

FOR IMMEDIATE RELEASE

Development issues to balance globalisation imperfections

Kuala Lumpur, August 29, 2007 - Nobel laureate, Professor Joseph E. Stiglitz's dinner lecture tonight under the *Khazanah Global Lectures* (KGL) will further encourage debate on how development issues could act as a counterpoint to globalisation in an increasingly interconnected world.

Stiglitz is in Kuala Lumpur as a special guest of the Prime Minister, YAB Dato' Seri Abdullah Ahmad Badawi. The KGL is one of three events under the Khazanah Merdeka Series (KMS), a knowledge exchange event organised by Khazanah Nasional Berhad to commemorate Malaysia's 50 years of Merdeka.

Stiglitz's work and ideas in recent years made his participation especially apt to the KMS theme of "Development." For example, as a developing country, Stiglitz's ideas on how Malaysia could create a stable and sustainable growth for its people is important, as it prepares the groundwork for the next 50 years and beyond.

One aspect of development which Malaysia is familiar with is the Five-Year Development Plan, such as the recently launched 9th Malaysia Plan.

"The 9th Malaysia Plan is distinguished by its goal of accelerating growth through efficiency gains and emphasis on human capital and service delivery. It also addresses distributive issues with regards to socio-economic imbalances," said Khazanah Nasional's Managing Director, Dato' Azman Mokhtar.



For these reasons, he says, Malaysia needs the role of Government to help direct and focus development while taking into consideration wider geo-political, economic and social issues to ensure equitable, sustainable growth.

Stiglitz, currently a professor at Columbia University, has had a distinguished career as an academic economist whose voluminous technical works covered various areas in economics. He shared the 2001 Nobel Prize in Economics with Robert Akerlof and Michael Spence for their work on “economics of information.” It was Stiglitz, however, who carried the argument that asymmetric information as a cause for market failure to various policy debates.

Policy implications of imperfect information and imperfect markets characterised the latter half of Stiglitz’s career. He served on President Clinton’s Council of Economic Advisers and later as the Chief Economist of the World Bank. He was and still is a strong critic of the Washington Consensus. His criticisms of the International Monetary Fund (IMF) and tumultuous relationship with the US Treasury is well documented. Similarly, Stiglitz’s views and criticisms are found in two of his latter books: “*Globalisation & Its Discontents*” and “*Making Globalisation Work*”. Stiglitz’s criticisms of the IMF resonated well in Malaysia since the 1998 Asian Financial Crisis as Malaysia itself went against IMF’s prescriptions and was later largely vindicated.

While Malaysia and Stiglitz share common criticisms of the IMF, local economists still expect provocative exchanges during Stiglitz’s stay here. One recurring question is: how do countries ensure equitable income distribution when widening income gaps have become symptomatic of globalisation. This is true in advanced as well as developing economies.

Another point to ponder is whether Malaysia’s five-year development plans are still effective for a middle income economy. In this regard, Stiglitz’s views on governments’ planning mechanisms such as the five-year development plans and 10-year perspective plans would provide an interesting viewpoint for this country. Even someone like Stiglitz who is a critic of the free market, and who believes that governments should intervene to address market failures, may find the planning mechanisms in the form of five-year plans somewhat dated.

Earlier today, Stiglitz met with several corporate and business leaders at a policy roundtable discussion, talking about issues of topical interests.

Stiglitz will also be leading a discussion on the rise of Asian economies, on whether existing economic models were able to explain Asia's economic growth. With Asian central banks now holding two-thirds of the world's foreign reserves, the excess reserves have given rise to large sovereign wealth funds on the prowl for attractive assets.

With such diverse issues on the agenda, Stiglitz's visit is anticipated to be an enriching experience for many Malaysians.

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About Khazanah Merdeka Series

The *Khazanah Merdeka Series* (KMS) is a series of lectures, seminar and forum organised to commemorate the country's 50 years of Merdeka. KMS was launched on 12 July 2007 by the Honourable Prime Minister Dato' Seri Abdullah Ahmad Badawi. The series started with the inaugural *Khazanah Global Lectures* (KGL) delivered by HE Mr. Kofi A. Annan, former Secretary General of The United Nations and 2001 Nobel Peace Prize Laureate. The other components of KMS are the *Khazanah National Development Seminar* (KNDS) and the *Khazanah Megatrends Forum 2007* (KMF2007).

About Khazanah Nasional Berhad

Khazanah Nasional is the investment holding arm of the Government of Malaysia and is empowered as the Government's strategic investor in new industries and markets. As trustees to the nation's commercial assets, Khazanah's main objective is to promote economic growth and make strategic investments on behalf of the Government which would contribute towards nation building.

Issued on behalf of Khazanah Nasional by Aleph One Sdn. Bhd.

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