially inflated costs, including the very high wages paid and the high cost of other services in developed countries. Since the cost of raw materials is usually a small fraction of the total cost, should not the rich simply pay more for their raw material imports? Market forces may not be

involved when doing this but must market forces always take precedence over human welfare?

If trade is to be equitable, then the problem of the terms of trade must be addressed. The poor commodity producers must be paid higher prices roughly in keeping with the rise in the price of the manufactured goods which they import. In the long run the rich would still benefit for when the poor commodity producers are enriched through better prices, they will make better markets for the products of the rich.

A globalized world would be meaningless unless it is an enriched and equitable one. Deregulation, borderlessness and free flows of capital, while enriching those already rich, must also contribute towards the rapid and equitable growth of the poor. They should also enrich the world. It is not globalization, deregulation, borderlessness or free capital flows which is important. It is what they can do for world trade, for economic growth and for alleviating the poverty of the world that is important. If they can help, then we should all welcome these ideas and concepts. If they do not, if they bring about more misery to the already miserable, then, notwithstanding their being in keeping with the times, notwithstanding the advances in technology, the rapidity of communication, they should all be rejected.

The purpose of commerce is not merely to make money for some people. Commerce is undertaken because of the need to meet demands for goods and services. Meeting these demands is the *raison d'être* of trade and profit is actually a by-product of meeting these needs.

The great marketers of the world have since made trade as a milk cow, solely as a generator of profits. With this, real demand has been made subordinate to the making of money by creating demand where there is no demand. Thus exchange rates of currencies are needed in order to facilitate trade. The amount required is only to cover the actual cost of the goods traded. However, the currency traders created a market in currency, created demands which have no relation whatsoever to the actual trading needs. In the end, trade in currency has become 20 times bigger than world trade and huge profits are made through a totally artificial demand and supply. There is not that much money in the world, but no matter. Even if the currency does not exist, trading can still take place, and huge profits can still be made. The misery that these profiteers create is a matter of no consequence, for trade is no longer about meeting the demands of goods and services. Trade is just about trade, the serious business of making money in any way, at any cost.

Globalization as interpreted now simply means the enlarging of the area and the potential for those with the means to make even more money for themselves. What happens to those without the means does not seem to matter. In fact, what happens to anybody else, the society at large, to nations and regions does not matter. Only the profits for the traders matter. So, free flows of capital have decimated the wealth of the tiger economies of East Asia. Sad to say, the currency traders gain only a fraction of the wealth they destroyed as their profit. There is obviously a net loss of wealth for the world.

If globalization is good for the world then everyone should benefit from it. Obviously it is not only, not benefiting everyone but it is hurting many. We need to rethink globalization and reinterpret it.

The Commonwealth is a grouping of rich and poor nations bound by historical ties, an ability to speak a common language and a roughly common system of government and laws. Without doubt our worldview, our perception of things is also roughly similar. We still have the capacity to think our own thoughts and to act on them together. With the considerable influence we wield we have often been a force for the good. With regard to globalization we need to ensure that our members and other countries do not suffer because our

individual voices are insignificant in the WTO especially. We need to achieve a consensus on globalization and speak with one voice, especially in the WTO.

Globalization may be an idea whose time has come but that alone should not mean we should all meekly accept it. We must ensure that it will be for our good, individually and collectively before we do. Some of us have already had considerable experience of the globalized free flows of capital. We have benefited but we have also suffered when there are abuses. Our experiences must be used to devise and improve the idea of globalization so as to reduce the abuses and help realize the good that globalization promises.

The Commonwealth is a representative segment of the world. Perhaps we should try our interpretation of globalization amongst us first. We should devise rules and regulations for capital flows so that there will be economic stability instead of turmoil. Free trade need not be full of uncertainties and tumult. There need not be excessive gambling and speculation simply because free trade enables them. If, in order to benefit all, some regulations have to be put in place, there is no reason not to. Trade has benefited the world immensely. Currency trading is said to be 20 times bigger than world trade. What do we have to show for it? The world is not 20 times richer. Instead the world is very much poorer. True a few currency

traders and banks have become extremely rich. Surely trade is not about making a few people very, very rich. As I said earlier trade is about supplying needs and demands. This is basic and when we find trade has been abused bringing disaster with it, we have to go back to basics.

If the Commonwealth wants to see trade and investment flows bringing with them prosperity in a globalized world, the Commonwealth must be willing to challenge conventional wisdom and propose rules and regulations to make free trade create wealth and not destroy it.

GLOBALIZATION: CHALLENGES AND IMPACT ON ASIA*

“The challenge for Asia is not how to manage the present concept of globalization but to make it work and to benefit from it. The challenge for Asia is to influence the thinking on globalization, to reshape it, to reduce the chances of it going awry and destroying economies and countries.”

“Globalization” is a word that seems to describe the coming together of all the countries of the globe into one entity. It was coined by the rich countries, apparently in response to technological advances and the speed and ease of travel. However, the emphasis appears to be on the free flow of capital and trade in goods and services. People and other things may not flow so freely.

Free means free of governmental regulations, laws and policies. International institutions would take over, enact rules and enforce them. Looked at from the viewpoint of weak countries, rules, laws and policies will still exist but they will have no say in their determination or enforcement.

For most of the developing countries, globalization means not more freedom but less freedom from rules, regulations,

* A speech delivered at the World Economic Forum (WEF) in New York, on 3 February 2002.

laws and policies. Worse still, these uniform rules, regulations, laws and policies disregard their particular weaknesses and problems.

They are being told that being poor, they will benefit from capital flowing into their countries. In fact, for many of the East Asian countries, capital inflows have brought about unprecedented economic growth. Even their stock markets have benefited from foreign investments. What they are not told is that the same capital can flow out, and when it does, their countries can be bankrupted.

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

The East Asian financial crisis was precipitated by the free exit of capital which started with the manipulative devaluation of the currencies of these countries. Devaluation led foreign investments to lose value. To avoid losses from further devaluation, foreign capital was pulled out. The market collapsed, resulting in a rapid increase of non-performing loans, deprivation from bank funding of business operations, numerous bankruptcies and failure of the banking system in the end.

With the economy in tatters, the government had to borrow from the International Monetary Fund (IMF), but loans

would only be given if the government surrenders economic management to the IMF and allows foreign white knights to pick up the devalued local banks and businesses.

Many countries are floundering 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 for the loans they had borrowed.

While East Asian countries are recovering from its slump (where some have made a fair degree of recovery), countries such as Argentina are not so lucky. Sovereign loans are not so safe after all as countries can go bankrupt when the IMF imposes its policies.

Clearly, what happened to the East Asian countries is a manifestation of globalization. Trading in currencies is only possible if government abdicates as the authority to determine the value of currency and leaves it to so-called international market forces. The market is interested only in making profits and cares nothing for the wellbeing of society.

The market favors the rich and the technologically advanced. Today, banks and corporations are merging and acquiring each other to become even bigger. Quite naturally the bigger banks and corporations are not going to be 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 maximize 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 regarded as the fault of these countries.

Being big is all-important: it guarantees success, ensures economies of scale, more research and development, and cheaper products. However, we have seen that size did not save Long-Term Capital Management (LTCM) or Enron. Indeed, the bigger they are, the harder they fall, dragging everyone down with them.

The kind of globalization promoted by the rich Western countries has not convinced Asia that this is the answer to economic ills or the vitamin for economic growth.

Globalization need not be about free capital flows only. Regulated globalization—one that is not absolutely free nor purely market driven—can still be compatible with today's idea or concept of globalization.

The challenge for Asia is not how to manage the present concept of globalization but to make it work and to benefit from it. The challenge for Asia is to influence the thinking on

globalization, to reshape it, to reduce the chances of it going awry and in the process destroying economies and countries.

There is nothing sacred about the present concept of globalization that it cannot be changed, radically if necessary, so that it poses less danger to those accepting and practicing it. Free trade is not synonymous with globalization. If we have to regulate trade in order to benefit from globalization, why not?

People who play golf know that there will never come a time when handicaps will be abolished. In business, too, fair competition can only be between entities of fairly equal strength because level playing fields are not enough. The contestants must be evenly matched. If we cannot match them, then give them handicaps.

Prior to 1997, the Asian countries were growing miraculously. Malaysia registered a growth rate of 8% plus per annum for ten consecutive years. Today, every one of these miracle economies are shadows of their former selves. The impact of globalization involving the free flow of capital and the straight-jacketing of business has been disastrous.

For years now attempts to resuscitate the economies have not been very successful. There will be permanent scars and the impact will not be any better for as long as the present interpretation of globalization is forced upon Asia. In fact,

the world is likely to fail to recover if, instead of focusing on resuscitating the economy following the September 11 bombing of the World Trade Center in New York and the Pentagon in Washington, DC, it continues to impose its version of globalization on the rest of the world.

BIOGRAPHY

Mahathir bin Mohamed, former Prime Minister of Malaysia, was born on 20 December 1925, in Alor Setar, Malaysia. He first attended a Malay vernacular school before continuing his education at the Sultan Abdel Hamid College, then attended the King Edward the Seventh Medical College in Singapore. He originally trained as a medical doctor, and set up his own practice in Alor Setar in 1957. He joined the United Malays National Organization (UMNO), in 1946. He entered active politics in 1964 as a Member of Parliament for UMNO. In 1964, he was elected as a member of parliament in the Malaysian Government; and in 1973, he was appointed a senator, subsequently becoming Minister of Education. Following a landslide victory in 1982, he was elected Prime Minister of Malaysia. He won three more elections, serving for 22 years until his retirement in 2003.

Mahathir is credited with having transformed Malaysia from a country dependent on agriculture to its present status as an emerging industrial powerhouse. During the Asian financial crises of 1997/98, he courageously rejected the assistance of the International Monetary Fund and implemented remarkably successful currency controls which remain a model for economic success.

The author of numerous books on Malaysian politics and economics, Islam, and larger issues affecting the Asian continent, Mahathir has spoken in many contexts regarding the economic issues facing developing nations.

Following his retirement as Prime Minister, Mahathir was awarded the Seri Maharaja Mangku Negara, Malaysia's highest award. He is married, and has seven children.

Offices held by Mahathir bin Mohamed

- 1946: joined the United Malays National Organization (UMNO) as a member upon its inception;
- 1953: joined the Malaysian Government service as a medical officer upon graduation;
- 1964: elected Member of Parliament for Kota Setar South on an Alliance Party ticket, defeating the Pan-Malaysian Islamic Party (PAS) candidate with 60.2% of the votes polled;
- 1965: elected as a member of the UMNO Supreme Council;
- 1968: appointed as Chairman of the first Higher Education Council;
- 1969: lost his parliamentary constituency of Kota Setar South to PAS's candidate, Haji Yusoff Rawa, by 989 votes;
sacked from the UMNO Supreme Council on

12 July, following the widespread distribution to the public of Mahathir's letter to Tunku Abdul Rahman, then Prime Minister and President of UMNO;

relieved of his party membership on 26 September.

1972: rejoined UMNO on 7 March;

1973: appointed as a Senator;

1974: appointed Chairman of the National University Council;

relinquished the post of Senator in order to contest in the 1974 General Elections where he was returned unopposed;

appointed as the Minister of Education on 5 September;

1975: elected one of the three vice-presidents of UMNO, after winning the seat by 47 votes;

1976: elected as Deputy President of UMNO on 5 March;

1978: appointed Deputy Prime Minister by the then Prime Minister, Tun Hussein Onn on 15 September; relinquished the Education portfolio to become Minister of Trade and Industry (1 June 1978 - July 1981);

- 1981: elected as UMNO President on 26 June;
appointed Prime Minister of Malaysia on 10 July,
when Tun Hussein Onn stepped down for health
reasons;
concurrently took charge of the Ministry of Defense
(18 July 1981 – 6 May 1986);
- 1986: took charge of the Ministry of Home Affairs,
7 May;
- 1990: took over the Ministry of Home Affairs
(October 1990 – January 1999);
- 1999: took over the Ministry of Finance on 8 January;
official opening of Cyberjaya, a township that
is a key part of Malaysia’s “Multimedia Super
Corridor”;
- 2001: took over the Ministry of Special Functions on
5 June;
- 2002: announced that Mathematics and Science subjects
will be taught in English, rather than in Malay with
effect from 2003;
announced his resignation to the UMNO General
Assembly, but was persuaded to stay on for a further
18 months;

2003: retired as Prime Minister of Malaysia on 31 October, following 22 years in office, making him one of Asia's longest-serving political leaders; awarded the Tun-ship, Malaysia's highest honor.

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