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## Malaysia's Dr. Mahathir at Boao

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# Calls for International Infrastructure Program

*The following are excerpts from the keynote speech by Malaysian Prime Minister Dr. Mahathir bin Mohamad, at the founding conference of the Boao Asia Forum, in Hainan, China, on Feb. 2. The forum was opened by Chinese President Jiang Zemin, who described it as a means for meeting the "aspiration of Asian countries for common development through enhanced dialogue and cooperation against the backdrop of economic globalization," and for bringing about "a fair and reasonable new international political and economic order." The Secretary General of the Forum will be the former Secretary General of the Association of Southeast Asian Nations (ASEAN), Malaysia's Tan Sri Dato Ajit Singh, while the co-chairs will be Fidel Ramos from the Philippines, Bob Hawke from Australia, and Japan's Yashuhiro Nakasone. Subheads have been added.*

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## The Official Launching of The Boao Forum for Asia

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. . . The forum is especially timely, as the world is going through one of its periodical revolutions, which puts many communities under tremendous stress and strain. We have already seen how perfectly healthy economies can crumble, merely by the currency traders devaluing their currencies. We believe that it is only the beginning. Many more things are coming, as old ideas about sovereignty and independence make way for such previously unthinkable concepts as a world without borders, of globalization. Then there is democracy which becomes more and more liberal every day, and is very disruptive, even leading to virtual anarchy.

When countries became independent, they believed that they would be free to manage their own affairs by themselves. Foreign countries may not interfere in the internal affairs of independent countries. But they did not reckon with the power of the international media or with the non-governmental organizations (NGOs). These are not bound by the understanding that governments may not interfere in the internal affairs of other countries. The international media and the foreign-funded NGOs easily cross borders, and often undermine national governments to the point where they would find themselves unable to govern or be overthrown even. Of course the media and the NGOs claim they were justified in doing this.

Weren't these governments oppressive and corrupt? Without outside help, their people would not be able to overthrow them. But then, once people got the idea that they can overthrow governments, even elected governments, they would not stop overthrowing them. The result is not better government, but probably a series of ineffective governments or anarchy.

What the international media and the NGOs have done, is to prove that independence does not mean freedom from foreign interference, domination, or hegemony. Once such interference became common, the powerful countries felt free to ignore international niceties and to interfere openly in the affairs of weak countries. The excuse given at first was violation of human rights, but now it has been extended to bad governance, to failures to adopt prescribed business practices, to less than acceptable level of democratic practices, etc. Any excuse is good enough. . . . If a country is strong, it can do what it likes, it can even attack and kill people and yet it will remain independent. But if it is weak, even when it is doing the right thing, it may be accused of all kinds of misdemeanors, and would be placed under the surveillance and control of the strong.

In the countries of the strong, private citizens may set up "watch committees" to oversee the behavior of weak countries. That they have no mandate from anyone does not put them off. They consider it their divine duty to right the wrongs of the world. And frequently their public pronouncements undermine the economic, political, and social stability of whole nations. The people of these countries suffer, as they would have no means to seek redress.

Many of the Asian countries are quite defenseless and exposed. When the currency traders destroyed their economy, they could appeal to no one for help. Indeed if any country offered help, that country would be chastised and told to cease helping. It would undermine the IMF [International Monetary Fund]. Clearly the IMF wanted to use the currency crisis to foist its policies on the troubled countries and to control them.

## The Impact of Globalization

Now globalization is on its way. In preparation for the borderless world, the giant banks and corporations of the very rich are merging to form even mightier giants. . . . In the end, there will be only a few banks and corporations left. They will operate worldwide and they will insist that governments meet their demands for total deregulation, so as to remove all obstacles to their pursuit of unlimited profits.

Frightened, governments of the powerful countries may try to curb these giants, to break them up. But even the powerful governments are not going to be able to do this. The powerful corporations and banks will wield so much influence, that governments, however powerful, will have to bow to them. The media which they own and the NGOs which they finance will back them. Remember the LTCM [Long Term Capital Management] and how it was bailed out. No one was punished



*Prime Minister Mahathir bin Mohamed: Build nations, through world cooperation for infrastructure development.*

for nearly destroying the finances of the rich countries.

Perhaps I have painted too grim a picture of a globalized free trade world. Surely the corporations and the banks do not have this ambition in mind. But when the Bretton Woods Agreement was discarded and the currencies allowed to float, no one predicted that in 1997, a handful of currency traders could wield so much power over so many countries. No one predicted that the currency traders could impoverish whole regions, throw millions out of jobs, provoke violence, and cause the fall of governments. But we do know now that they could and they did.

Politicians are not the only people who yearn for power. Business people can have the same yearning too.

The frightening picture that I have just painted may be too fanciful. But free trade can have frightening consequences which for small nations can be very destructive. Even the mere lowering or abolishing of import duties may result in depleted treasuries for countries which have no other worthwhile taxes. . . .

What the Asian countries need is a forum to air these problems and fears and to receive serious and sympathetic hearing. They need to discuss new ideas thoroughly. They need to do serious studies and to work out different scenarios. From the results, they should make their common stand in international fora. I believe the Boao Forum can do this and more. The Boao Forum can be of great service to Asians and to the world in the challenging years of the 21st Century.

### **Proposal: An Infrastructure Tax**

Because of that, we must also look at positive ideas which can result from the meeting of Asian leaders, leaders who naturally are close to the problems and the state of affairs in Asia. . . . We know that adequate and relevant infrastructure can facilitate the development of countries. The mere construction of infrastructure can provide jobs and contracts for the locals. Construction of roads and railroads will help landlocked countries reduce the cost of transportation of raw materials out, and the imports of needed manufactured goods. The benefits of power plants need not be enumerated. The great

rivers can be developed for cheap transportation the way the Rhine and the Danube have been developed. Pipelines can not only be for oil and gas, but also for water from melting snow in the north to the arid deserts of the south.

Ports and airports are also much-needed facilities for the poor countries, but they will never be able to afford these on their own. . . . The cost of infrastructure is very high. The poor cannot possibly build all these by themselves. The current foreign development aid would also be inadequate. A new reliable source of funds must be found.

It is normal in any country practicing market economy, for the rich to be taxed and the poor to benefit from the expenditure of the revenue collected by the government. It is time the world thinks of taxing the rich countries on a sliding scale, in order to gather sufficient funds to finance the construction of infrastructure in the poor countries. The basis of the assessment can be worked out and agreed upon. So can the agency which will collect and administer the revenue and implement the projects agreed upon. Of course, the agency must be elected democratically by the UN, and so must the international civil servants be chosen. No one country should dominate. . . . Even the expenditure on infrastructure development from the tax on the rich will benefit the rich also. Only they have the know-how, the machines, and the trained experts to carry out the projects. They will therefore get back a good portion of the money they paid for the world infrastructure tax. But beyond that, when the poor countries become richer, they will provide excellent markets for the goods and services of the rich. It will be a win-win affair.

There will be no debt for the poor to pay and neither will they be able to misuse their funds. The infrastructure projects can be decided and implemented by an international body which will be guided by experts. . . .

For many countries of the world, there is no hope that they can, on their own, eradicate poverty in their midst. Foreign aid has failed. So have foreign loans. Only an International Infrastructural Development Program, funded through an international tax and confining itself to building needed infrastructures, can overcome the poverty of these nations and the poverty of their people. . . .

Long ago, we [Asians] gave the world their religions and the wisdom of Confucius, Tagore, and others. It cannot be that today we are totally lacking in wisdom and bereft of solutions for the ailments of mankind. I am sure that even within this hall, there are brilliant minds capable of shaping a greater future for mankind. . . .

Asia and Asians have a great future in the 21st Century. We are not going to dominate the world. The 21st Century will be the century of the world. But Asians must play a big role in the creation of this century of the world.

This forum may discuss more mundane things, but it will only make its mark if from its meeting and discussions, great ideas emerge, ideas which will be as world-shattering as those of the ancient sages of our past.