



# Provisional Record

Ninetieth Session, Geneva, 2002

## Fourth (special) sitting

Tuesday, 11 June 2002, 10 a.m.

*President: Mr. Elmiger*

ADDRESS  
OF THE RT. HON. DR. MAHATHIR BIN MOHAMAD,  
PRIME MINISTER OF MALAYSIA

*Original French:* The PRESIDENT — It is my honour and pleasure to declare open this special sitting of the 90th Session of the International Labour Conference and to welcome our guest, His Excellency, Dr. Mahathir bin Mohamad, Prime Minister of Malaysia.

First of all, Mr. Prime Minister, may I welcome you here in Malay “Selamat datang”. Welcome Mr. Prime Minister, on my own behalf and on behalf of all the participants at this special sitting of our International Labour Conference. We welcome you here as a friend. As you know, it is traditional that the Secretary-General of the Conference, Mr. Somavia, will introduce Dr. Mahathir bin Mohamad, I would, however, like to have the pleasure of saying a few words about our guest first.

Mr. Prime Minister, your presence among us here is of great importance. Your visit is taking place approximately three decades after the last visit made by a high-ranking Malaysian representative here to the International Labour Conference, making your visit a particularly symbolic one. This visit is equally important because you, Prime Minister, are undoubtedly one of the outstanding personalities on the international stage, one of the world’s leaders who is most frequently listened to by the rest of the world. Your position is due, of course, to the way in which Malaysia has developed and the remarkable position Malaysia holds, but it is also the result of your often eloquent stand on issues which are of interest to the entire international community.

You, Prime Minister, were one of the first to emphasize the need for better management of the process of globalization and one of the first to express the wish to ensure that the benefits of globalization are enjoyed more broadly and in a more equitable fashion by everyone. You have also, more than once, strongly emphasized the urgent need to reconcile economic change and social development, taking more carefully into account the level of development in individual countries. In so doing you have urged a readjustment and a reform of the policies applied by international financial institutions. We are, therefore, delighted to have this opportunity to listen to your address and we should like to thank you most sincerely for the tribute which you are paying to our Organization by addressing us from the rostrum.

Before having the pleasure of listening to your address, Prime Minister, I shall first of all give the floor to the Secretary-General of the Conference so that he

can introduce you officially. Mr. Somavia, you have the floor.

The SECRETARY-GENERAL — One of the hallmarks of your distinguished career has been the affirmation of the value of diversity and respect for cultural traditions. In recognition of this, permit me then to greet you in my own language.

*(The speaker continues in Spanish.)*

Prime Minister, it is a great pleasure to have you here with us as we inaugurate this great assembly. We all look forward to hearing the thoughts you wish to share with us concerning the future of globalization.

*(The speaker resumes in English.)*

Yesterday I spoke about the need for policy coherence regarding the goals of the international system, but policy pluralism regarding the means to get there. Today, the ILO is privileged to have with us Dr. Mahathir bin Mohamed, Prime Minister of Malaysia, to address this Conference. He is truly a world figure, one of the leading voices of the South and a courageous example of a political leader who has proven the viability of pursuing autonomous policy routes, from the struggle against colonialism to the struggles of today.

The ILO is a house of dialogue and tripartite exchange. We know that the route to consensus, the foundation of stability, is openness and receptivity to different perspectives.

Today we are pleased to welcome a distinguished senior statesman who has served his country for over two decades as Prime Minister. He has presided over a period of unprecedented change and globalization coupled with bold innovation and development inside Malaysia. And he has — fortunately, I would say — a reputation for speaking his mind and challenging orthodox thinking. I can testify personally to having seen him in action in the United Nations, in Davos, in Copenhagen and on many other international occasions, and he always inspires. As Prime Minister he has acted upon a unique vision for his country that I hope he will share with us today.

I believe that Malaysia’s experience has much to contribute to our common agenda of decent work for all, which combines universal rights with an agenda for growth based on enterprise creation and national development. We are interested in your experience that transformed the economic base of Malaysia, turning it from an exporter of primary commodities to a manufacturer of electronic equipment, steel and

cars, and you are now developing the hi-tech Multimedia Super Corridor under your Vision 2020 agenda.

Mr. Prime Minister, your visit to the ILO is timely. Earlier this year we launched the World Commission on the Social Dimension of Globalization, which aims to help move us closer to a more widely acceptable model of globalization. We are interested in Malaysia's strategy of engagement in the global economy, since, unlike many countries, your country has in fact benefited from the global economy.

We also welcome your insights into the shortcomings of the present model of globalization and the choices you made to overcome them. Your policy of "prosper thy neighbour" echoes the ILO's own position that poverty anywhere constitutes a threat to prosperity everywhere. We welcome you to share your experience, insights and wisdom in the spirit of dialogue and our pursuit of policy pluralism to realize our common vision of decent work for all.

The Rt. Hon. DR. MAHATHIR BIN MOHAMAD (*Prime Minister of Malaysia*) — Firstly, I would like to thank the Director-General for his kind invitation to address the prestigious International Labour Conference. I have been asked to talk about globalization. I do not know whether I am qualified to do that but I will try.

Globalization is on everyone's mind nowadays. This concept of a world without borders, a global nation in all but name, promises a future so changed that the social, political and economic order of things, as we know them, will be radically different and probably threatening in many ways. Certainly it will have a tremendous impact on the life that we lead as workers and as employers, and also as governments.

Not so long ago, in the years following the Second World War, the peoples of the world were busy dismantling empires and creating new independent nations out of the colonies of the Europeans. That was the time when much value was placed on freedom; freedom that is, from the imperialists, from being the colonies of other nations. It was felt that the subjection of a people by another people was unjust and shameful and must be ended as soon as possible. The subject people must be free, be allowed to rule themselves, be independent. Uhuru, Merdeka, these were the cries from the hearts of the "natives", the black, brown and yellow people who had been colonized by the white people.

There was resistance, much resistance. The imperial colonial powers fought hard to retain their colonies. The subject people who rose to fight for their freedom were labelled terrorists and were attacked by the vastly superior forces of the imperialists. Many were the so-called terrorists who were incarcerated, usually without trial; many were killed, were tortured even, and executed.

But the cry for independence could not be silenced and gradually, but with growing momentum, the freedom fighters gained ground and liberated their countries. More and more of the so-called terrorists became respectable, became honourable freedom fighters, became leaders of independent nations.

What was the meaning of independence then? Independence meant freedom from interference in the affairs of the newly independent nations, freedom to associate or be aligned to any nation or power bloc, freedom to accept and practice any system of govern-

ment. Non-interference was the key word. To interfere in an independent country was to deny independence to that country. The newly independent countries and their leaders glorified in their freedom. This was what they had fought for, this was what many of them had died for, and they were not going to let it be diminished in any way.

But they were wrong. Their independence was not complete. It was President Soekarno of Indonesia who first realized it. He called it "neo-colonialism", a form of colonial rule that required no physical occupation of the land. The economic weaknesses of all the newly independent countries forced them to submit to the influence and even the hegemony of the economically powerful, former colonial masters. The newly independent countries had to seek aid and to borrow from the rich countries, and this was not given without strings attached.

Every day the strings became more numerous and stronger. But still much lip service was paid to non-interference in the affairs of independent countries. For the rich ex-colonial masters even this need for lip service was frustrating. A way had to be found to dominate the former colonies more directly once again.

International agencies were used. Then came the idea of the non-governmental organizations (NGOs). Governments may not interfere but non-governmental organizations are not subject to the dictum. And so the NGOs moved in, financing and setting up local counterparts which effectively promoted the interests of the rich. The NGOs gained legitimacy and power by citing corruption, abuses of power, abuses of human rights, degradation of the environment, logging, hydro-electric projects, gas pipelines, industrialization, anything and everything so as to keep the governments of the independent countries feeling guilty and submissive. No government, however well-intentioned, can be free from all that can be thought up by the NGOs as misdemeanours. It was considered not unfair for the NGOs to deny the poor people of a poor country cheap electricity or jobs or water supply in the interest of any one of their many so-called "causes". The poor countries must preserve the environment and become a "carbon sink" for the rich polluting nations of the world, at whatever cost to their own people.

But as if the independence of the new nations was not eroded enough, the governments of the powerful countries invented reasons for moving in directly. They claim that they have responsibility for the well-being of all the people in the world, even if they are citizens of other countries. All the people in the world must be freed from their governments' corruption, abuses of power and lack of transparency, their independence notwithstanding. After the end of the Cold War, the freedom to choose forms of government was removed and only one choice was allowed — liberal democracy. That the removal of the freedom of choice is against the very principle of democracy was ignored. Be democratic or all the people, and not just the government, will be punished, deprived of food and medicine, impoverished through economic actions.

Is it really concern for the well-being of the poor oppressed people of these newly independent former colonies, or is it frustration at not being able to get at the wealth these countries have, not being able to exploit the potentials these countries possess? It would seem that the latter is more likely to be the objective.

Democracy, transparency, the rule of law, freedom from corruption and from cronyism are good in themselves. But is it necessary to make the people suffer, to impoverish whole countries for the sins of their governments? Is it necessary to destroy thriving economies in order to bring about democracy and all the good things that are supposed to accompany it? What happens when these democracies fail to work, when anarchy reigns instead; when they become so emasculated that they have to depend completely on foreign help and accept foreign directives for their domestic and foreign policies?

Should the new (relatively speaking) independent countries object to effectively losing their independence? Battered by the NGOs, made to feel guilty over their record on human rights and allegedly incompetent administrations, and obliged to the powerful because of aid and their unrepayable debt, they were in no position to reject globalization or even to question it. And so each and every one welcomed globalization without knowing really what they were letting themselves in for.

The first danger sign came when the currency traders devalued the currencies of the Asian tigers. Suddenly these so-called economic miracles were impoverished and found themselves spluttering and breathless as their countries collapsed economically. The media and an assortment of international experts and agencies told them that they had been naughty, that their growth and economic miracles were all fiction, that all the time they were mismanaging their economy, stealing money from their treasuries and feeding their cronies. That the peoples of these countries had obviously prospered, that physically and infrastructure-wise they had grown and developed, that they had managed to industrialize their agro-based countries — all this proved nothing, all this did not prove that they were governing their countries well. If their currencies were devalued and their economy and finances were in a shambles, it was all their fault; the currency traders and the stock-market investors were merely pulling out in order to save their precious capital.

But even if some of these allegations were true, it cannot be denied that the growth and development of these countries were real. They were not free of corruption, of course, but which country, developed or otherwise, is free from corruption? But the reality was that corruption, lack of transparency and cronyism were not the cause of the currency depreciation. What caused the currencies to devalue was the speculation or, more accurately, the manipulation by the currency traders. They did not need to have a single cent of a country's currency in order to sell it. They are adept at short selling. A few zeros more on the computer, ownership transfers, and they become richer by a few hundred billion dollars.

But were they concerned about the effect of devaluing a currency? No. They admit now that they saw only those figures on a computer screen. They did not see, or, if they saw, they casually blamed government incompetence and indiscipline for the social misery that their avaricious currency trading had caused. In one country alone, 20 million people lost their jobs almost overnight. There were riots, shops were ransacked and burnt, women raped and people killed. Governments fall and anarchy sets in. And the international agencies which were supposed to help merely saw an opportunity to impose their rules for

opening markets, among other things, instead of bringing relief to the people. Loans were withheld in order to gain compliance. And with compliance, the whole country and all its businesses and banks had to be sold at fire-sale prices. If the loans cannot be repaid then the country will become a debt slave indefinitely.

No more independence. Everything will be decided by foreigners whose only interest is to open markets and to collect repayments on their loans. No subsidies for food or fuel for the poor people. No restrictions on foreign ownership. No national agenda.

And so, not only will there be poverty and unemployment, but also prolonged riots, instability and finally anarchy. But not to worry. The country is democratic, practises market economy and accepts globalization in toto.

Well, after all this, should we in the developing countries be convinced that globalization is the remedy for the social ills of the world? Frankly I have doubts. What we are seeing is the erosion of the independence of countries and their further impoverishment. What we are seeing is the feverish acquisition and mergers of the banks and corporations in the powerful economies so as to become even more powerful. Already most of the banks and corporations are bigger than most of the developing nations of the world. Despite frequent exhortation to establish level playing fields, it is obvious that they believe size is the determining factor. Big is beautiful. Big certainly guarantees success. But big corporations, being powerful, must suffer from the corruption of power. And we are already seeing this happening as auditors are told to cheat or lose their contracts. In a world dominated by the big corporations and banks, will there be social justice, or will there be massive corruption?

Globalization is presently interpreted simply and exclusively as the freedom of capital to go anywhere, to cross and re-cross borders at will. The poor countries are told that the inflows of capital will be good for them. There will be growth and jobs and more wealth for everyone. But they are not told what would happen when capital is pulled out, pulled out suddenly. They will not know until it happens. And then it will be too late as they will find themselves suddenly poor, suddenly full of jobless people. But still the free flow of capital is touted as the sole essence of globalization.

We need to look this gift horse in the mouth. What would happen if the giant banks and corporations moved into a country? How will the small domestic banks and companies fare? Obviously they are not going to be able to compete with the giant non-nationals. The giants can afford to lose in the country as they will be making profits elsewhere. The locals cannot afford to lose, at least not year in and year out. They will go bust, or they will have to accept being acquired. Either way, they lose out, becoming at most a minority shareholder, but most probably selling out and living on the proceeds. There will not be too many businesses they can go into as most would be non-viable as other giants pose threats to their survival. And so, in the whole world there will be a limited number of giants in each business, an oligopolic situation which will not be healthy. And everyone who wishes to work will have to work for these giants, to be one of the hundreds of thousands of the minions of these globe-straddling giants. Perhaps there will be one giant multinational union to represent all the

workers of the corporations around the globe, but I doubt it. It would be too powerful and too dangerous to be allowed.

We have heard of the banana republics. It is ridiculous to suggest that banana growers could manipulate governments, but when a government depends so much on one source of funds and of bribes, then banana republics become entirely possible. What will happen when foreign banks and corporations, each many times richer and bigger than the host country, decide that the government is not doing the right thing by them? The urge of the foreign giants to exert pressure on the government would be irresistible. Of course, these great corporations and banks will not resort to bribery and pressure, but can we be certain? Either way, the independence of nations will become non-sustainable. The foreign corporations will take over.

Governments, at least those of democratic countries, are elected by the people and owe their legitimacy to the support of the people. The people, through the constitution and the legal processes, can discipline them, can dismiss them even. But banks and corporations are not so democratic, nor will they owe allegiance to the people of a country. They are not elected by the people and they cannot be dismissed or voted out. Only the people who hold shares in them can remove the directors, but we have seen how difficult this is. Besides, powerful shareholders who wield strong influence over the governments of their countries of origin will protect them against actions by the locals.

The free market can certainly discipline governments, but not necessarily for the good of the people. The market players are the most likely to benefit when markets discipline governments, probably at the expense of the people. The main concern of the free marketeers will be profits for themselves, not social justice. Paradoxically, they will claim that social justice is the concern of governments, governments which they have emasculated.

After all that I have said I am sure you will conclude that I am against globalization. But I am not. Globalization is a great idea. Correctly interpreted, it can be a means of correcting the inequities in human society worldwide.

Today some countries are filthy rich and some are church-mouse poor. One-sixth of the world's population is living from hand to mouth, unsure of having food on their table the next day. A substantial number of people earn US\$1 a day. Yet there are countries with per capita incomes of US\$30,000 or US\$82 a day.

Why is this so? Why is there such disparity in incomes? In most countries, those who make money in business or through wages are required to give back some of that money through taxes. Yet the multinational corporations (MNCs), who make huge profits operating throughout the world and are going to make even more with globalization, contribute nothing to alleviate the poverty of the world's poor. Yes, they do sometimes pay taxes to the countries in which they operate, although many do not. But what about the very poor in the poor countries where the MNCs have no business? If, in a country, the poor get some share of government revenue irrespective of which part of the country they live in, why cannot the poor in the poor countries that are unattractive to business also be given some benefit?

Yes, aid and loans have been given, but we have seen how ineffective these have been. If, on the other hand, the rich countries, by universal convention, were to allocate a fraction of their revenue to actually building needed infrastructure in the poor countries, then much would accrue to the poor people, to the workers, to the small contractors of these countries.

Experience has shown that when infrastructure constructions are undertaken, no matter by whom, jobs and contracts are generated for the locals and foreign funds will flow in to enrich the country. In addition, the building of infrastructure serves as a catalyst for development. All along the roads and railway lines, near ports and airports, new settlements and towns and businesses will grow. Electric power plants and water supply projects also built by infrastructure funds will provide basic necessities.

Globalization would then be more meaningful for a greater number of people. In addition, globalization should be regulated so as to prevent monopolies, oligopolies and the exploitation of the poor by the rich. Rules and regulations are not incompatible with globalization, as long as they are designed with the protection of the poor countries from unscrupulous manipulations by those with capital and influence.

Most importantly, the globalized world must not be for the capitalist only. The social needs of the citizens and the workers in the poor countries must be given equal consideration. Not only must the people be fairly compensated, but their pride must not be injured.

Globalization must be for all. Capitalists, workers and government must benefit from globalization. If capital is to be allowed to cross borders freely, then workers too should be allowed to do the same. If this cannot be accepted, then free capital flows cannot be accepted either. If free flows of workers have to be regulated in a world without borders, a globalized world, then capital flows must also be regulated.

Globalization must be planned, and planned carefully. The planning must involve everyone from every part of the globe. It must be for the good of everyone and it must be proven to be good for everyone. It must be implemented slowly, with the biggest effort directed at benefiting the least developed parts of the world. Globalization should not be about business only, but about the well-being of everyone in human society worldwide. Then, and only then, will globalization be meaningful to the world at large.

*Original French:* The PRESIDENT — Prime Minister, I think we have clearly heard from that applause that this assembly greatly admires and respects you, and I think that this admiration is clearly deserved because you, this morning, have given us not only a wonderful message of hope but also a wonderful message of courage. You have shown extraordinary persuasive strength and I am sure that the spirit of your words will run through the future work of our Organization. You know that we have established a tripartite forum which enables far-reaching discussion on the impact of economic globalization. If I were to remember just one point from your speech, Prime Minister, it would be that you have called for more wisdom in globalization, you have called for respect at all levels, particularly the social level, for the independence of individuals, and you have asked for social justice to be a reality for everybody in the world. I thank you very much, Mr. Prime Minister.

If you will allow me, I would like to finish my statement as I began it, by addressing my heartfelt thanks to you in Malay: “Temaia Kasih”.

*(The Conference adjourned at 10.45 a.m.)*

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