

We must build a strong

25 MAR 1994

THE economies that are represented here at the Pacific Economic Co-operation Council (PECC) have a total Gross National Product (GNP) of more than US\$12 trillion. This is two times bigger than the total GNP of the European Union. It is three times bigger than the total GNP of the rest of the world. No less than three-fifths of the wealth of the entire global community is generated by the economies represented in this room.

In purchasing power parity terms, the figures are even bigger. The United States is the world's largest economy. China is the world's second largest economy. Japan is the world's third largest economy. Indonesia is the 12th largest economy in the world.

It is a matter of historical record that every economy in Pacific Asia was not too long ago considered a domino or a domino-to-be. We were seen in the same way that so many countries in Africa are seen today. Economies with little hope. Beset by problems that obviously could never be solved, cultures that surely would weigh us down, handicaps that would inevitably reduce many of us to life with a begging bowl.

South Korea was seen in this light. Indonesia before the arrival of President Suharto was seen in this light. Thailand, Malaysia, Singapore, Hong Kong and even

ly committed. For the last seven years, Kuala Lumpur has played host to the Asia Pacific Roundtable, a security forum which for the first time in Pacific history brought together all the friends and foes of the Pacific into a process of talking and reasoning together. In June this year, this attempt at community-building in the Asia Pacific will meet for the Eighth Asia Pacific Roundtable.

On this day, Malaysia is proud to host the 10th international conference of the Pacific Economic Co-operation Council. I have been informed that this is the most high-powered non-governmental international conference ever held in the Pacific.

I particularly welcome former President Aylwin of Chile and Prime Minister Goldenberg of Peru, the secretary general of Unctad and the deputy secretary general of the OECD — and all who have come from across this vast ocean.

I am a great respecter of what some have called "this vision thing". There is of course a great danger in grand idealism wedded to grand illusion. Great visions can sometimes get in the way of the day-to-day things that we must do today, that are urgent, that brook no delay.

But there is no virtue in activity without purpose. There can be little satisfaction in mileage without

in which the giants of our region — China, Japan, Indonesia — shall have their rightful place, discharging their rightful responsibilities, all of us living in harmony in an egalitarian community of mutual respect and mutual benefit.

As a global citizen, my country must play an active role in the making of a new world community based on egalitarianism, mutual respect and justice. We will do what has to be done, even if there is a price to be paid.

As a fervent believer in the need to enrich and strengthen Pacific interdependence and co-operation, I also believe that the nations of the Pacific, the business enterprises of the Pacific, the intellectual leaders of the Pacific — all of us in the Pacific — each in our own way, should work hard to contribute to the making of a productive community of co-operative peace and prosperity in the Pacific.

There are two key words here. The first is "community". The second is "productive".

I believe that what we must build is a Pacific community that is robust and that will endure, not a temporary Pacific association of convenience, or a Pacific construct erected over a transient enthusiasm — or a Pacific club or organisation with a single purpose or interest, an appendage to someone, something that is

Japan. Even China. You name it. We were all, at one time or another during the post-war years, assumed to be societies with little hope.

Now, almost without exception, we are all regarded as dynamos.

Imagine the possibilities of a Pacific of such enormous verve and vitality, of such enormous wealth, of such enormous diversity, of such enormous talent, of such enormous synergistic potential! Imagine what we can do together — for ourselves and the rest of the world — if we can put our act together, if we can together build a true community of co-operative peace and mutual prosperity. A community worthy of the name of the Ocean whose waters lap our shores, worthy of the hard-working people who sweat and toil in the lands that rim the Pacific.

Some of us have been energised by the Pacific potential long before some of the present champions of the Pacific recognised the vitality of the super-region and awoke to its immense possibilities.

Malaysia was the first in Asean to join the Pacific Basin Economic Council (PBEC). In May this year, Malaysia will be hosting, with pride, the International General Meeting of the PBEC, to which I am strong-

milestones and distance without a destination. There is no sense in getting quickly to places we do not want to go.

I am a Malaysian nationalist (something that some people do not like). As a Malaysian nationalist, in common with most Malaysians, I have a clear sense of direction and of directions for Malaysia.

I am also an Aseanist. Far too many ignorant people today under-estimate Asean. It has been central to our post-colonial past. It will remain central to our future. Indeed, I confess, without any sense of guilt, that I will fight every impulse, contain every force and confront any danger that will damage or destroy the Asean family. For this, I make no apology. I express no reservation.

At the same time, I am a Southeast Asian and an East Asian. As a Southeast Asian, I am proud that we have, together, been able to turn a battleground into a marketplace. A Southeast Asian neighbourhood of warmth and friendship has to be tended and nourished.

As an East Asian, I am committed to the building of an East Asian community in which our common peace is co-operatively constructed and our common prosperity is co-operatively built, an East Asian community

here today and gone tomorrow.

In the jargon of sociology, the German word *gemeinschaft* is used to refer to a social relationship based on affection, kinship or a sense of community, "as within a family or a group of friends". The German word *gesellschaft*, on the other hand, is a relationship based on law, adherence to rules and regulations and to duty — as within a structured organisation. I believe that what we must build is a Pacific *Gemeinschaft*, a Pacific village or family or group of friends, not an artificial, Cartesian construct — over-legalistic, over-structured and over-institutionalised.

If this is our vision, obviously we have more to learn from the patient wisdom of our traditional culture, the stamina of the long-distance runner and the simple brick-layer who builds a house brick by brick, than the philosophy of Rene Descartes and the most magical builder of the house of cards.

The eager and the enthusiastic have to understand the enormous diversity of the Asia Pacific. In some of our cultures, friends are made in the course of a day. But for most of us, given our cultures, it takes time to become true friends.

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A dozen years ago, in the very early stages of the Pacific movement, at a conference on the Pacific in Bali, I stated: "*Tak kenal, maka tak cinta.*" We did not yet know each other. How could we be expected to be firm friends? Over the years, some strangers have begun to know each other much better. But there are new strangers who must be made our firm friends.

The eager and the enthusiastic have to understand that not so many months ago, some of us of the Pacific were prepared to throw megatons at each other, to kill hundreds of millions of each other's citizens.

Clearly, the Asia Pacific journey to full trust, empathy and respect is a journey of a thousand miles, with very few safe short-cuts. There are no bullet trains. We must be prepared often to go on foot, despite the inconvenience.

So many ties have to be established, so many webs have to be weaved, so many chasms have to be bridged. The work — so full of frustrations — has to be done with patience and with persistence. Rome was not built in a day. A true Pacific community cannot be built in a decade. We must think in terms of decades. We must find the stamina to stay on the course.

We must understand at the same time that the

building of a true community cannot be a monopoly of bureaucrats or Governments meeting intermittently. It can only be built by a million hands, working everyday and every hour of the day.

Indeed, right or wrong, it is the private sector, the business person pursuing growth and profit (not officials armed to the teeth with the best of intentions, laws, regulations, frameworks and authority, or politicians and statesmen who strut the great stage of international play) who have the greatest contribution to the making of the Pacific economic community. It is the intellectual and media leaders, like so many of you in the audience, who must help to build the needed community of the mind and of the heart.

Apec, properly structured, has of course a most important place and a most important role. But those Apec members who wish to measure the Pacific spirit and the Pacific commitment purely in terms of being macho on Apec, are misguided.

There is a role for PECC to play, for PBEC to play, for PAFTAD to play, for the Asean Regional Forum to play, for the Asean dialogue process to play, for all sub-regional forums to play.

We contribute to Pacific interdependence and com-

Pacific family

munity-building when we improve our bilateral relations. We contribute when we improve neighbourly relations and foster a peaceful neighbourhood and a flourishing one. All have to be part of this multi-layered, multi-dimensional process of Pacific community-building.

To ensure the "productive" community that we need, it is essential that we establish an egalitarian Pacific community, not a hegemonic Pacific community.

Let me say it for Malaysia: we cannot accept a Pax Sinica; we cannot accept a Pax Nipponica; we cannot accept a Pax Americana. Not now and not in the future. Instead, we believe in the establishment of a Pax Pacifica; a Pax without an imperium, without a protector, and without an overlord. We believe in an egalitarian community.

Most obviously, China is not Canada or Chile. Japan is not Hong Kong or Mexico. Even within the closest family, there are older brothers and sisters. Power and size will have their inevitable play. But this must be within an egalitarian framework of mutual respect and mutual benefit.

Egalitarianism is not an illusion founded on departure from realities. Nor does it deny the need for leadership. The leaders must lead. But leadership, too, must be within the framework of mutual respect and mutual benefit.

I believe that it is also important to ensure a Pacific community that is democratic and consensual and that works on the basis of democratic and consensual principles — however frustrating democracy is: however, infuriatingly difficult consensus may sometimes be to secure.

to GATT for its examination.

Australia and New Zealand were the pioneers in the Pacific. In 1965, they launched the first Nafta, the New Zealand-Australia Free Trade Agreement. The latest ramification is the 1983 Australia-New Zealand Closer Economic Relations Trade Agreement or ANZ-CERTA.

Regional trading blocs — which by definition are regional trade groupings which have a common set of market access conditions among member economies which are not accorded to those outside the bloc — have been implemented or tried in every area of the

This is a very rigorous test. The entire European experience from the European Coal and Steel Community, through the Treaty of Rome and Maastricht, fails the test of intent. The desire to open to those outside need not be the primary intent. But the desire must be there.

As for the test of outcome, I believe it demands that what actually results is trade liberalisation within the regional grouping. In addition, the barriers to outside economies must actually be reduced.

If these two tests are passed, there is no doubt that open regionalism will indeed be a contributor to

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world, except in Northeast Asia. Except for the Northeast Asian members of Apec, all Apec members are already involved in one or more regional trading blocs.

The Asean countries will have Afta. The United States, Canada and Mexico have Nafta.

Given that trade blocs are not going to go away and may even proliferate, it surely requires statesmanship of the highest calibre to ensure that they will be as open as possible to non-members and that they will positively contribute to global liberalism rather than global protectionism.

The Uruguay Round nego-

the open global trading system that I believe we must fight for.

Earlier in my speech, I said I was a Malaysian nationalist, that I was an Aseanist, a Southeast Asian, an East Asian, a globalist and a Pacifican.

As a Malaysian nationalist, I want to open the economy of Malaysia even further. In the last six years, we have been growing around 8.5 per cent a year. We must exploit all the advantages that further liberalisation and openness engenders. The entire world has to be our marketplace. And we must draw in the entire world in the making of our

We should also be strongly committed to the objective of making sure that the Pacific community that we build conforms to the imperatives of open regionalism. This of course is a central theme of this conference.

Before I proceed to say a few words on open regionalism, I hope we can all proceed on the same basic premise. Is there any doubt that the first best option is not open regionalism but open globalism?

This entire planet should be a single market place, a single trading bloc, with as few obstacles and distortions as possible to the freest and least managed exchange of goods and services. Can we not all agree that global free trade, like democracy — with all the inherent imperfections — is by far the best option, ensuring the greatest good for the greatest number?

I used to think that we all agreed that the command economy makes economic nonsense in the international economic system, just as it makes economic nonsense within the domestic economic system. Now some seem to question this. Is it the system or is it the people? Most handle the free market as badly as the closed market.

There can surely be no question about the fact that economic regionalism is a reality of life that will not go away. In the years since World War II, more than 55 regional trading arrangements have been submitted

tiations have come to something of a conclusion. We will have to wait and see just how meaningful that conclusion is. I happen to think that those who believe in trade liberalism will continue to have a fight on their hands against the forces of protectionism. Those who believe in open regionalism, too, have a fight on their hands.

PECC has the San Francisco Declaration on Open Regionalism upon which it can build, and from which it can sally forth as a champion of open regionalism. It, obviously, has an important role to play. And its tripartite nature gives it the comparative advantage to fully develop the doctrine and the legitimacy of open regionalism.

In May last year, at the opening of the 26th International General Meeting of the Pacific Basin Economic Council in Seoul, I stated my view that all those who claim to be examples of open regionalism must pass two tests. The first is the test of intent. The second is the test of outcome.

The first test requires that the members of a regional enterprise pursue their regional undertaking not with the purpose of raising the ramparts and manning the barricades, but with the intent of liberalising the conditions for economic intercourse between themselves and with the intent of reducing the barriers to economies outside the regional trading bloc.

Vision 2020 future.

As an Aseanist, I wish to see the Asean community open itself further, so that we will all become stronger, more competitive, and more prosperous. I am confident that Afta will not only lower the internal barriers but also the barriers to outside economies.

As a Southeast Asian, I would like to see an open Southeast Asia. The course is set. The benefits are all too clear.

As an East Asian, I would like to see the flourishing of East Asian economic co-operation and interdependence, and East Asian open regionalism. I have no doubt in my mind that Asean's proposal for an EAEC is an idea whose time cannot be denied.

As a globalist, I know we must fight against protectionism, managed trade and an international command economy. We must fight for liberalisation and free trade.

As a Pacifican, I urge you to dedicate the PECC and your countries to the cause of open regionalism in the Pacific.

I pray that you, during the course of this conference and the nations of the Pacific in the decades ahead, will indeed succeed in holding firmly to the cause of open Pacific regionalism and in finding the way forward.

We of the Pacific who generate three-fifths of the wealth on this planet owe this to our peoples and to the rest of mankind.