

Back to Production, Dump Globalization

by Gail G. Billington

Malaysia's feisty Prime Minister, Dato Seri Dr. Mahathir bin Mohamad, challenged 800 distinguished guests, speakers, and captains of industry, attending the East Asia Economic Summit 2002, Oct. 6-8, in Malaysia's new capital city Putrajaya, to abandon the "ideology" of globalization and return to physical economics—the economics, he said, of "producing things." Representatives of 33 nations came together at the three-day conference, sponsored by the same World Economic Forum which hosts the elite annual Davos conference. Dr. Mahathir's speech, excerpts of which are printed below, took up the foremost issues confronting nations of the world today: the preparations for war, led by the utopians in President George W. Bush's Administration; the ill-defined threat of global terrorism; and the impact of both in feeding the threatened blowout of the world economy.

In launching such a "produce, stop financial speculation" polemic, Dr. Mahathir echoed the resolution passed by the Italian Parliament for a "new global financial architecture," which *EIR* founding editor Lyndon LaRouche initiated in direct discussions with those legislators. On the final day of the Putrajaya conference, Oct. 8, the Italian initiative was featured in Malaysia's "newspaper of record," the *New Straits Times*, as the lead letter to the editor by scientist Mohd Peter Davis, who highlighted LaRouche's initiating role in the fight for a New Bretton Woods conference.

Three weeks earlier, in his keynote address at the Asian Global Leadership Forum in Pangkor Laut, Malaysia, Mahathir had called for a renewed global commitment to economic infrastructure development as key to peace, because it has multiplier effects which generate expanded and more productive economic activities. He specifically proposed that 1% of multinational corporations' tax liabilities be given to a world infrastructure development fund.

Educating President Bush

Dr. Mahathir, Deputy Prime Minister Abdullah Ahmad Badawi, and Foreign Minister Syed Hamid Albar have gone to great lengths to improve Malaysia's ties to the United States, which had gradually recovered from then-Vice President Al Gore's grotesque attack on Malaysia's leader during the 1998 meeting of the Asia Pacific Economic Cooperation Forum in Kuala Lumpur. In May 2002, Dr. Mahathir visited

Washington on his third state visit, followed in September by Badawi, who has been designated as Mahathir's successor when the long-serving Prime Minister retires in the Fall of 2003. Albar accompanied both leaders.

The Bush Administration's war on terrorism has created difficulties for Malaysia, in particular, as for all Muslim nations and populations, in what is seen as a targeting of a faith embraced by one out of five people on Earth. Malaysia's unquestionable political and economic success, in a multicultural nation of Muslims, Chinese, and Hindus, should suggest that its leaders have useful insights to share. And, by general consent, bilateral relations improved as a result of these state visits.

Nevertheless, the reported tough discussions between Badawi and Vice President Richard Cheney and National Security Adviser Condoleezza Rice, ran up against the irrationality of the Bush Administration's anti-terrorism campaign, exemplified in the rude and intrusive searches of the three Malaysian senior officials at U.S. airports. Also, recent changes in U.S. and Canadian immigration laws have caused disruption, if not outright suspension or cancellation of education for hundreds of Malaysian students, and cast the sinister implication that Malaysia tolerates, or is complicit, in harboring terrorists.

Mahathir told 40 journalists attending the East Asia Economic Summit, that removing Iraq's President Saddam Hussein from power and bringing democracy to Iraq would not solve problems affecting that country, nor tackle international terrorism effectively. He said President Bush was taking the wrong approach in fighting terrorism because Americans were angered by the Sept. 11 attacks, and angry people usually do not think rationally. Fighting terrorism requires rooting out its causes, he said, and in Malaysia's historical experience of combatting terrorist insurgency, citizens who feel they have a stake in the country, eventually abandon their fight.

'Renewing Asia's Foundations of Growth'

The following are excerpts from Prime Minister Dr. Mahathir bin Mohamad's speech to the East Asia Economic Summit in Putrajaya, Malaysia, Oct. 6. A subhead has been added.

World War II and the Pacific War were, economically speaking, disastrous for everyone. At the end, both the victors and vanquished were devastated and impoverished. . . .

Mindful of the negative results of punishing the defeated by forcing them to pay reparations, the victorious U.S. and its allies set out to resuscitate the world's economy including those of their late enemies.

While those who were allied to the victors were positively

helped through the Marshall Plan, the principal enemies were indirectly helped to recover and to rebuild. Japan in particular gained tremendously from the lessons they got from the former American enemies. . . . The fact is that the victors allowed and even helped the defeated enemies to recover. . . .

Trade needed a proper International Financial System. At Bretton Woods, the international community decided on pegging currencies to gold so as to ensure the values of currencies are properly backed.

It was a caring world anxious to rebuild a new world from the ashes of war. Colonies were freed one by one and allowed to rule themselves any way they like. It was in this atmosphere that the countries of the world recovered, became prosperous mainly through the production of goods and services and commodities traded across the world and within each country. . . . The old manufacturing giants regained strength and grew, while new giants appeared on the scene, notably in Germany and Japan. . . .

By the 1960s, the whole world seemed set to prosper. The outlook seemed even better when the Communist system collapsed and the Cold War ended. Now everyone could focus on economic growth without being bothered by ideologies and blocs. But unfortunately, it seems that some among the victorious capitalists saw little need to curb their avarice anymore. . . . There was no more "other side." The winning side was free to exploit the world without restraint. . . .

And so in the 1970s, pressure was applied on countries to go off the Gold Standard and the fixed exchange rate. Henceforth the market, i.e., the currency traders, would determine the rate of exchange of currencies. . . . A new business developed to help business deal with the uncertainties of the exchange rate. For a fee, the businesses could hedge. . . . Meanwhile the production of goods and services continued. Some failed, and along came the early saviors of failed businesses. They simply bought the businesses, stripped them of their assets and left the minority shareholders gasping. . . .

Then came the junk bond peddlers. . . . Some great names appeared on the scene, dealing in junk bonds and ripping off huge profits. Again the authorities stepped in and some notable traders ended in the chill.

But the itch to make quick profits gave birth to new ideas. Short-selling shares was one of them. It was speculation at first, but when it became manipulation, some countries disallowed short selling. . . . By then the interest had moved almost completely away from the performance of business, i.e., the profits, the assets, and the potentials. The only thing that mattered was share appreciation or capital gains. . . .

Then someone thought of the idea of cornering the currency market. It was costly, but hedge funds had made arrangements to have huge sums at their disposal and even more that they could leverage from the friendly banks. And so began the rampage of the currency traders. Any country was fair game, but most of all the newly emerging economies, rich enough to be fleeced, but not powerful enough to fight

back. . . . Perfectly good countries with enormous resources can be truly and really bankrupted.

All the while these countries were condemned for their incompetence, their corruption, their cronyism, etc. The currency traders who sold down the currencies of these countries were never blamed. Indeed they became great philanthropists. . . .

Look at the world today. It is not the prosperous, growing world of the post-war years, especially of the sixties to the eighties. It is a world of economic malaise. Even before Sept. 11, the downturn was already evident. The dot.com companies precipitated this. . . . The fact is that we are not doing business anymore, real business that is. We are not producing goods and providing services. . . . What the world is interested in today is quick money, money that comes from speculation and manipulation; overnight money. The greedy have taken over the economy of the world. . . .

National Governments No Anachronism

If the Asian economy is to be revived, Asians must look beyond their continent. They must help bring about a return to sanity. They must do so by ganging up against the greedy who are already shaping the world's economy and finance through the World Trade Organization.

We need to relook very closely at the interpretation of globalization. . . . We should resuscitate real business, the business of producing things, of providing service. Money should be invested in this and not in buying and selling shares alone or in speculation and manipulation of currencies. . . .

Even in the handling of modern terrorism, we are not doing well. Today, a year after Sept. 11, 2001, the situation is really worse than immediately after. . . .

We don't seem to be doing the right things. If I may say so, the world has lost its way. The Malays . . . have a saying, "When you lose your way, go back to where you started." We need to go back to the status quo ante, to the good years of the world's growth, to the '60s, '70s and '80s. We must not be afraid to admit that we have gone wrong, and go back to doing real business. Stop the quick profits of asset-stripping, of short selling, of speculation and manipulation of currencies, of monopolizing world business, of the efficacy of size. If we cannot stop them completely, regulate them.

Governments have not become anachronistic. . . . They have a good incentive to do the right thing by everyone, including the very poor, simply because, democratic or authoritarian, they know they will be thrown out if they don't care for the people's welfare. . . .

Do business, real business. Stop the gambling on the share market and the currency market. Use the stock exchange as a place for raising capital, not making quick profits. Stop preaching to others. Stop examining the shoes of hundreds of millions for the hundred or so terrorists, but look instead for the causes which move normal family people, to blast themselves to smithereens, and eliminate the causes.