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Forced alliances lead only to conflict, says PM

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CONFLICT between nations today is due to a forced partnership which is not smart, where large powers take everything for themselves and deny smaller nations a fair share of power, responsibility or returns in whatever form, Datuk Seri Dr Mahathir Mohamad says.

The Prime Minister said the World Trade Organisation (WTO) is a case in point, where whatever competitive advantage developing countries have is considered unfair and illegitimate.

"Thus low labour costs, natural resources and stable governments are all considered as wrong, improper or unacceptable. But the competitive advantages of the powerful nations are all considered as legitimate, fair and proper," Dr Mahathir said when opening the third Langkawi International Dialogue (LID '97) in Langkawi last night.

He said it is regarded fair and proper for the powerful corporations and banks of developed nations to compete with the puny industries and banks of poor developing countries.

"The poor countries must open up their markets to the rich because the rich are prepared to open up theirs to the poor. That the poor countries have no products to sell to the rich, nor banks nor industries to take advantage of the markets of the rich is considered as irrelevant.

"That of course is interpreted by the rich and powerful as being fair. If the poor cannot avail themselves of the offer, that is just too bad. It is the gesture that counts, not the actual result," Dr Mahathir said.

He said such a partnership between the rich and the poor cannot be considered as a smart, mutually profitable one. Smart partnerships between nations must take into consideration the relative strengths and weaknesses of the partners.

"It actually pays to give a 'handicap' to the poorer partner, for example through the Generalised System of Preferences (GSP). By so doing you will be hastening the process of their graduation to non-GSP status.

"And of course when they graduate they would have achieved a certain degree of development which will make them a good market for the rich," Dr Mahathir said.

He said smart partnership is about long-term results. Partnerships based on the immediate sharing of the spoils cannot be considered smart. Such partnerships are likely to result in dissatisfaction once the immediate benefits wear off, as they are bound to.

"That is why the gains and successes of trade unions, for example, are never lasting. Almost as soon as negotiations or strikes succeed, there will be new demands. If no new demands are being made, then the whole union will become quite irrelevant. Certainly the leaders will find no justification for their leadership," Dr Mahathir said, adding that such relations between workers' unions and employers are certainly not based on smart partnership.

He said because of this, despite the tremendous gains achieved by trade unions in the West in terms of workers' rights and benefits, there has never been any long-term satisfaction on the part of the workers and their unions. Industrial disputes have become a permanent feature in these societies.

"In fact despite the successes of the unions in the West, the workforce is not well-off. The current high unemployment rate in the developed countries can be attributed directly to the absence of a smart partnership

between workers and employers," Dr Mahathir said.

Even the better wages and perks received by the workers as a result of industrial action have become quite meaningless, simply because much of the gains is eroded by higher living costs, taxes and statutory contributions for the workers' own old age and medical welfare.

"The higher costs have rendered the products of developed countries uncompetitive. They now have to resort to pressures against the poor countries in order to sustain the high standards of living for their workers," Dr Mahathir said.

In the case of Malaysia, the Prime Minister said the Barisan Nasional represents a smart partnership because consideration is given not simply according to who is stronger or bigger.

"It is based on fair sharing, so that even the small and the weak will get something. Strictly speaking, the Indians who make up just about 10 per cent of the total population and dominate none of the constituencies should get no seat at all.

"But they have always been allocated constituencies and membership in the Cabinet as well as at other levels. So do the other small members in the 14-party coalition," he said.

Dr Mahathir said Barisan Nasional's diverse membership is truly smart because a coalition of two parties where neither is strong enough to form the Government will be unstable.

"The defection of either will bring down the Government. The smaller party in fact wields much more power than is justified by its size, because it knows that its exit from the coalition will bring down the Government," he said.

A partnership of unequals in which decisions are entirely based on majority wins is not a smart partnership.

"The idea of a smart partnership is to maximise and balance the benefits for both and for all, even if the contributions towards the partnership may not be equal."

Dr Mahathir said Malaysia's way of applying democracy has resulted in a smart partnership and that in turn has contributed to the country's stability and economic growth.

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