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**SPEECH BY
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1. I would like to thank Malaysian Reinsurance for the invitation to speak on the "Relevance of the Geopolitical Changes and Business Environment on the Emerging Economies in Asia and Africa".
2. The emerging economies of Asia and Africa depend much on what happens in the state of the economies of the rest of the world especially the rich countries. This is only to be expected in a world where no country can isolate and insulate itself any more. Every country's economy is linked to the economies of the rest of the world ever since radical improvements in the means of travel and telephonic communications.
3. Since the economies of the world are influenced by geopolitical changes and the business environment in the world and in the major countries, so will the emerging economies of Asia and Africa be affected by these factors.
4. What are the geopolitical changes and business environment prevailing at the moment? The most important would be the changes resulting from the ending of the cold war.
5. The capitalist free marketeers who are also democratic won the cold war absolutely. With that the winners feel justified in not only promoting democracy but also their free market concept.
6. This is not necessarily bad. Democracy and the free market have obviously brought prosperity to the countries practising them. The assumption is that they would bring prosperity to any country practicing them.

7. Unfortunately this assumption is not quite correct. Much depends on the culture and the past experiences of the countries concerned. A lack of understanding of the limitations of democracy and a lack of knowledge of the workings of the free market would result in these systems failing to deliver as expected.

8. But the great democratic free market powers seem not to understand this. They are bent on converting the whole world, to their systems whatever the cost. Even if they have to kill the people who they believe would benefit from democracy and the free market they have not hesitated to do so.

9. This is what we are seeing in Iraq and in the countries of the gulf. It may seem very contradictory but that is the reality about what is happening today.

10. In the face of this what should the emerging economies of Asia and Africa do? They can resist the attempts by the capitalist free marketeers and the democrats to convert them. But this can be very costly.

11. Look at what happened to Iraq. it had an authoritarian government and it refused to open up its market. Fearing the crusading democrats on their economy Iraq built up its military defences. But as we can see the democratic capitalist free marketeers are prepared to use maximum force in order to ensure that Iraq becomes democratic and opens itself up to the depredations of the democratic capitalists. The result is an Iraq which has been totally devastated and is continuing to be unstable. The situation in Iraq today is far worse than when it was under authoritarian rule. This once prosperous oil producer is now very poor. Its people are exposed to dangerous attacks not only by the invading forces but also by fellow Iraqis. More than a hundred thousand have died and many more seriously wounded. There are now no basic amenities as all the sanitary infrastructure, water supplies and electricity are hardly functional.

12. The democratic forces are as vicious as are the authoritarian forces, if not more so. to resist them is to invite total destruction and an end to law and order.

13. It would seem that it is far better for the weak emerging economies of Asia and Africa to just submit. Accept totally the concept of globalised borderless world and the unregulated movement of capital in and out of the country.

14. It is likely that the country would be stable and even prosperous. Foreign capital would make use of local cheap labour to enhance their competitiveness and profitability. The locals would work for the foreign owned industries and earn some income.

15. The leadership of the countries might be totally subverted as they are forced to place themselves under the influence of the powerful investors whose

businesses help sustain the country. The foreign investors could actually be dictating to the government in shaping the policies and the laws.

16. This is what happened to the banana republics where the sole source of revenue of the government comes from this one foreign owned industry.

17. Effectively the country has lost its independence. It is not even a country any more. It is just an estate owned by foreign investors.

18. The emerging economies of Asia and Africa would not want to be like the banana republics. Asians and Africans had fought hard for their countries independence. That struggle would become meaningless if their poverty would lead them to become de facto colonies again.

19. Is there a third choice? I think there is. It is a choice which will not lead to the democratic capitalist acting violently against the country, nor lead to total submission and the de facto loss of independence.

20. Like all systems or ideologies, benefit can only result if the players know how to use them. To know how to use them one has to know everything about the system, the methods or the ideologies. One must know their strengths and weaknesses, the limitation which they present.

21. If the emerging economies of Asia and Africa wish to survive and to benefit from the geopolitical changes and the business environment prevailing in the world they must know everything about these two factors and their possible effect on the performance of their own countries.

22. Firstly what are the geopolitical changes that are of major concern to the Asian and African economies? Without doubt the triumph of the capitalists over the centrally planned economies has changed the geopolitical environment of the world.

23. When the cold war was on, the weak countries of the world could play the east against the west, the socialists against the capitalist. But today there is only the capitalist. If the capitalists are offended, there will be no one to shelter behind.

24. By and large the democratic capitalists can be lived with. But we have seen how those who offend them have been made to suffer. Their crusade to convert all countries into democratic countries can be very disruptive.

25. For the emerging economies, the tendency of the democratic superpowers to use force must be taken into consideration. Whatever can be done to avoid being pressured by the powerful capitalist countries should be done. It is likely that the more democratically inclined politicians or parties in the Asian and

African countries would gain political and financial support so as to force the countries to become more democratic. We see for example how the recalcitrance of leaders like Mugabe of Zimbabwe has led to sanctions being applied and the country impoverished.

26. The leader of Sudan has been declared to be guilty of genocide by the international court and he now faces the threat of arrest.

27. In Iraq we saw how disaffected Iraqis living abroad had influenced foreign powers to invade the country to depose the allegedly dictatorial Saddam regime. The result is to totally destabilise and destroy the country. As some Iraqis pointed out, a country with two great rivers flowing through it now suffers from shortage of water and despite having the highest oil reserve the power supply is unreliable.

28. Clearly the geopolitical changes happening is relevant and is already having a lot of effect on the emerging economies. Much depends on how these economies manage their own governance and the politics of their country.

29. As for the business environment, things had been changing quite radically. Where before the management of the domestic economy of a country is the sole right of the country, today it has become open to interference by the more powerful economies. The international trade of the emerging economies had of course to conform to new international practices and regimes.

30. Globalisation, the borderless world and free trade ideas have affected everyone. Some of these are good as for example the inflow of capital as a part of the free trade idea. But excessive inflow can result in the foreign capitalists dominating the economy of a country as has been pointed out earlier. More damaging will be the right to pull out capital any time the capitalists think fit.

31. When capital invested in the stock market is pulled out the stock market can collapse leaving local investors to carry the burden. Even investment in production of goods or services can be pulled out should other countries offer better opportunities. This has already happened in Malaysia.

32. In 1997 - 98 the countries of East Asia were attacked by the currency traders. By the traders devaluing the currencies of these countries their economies could be destroyed. Even the offer of help of international institutions can be destructive to a country's economy.

33. It is imperative that the emerging economies take into account the threats posed by the new business environment. It may be necessary for the emerging economies to prepare for various eventualities.

34. The rules and regulations governing trade and industry must be so structured that the country would not be too exposed to the changes in the international business regime. The countries may be forced to build protective barriers and to reduce foreign borrowings. A healthy savings regime can help when attacks by foreign currency traders reduce the credit worthiness of the country.

35. No country can live in isolation. Therefore whatever happens to the rest of the world whether it be in the geopolitical arena or business environment will have an effect on any country anywhere, including of course the emerging economies of Asia and Africa.
