

A success for Third World clout

SOUTH, September 1985

Malaysia is by and large a success story. It has evolved a national consensus and developed a democratic system under which orderly transfer of power is assured through regular elections. The Malay, Chinese and Indian communities, despite complaints and tensions, have discovered the advantage of living together and sustaining the interracial alliance. The country enjoys a triple A credit rating. Yet, there are serious cases of waste - with about 3-million square feet of office space lying vacant - and corruption: an inquiry into the Bank Bumiputra loan scandal is expected to report by the end of the year.

During a two-hour conversation with the Prime Minister, Dr Mahathir Mohamad, we talked about social change and how societies progress, a whole range of North-South and East-West issues, the future of the Pacific community and prospects of the Third World developing enough clout to force a change in the economic system.

Do you believe the Third World should repudiate its external debt, as Fidel Castro suggests?

When you say you won't pay your debt, you must be strong enough to withstand the counter-measures that the creditors are bound to take. They will deprive you of money, deprive you of everything, and you will perish, together with your debt. But if you say, "Look, I am not going to pay until I can afford to pay," then of course they will have to accept.

Malaysia is very careful in this matter, but of course, we have the means to pay. It is important for lenders to understand that if they destroy the debtors they will lose everything. In fact, the lenders are now at the mercy of the debtor countries. We should be prepared to negotiate on that basis.

Malaysia has had its ups and downs and "Buy British last" obviously worked. Were Malaysia's difficulties with Britain resolved?

Let us say we understand each other better. (UK Prime Minister) Mrs Thatcher understands the way we work here, and we understand the way she works, so it is possible to negotiate and get agreements. On the question of landing rights, for example, there was some procrastination, but we got what we wanted without applying undue pressure.

What are the areas of strength which the Third World could use to apply pressure to achieve its objectives?

Third World markets are one. The strategic location of developing countries is

outsiders, were misplaced. Asean, for example, did not come into being because of the need to have a common market . . . Asean was formed because of a need to solve problems among neighbours.

Politically, Asean has been a great success. Economically, there is much to be desired. There is a large area where we have not succeeded at all. But that will take a long time.

Nothing much has been achieved in terms of any movement towards a new international economic order. What are the main weaknesses in the Third World which have impeded progress?

It is difficult to expect other people to solve our problems. The North sees no reason why it should solve our problems. We negotiate from a very weak position. We demand restructuring of the system, but actually we are asking for aid. We cannot succeed because the North has the strength. The question is whether we cannot consolidate ourselves, and draw some strength from each other. I think we can.

In Malaysia we had our problems but we remained cool and detached. We took a simple step - we just said we would not buy British. We would buy British last. That did not destroy the British economy, but it did affect certain interests which are sufficiently influential and can pull strings in the (UK) government. As a result we were in a position to threaten them with something we could withhold. They had something to give us - we had something to give them. That was how we could negotiate and solve the problem.

I believe that every country, however small, has got something in this way: assess your strength and use it. When you have countries working together you must have a stronger bargaining position. Southeast Asia is the world's biggest supplier of tin and rubber; we used that position to negotiate with the Americans. I think we could yet succeed. That is why we have promoted the Association of Tin Producers to try to boost the tin market.

In a recent speech in Hong Kong, you said that the centre of gravity had moved from the North Atlantic to the Pacific, and you saw the Pacific community acting as an engine of growth, well into the 21st century. But you were worried about the economic cold war between the US and Japan, which could seriously damage the economies of many of the developing countries in the region. How could this damage be limited?

What we can do at the moment is quite limited. We have to be sensible about our

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another, and the Third World has a definite leverage in the UN, provided we do not use it indiscriminately and brusquely. We should use it sparingly and well. The fact is that the North cannot lose interest in the South. It will always need some of our resources. Japan, for example, will need raw materials and other goods from the South. And internally, if we can become stable, then we can use this leverage to greater purpose. If we can build regional organisations which work as a unit, then we increase our leverage.

Is Asean a model of South-South regional cooperation for the rest of the Third World?

It is a model in the sense that it is one of the regional organisations that has worked. Not 100 per cent. Not as expected. Expectations especially on the part of

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problems. Japan must understand that it cannot shut its eyes to our situation. Thus we have a vested interest in the continued friendship between Japan and the US. They must open up to each other. Japan must understand that the prosperity of its customers is important to its economy. If the customers are not prosperous, they will not be able to buy what Japan produces.

When Toyota invests in the US, we are left out. And when the US invests in Japan we are left out again. What we want is that whatever solution they work out for their problems should include us.

If Japan wants to export cars to the US, it should build them in Malaysia and sell them to the US. Japan will make its profit. The US will get cheaper cars, and we will get a small portion of the business, as the site for manufacturing the cars. In return we will buy Japanese and US goods.

What did the Japanese and US say to this?

When you talk to the Japanese, they listen, though they may not agree. But when you talk to the Americans, they immediately disagree. They have no inhibitions about expressing their feelings. Sometimes it becomes very difficult to get through to them. Fortunately they have a Mr George Shultz who is a different kind of political animal altogether. Shultz is one person who will listen, and who will accept views of countries like Malaysia. It is because of him that we have new Multilateral Trade Negotiations. It would be useful if participation by all countries could be ensured. The South must have a share in the common wealth that is generated.

What were the factors that helped you to evolve a national consensus before independence?

Well - being under the Japanese for several years we began to feel that if the Japanese could replace the British, so could we. The aura and mystery that surrounded the Europeans disappeared and made us feel equal to the task of running the country ourselves. There were officials who had sufficient experience. The Tunku, Malaysia's first Prime Minister, was public prosecutor. He had experience in law. It was not new for him to be hobnobbing with the highest officials in the country.

We learnt from experience that stability was an important commodity and we have all along struggled for security. We did not act as ultra-nationalists after freedom. We did not nationalise foreign companies. We eventually acquired them, but we paid for them. Although there was nationalism it was not the extreme brand, probably because we did not have to fight for freedom. The British did not resist as hard as in some other places.

But what were the factors which made three different racial groups give up their separate claims?

Partly it was the British, who made it very clear that we would not get independence if it was going to lead to bloodshed in the Indonesian style. So our approach was to have an understanding between the races that we must work together. There were people who opposed it, but the majority agreed to forget, for the time being, their own claims in the greater interest of the nation and that led to the formation of the Alliance party.

After the British, I would put it down to the personality of the Tunku. He was not a



Pacific new wave: car radio assembly, Penang

popular leader like Gandhi, but he had respect from all the communities. His position was very strong and he was able to carry his opinion through. There were a lot of extremists in all groups, but they could not muster enough support for themselves.

In 1955 we had the elections in Kuala Lumpur. The Alliance won all the seats. The Tunku proved that he was right and from then on nobody voted against him. The idea of independence even under those terms was much more attractive than continuing to be a part of the British Empire with no independence.

Even I, who at one time rebelled against the Tunku, accepted his approach. The only point where I disagreed with him was that he was rather extreme, and decided at one time that all the Malays wanted was to become government servants and all the Chinese wanted was to become businessmen. I disputed that. I felt that both the Chinese and Malays wanted to become government servants and businessmen as well. So there was a conflict. He said there was no conflict, but there was conflict. He said

there was harmony. I said there was no harmony. This was what I wrote in *The Malay Dilemma*. But the Tunku would not hear it. He was by that time so far removed that he could not hear the rumblings on the ground. I did not want the Malays to have everything. I was for sharing provided it was equitable sharing. So we evolved the New Economic Policy, the thrust of which was to eradicate poverty and to redistribute wealth on a more equitable basis between the races.

Have those results been achieved?

I think we have made considerable progress. It was a very difficult situation. The Malays had one per cent, the Chinese had 40 per cent and we had to work our way up.

Is it true that Malay society is dominated by a handful of retired officers and politicians who have monopolised most company directorships?

That is the conventional view. But if you make a real study, the NEP is not just a question of ownership of companies, it is also about opportunities for education. We have sent abroad something like 20,000 Malays at any one time to study. Even if it is assumed that only the rich Malays get the benefit then I am happy; if there are 20,000 Malay children, all children of rich families, even then we have succeeded. But in fact, they were children from *kampungs* (villages).

Do you feel that the NEP targets will be largely achieved by 1990?

Maybe a little later, but we will achieve the target. The fact that we have reached an 18 per cent Malay share in corporate wealth is remarkable.

Do you feel that the consensus which Malaysia has been able to evolve will hold everyone together in the next 10 years?

Not in the next 10 years, but eventually it is bound to happen. Already we see Chinese students who speak better Malay and achieve better results in examinations than Malays, even in Islamic studies. They are already beginning to move in, and because of their natural talent they are doing well. The Indian community too can speak Malay better than the Malays.

Are you in any way disturbed by growing complaints and frustrations among the Chinese and the Indians?

There are always complaints: take a homogeneous society like Korea, Taiwan, or Singapore. They have the same number of complaints though not about the same things. □

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