

## **Opinion: When reality kicks in, our future matters most**

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Asian nations are not crazy about the idea of globalisation. But a deep-rooted culture of pragmatism reminds some that it is wise to go with the flow. Malaysia should take a leaf out of their book, writes STEVEN C.M. WONG

IF Malaysians are going to carve out an economic future for themselves, they are going to have to be a lot more logical and pragmatic. They will need to think and act professionally and with great realism, and avoid being amateurish, opinionated and unproductively political.

All over Asia, businesses and governments are working overtime to ensure that they will have a substantial chunk of the future. They are liberalising swathes of their economies and acquiring businesses on a global scale, albeit with occasional hiccups as in the case of Singapore's Temasek Holdings.

A quick glance at any business magazine will show Asian countries running at full tilt, with their corporations and entrepreneurs spearheading the charge.

Indian companies are acquiring European steel mills. Arcelor Mittal is now the world's largest steel company. Another deal concluded just this week between Tata Steel and Corus will be the fifth.

Outside the smokestacks, things are moving just as fast. Even before the New York Stock Exchange (NYSE) had finished merging with Euronext, the former had taken a strategic stake in India's National Stock Exchange (Euronext is itself a merger of five European cash and derivative exchanges).

An NYSE deal with the Tokyo Stock Exchange is strongly rumoured to be on the cards.

One could go on and on. These details would be thrilling if they did not have such bone-chilling implications.

Malaysians should have absolutely no illusions. If we think that the competitive pressures now are strong, there is much more to come. Asian hyper-activity that we have seen so far shaping the future is only the thin edge of the wedge.

Are there those discontented with globalisation? Of course.

Many of the arguments against it were invented in these countries. Squeals about the ills of free trade, the unfair trading system and unequal bargaining power can be heard from farmers, workers and non-governmental organisations the world over.

Do the governments of these countries expect to be pressured to meet ever stronger demands for reciprocity and standards of behaviour? Undoubtedly. They would have to be naive or brain-dead to think otherwise.

Would they ever therefore welcome agreements with major trading partners that would

impose even more reciprocal trade opportunities and responsibilities? Absolutely. The problem is they are unlikely to be offered the chance to negotiate one. Are they realistic or delusional?

A fundamental peculiarity of countries that will succeed in the future is a deeply rooted culture of pragmatism. After complaining bitterly about all that is wrong with the world, they get on with doing what they know needs to be done.

Malaysians need to learn how to cultivate a practical streak and we need to do it fast.

We can start by placing many more level-headed entrepreneurial — as opposed to political — types in positions of authority. We need to do more than just consult with professionals and specialists in the areas where we want to make progress.

We must be prepared to hand them the reins to drive processes and make the hard decisions that are needed. We need to kill the Peter Principle (theory that employees are promoted to their level of incompetence) in our economy before it kills us.

A second discernible trait is that these countries see their alliances with foreigners as empowering and enabling, and not intimidating. This is true of all others who are being carried along in the economic jet stream.

The People's Republic of China is as proud and nationalistic a country as any in the world. If we say we are concerned about political and social stability in this country and we worry about the underclass, the same is true of China.

Indeed, with the severe strains and numerous protests every year, the latter seems to have even more to fear.

Yet, China welcomes extensive foreign involvement in its economy. Apart from manufacturing, all types of services are being opened up, especially financial services.

Malaysia's Parkson Group owns 39 stores in 26 cities. Fully licensed, foreign-owned financial brokerages are being allowed. Legal firms, probably the most sacrosanct of its professional services, have recently begun to merge with American firms.

It is ironic that we need to be reminded about the importance of foreign engagement. Almost everything that we can see and much that we cannot was paid for with the cold hard cash earned by the economy's openness. Listening to the conversations that go on today it would appear that we have forgotten.

A third fundamental difference is the willingness to pay the price. It would be wrong to say that Vietnam does not have any fears at all about integrating with the world. But most Vietnamese see being left out of the world system to be an even graver threat. Thus, on Jan 11, 2007, Vietnam became the 150th member of the World Trade Organisation.

For the rights of membership, it had also to agree to assume responsibilities. It has started to do so by widening the trading band on its currency. Its stock exchange was up 144 per cent last year and (so far) 30 per cent this year.

Malaysia cannot remain wrapped up in its little cocoon and watch the world whizzing by. Certainly, we talk up a good storm when we want to but we must add substance to our rhetoric.

We must avoid being so enamoured with the idea of things that we are determined to study them to death. Competitiveness, productivity, innovation and the rest are the result of actions being taken — or not taken as the case may be — that are consistent with the goals.

Take the US-Malaysia free trade agreement as a small but perhaps not inconsequential example. The US is Malaysia's single largest trade and investment partner and source of net foreign exchange earnings.

Watching the debate that goes on today it almost gives the impression that the facts are reversed. The two economies are strongly complementary unlike, say, Malaysia and China which compete in third-party export markets such as the US.

The prospects for future investment and job creation as a result of a Malaysia-US FTA are also excellent, certainly more so than the Asean Free Trade Agreement where low-cost countries like Indonesia and Vietnam abound, or China for that matter.

The mere fact that there are those who are prepared to walk away from what is described by some as an "unfair and inequitable" deal is perhaps a sad reflection of the lack of power of compelling reason, and the strength of narrow sectarian interests.

Insisting on the status quo implies a lack of self-confidence in coming up with creative policy solutions for the questions of the future.

We can, of course, choose an isolationist route to the future.

We can rationalise away economic stagnation as a cost of social stability, as the poorest countries in the world do.

If that is the case, let us hope and pray that our reserves of oil and gas hold out and that the prices of our palm oil and primary commodities remain high for we will be depending on them for a long time to come.

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