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`I can't wait until the world stops before I get off'

HE was in a good mood. You could tell because when his visitors jokingly offered to serenade him to mark his birthday, which had taken place a few days before, Prime Minister Datuk Seri Dr Mahathir Mohamad threw up his hands in mock horror and looked ready to bolt for the door.

Instead, he emerged from his Finance Ministry office, dressed impeccably in a slate grey suit, white shirt and a tie the colour of an electric sea. For some, however, the "Mahathir" nametag he always wears on his jacket strikes a tiny, odd note: why name the most well-known face in the country?

In the waning months of his administration, Dr Mahathir's already exhausting pace has only picked up, with his schedule crammed with up to five functions in a single night.

But in person, he does not seem like a man in a hurry. As he fielded questions from the New Straits Times and Berita Harian teams for 90 minutes, speaking about everything from his relationships with the four deputies he's had, to the failures of the national education system, Dr Mahathir was deliberate and emphatic, always making sure that his audience understood his point.

He kept his famed pugnaciousness in check during the interview - his combativeness can be daunting, even for the most hardened reporters - but there was plenty of wit, self-deprecation, exasperation, weariness, frankness and mischief on display.

Dr Mahathir is not a physically expansive man, though he ducked his head momentarily when asked a personal question, and his hands came alive when the subject was one that raised his interest ...or his ire.

When he removed his glasses in the final 10 minutes, for a moment he looked vulnerable without them, a strange impression for a man who has played such an influential role in our lives for the last 22 years.

What ultimately came through in this face-to-face encounter and what television often fails to pick up - was an overwhelming sense of his sincerity. Dr Mahathir has sometimes been a controversial leader, but for all his gifts and faults, it's clear that he has been ruled primarily by his passion to see Malaysia succeed beyond her dreams.

Below, excerpts from the interview.

Q If you were to write a postscript to "The Malay Dilemma", what would you say? Would you like to elaborate on your Harvard Business Club address two months ago?

There is still a dilemma. Now, we know what we want but we are not doing the right things. Before, the dilemma was to get a piece of the cake, even if it made others unhappy. Today there is no unhappiness. The Chinese would like to see the Malays have their share, but the Malays are not doing the right things.

They want the easy way out. For example, a person who has no knowledge about contracts at all, will ask for a contract simply because he wants to sell it. Easy money, with no work to be done. Sometimes, of course, somebody gives them the money to buy shares and they dispose of them. We try to increase their portion of the economy, but if they keep on selling, we will never achieve it.

The Government has done the right thing, but the response from Malays is not right.

Q: Some say that Umno, in wanting to outdo Pas, has tried to up the ante

by becoming more "Islamic" than Pas. Is this a fair assessment? How would you differentiate the Islam that Umno stands for from that of Pas?

I don't think that we are out to compete with Pas, we are just trying to correct Pas. They have the wrong interpretation of Islam, and it's our duty to show the correct one.

Q: We understand that you are reading and learning more about Islam. What aspect of the religion are you looking at? Will you be competent enough to be an imam?

To be an imam is simple, it is just a matter of learning. If you can learn to be a Prime Minister, then you can learn to be an imam. It's a matter of being able to recite the verses. I have memorised many verses, I can quote them, although I don't make it a point to quote verses when I make speeches, I would rather give the translation.

But it is true that I want to know more about Islam, because I feel that people are exploiting it for their own purposes. We need to be able to answer them correctly, not just say that they are wrong, but to tell them why it is wrong, and whether it's in accordance with the teachings.

Mostly, I go straight to the Quran. I read in English and Malay. I try to find different translators to make a comparison, and I find that it is important to have somebody who is impartial.

Q: You have mentioned that the national education system has deviated from its main objectives. How is this so? And why were corrective measures not taken earlier?

The idea was to set up a school system that would cater to all races in Malaysia. But we find that the people who run the schools have other ideas. For example, when we provide for pupil's own language, they try to deny the right of the Chinese and Indians to learn their own languages, and they don't make an effort to provide the necessary teachers.

They have also tried to introduce Islamic practices into the school system to the extent that non-Muslims have become alienated.

For example, in the past, we had no problems with girls wearing skirts and boys wearing shorts, especially for games. Now boys are forbidden from wearing shorts, even for games, and even games are discouraged.

These are individual interpretations of what Islam is all about, and eventually of course, this puts off the non-Malays and they go back to their own schools.

On the other hand, the Malays themselves reject the national schools because they say it's not Islamic enough, and they want to go to an Islamic school.

They choose Islamic schools that are really badly staffed with people who are not qualified. They do not learn religion, they learn politics, the politics of a certain party. That is why almost everyone who goes to a sekolah agama rakyat comes out hating the Government, simply because that is what is taught in the school.

They say this Government is not Islamic, and they can make up anything about how the Government is not Islamic.

Q: Are you worried that a young generation of Malays is growing up outside of the mainstream and that we will not have enough Malays for the professional sector?

We have enough Malays who have the capacity to absorb knowledge. But if you take some of them out, there will be fewer Malays and this means we are going to lose out.

You can't complain later when you find that other communities are way ahead and we are far behind. This is our choice.

We have provided the means, but you refuse, you object to the means. We have good national schools, but you spoil the national schools and then you reject them. You say that they are not Islamic enough. We are going to

stop this.

Those who teach the religion must love other Muslims. They should regard other Muslims as brothers. That is a basic teaching of Islam.

Q: But do you have time to do this in the next 10 months?

We can plan, and I think we can do quite a lot. Pak Lah (Deputy Prime Minister Datuk Seri Abdullah Ahmad Badawi) is with me on this.

Q: Who among your deputies, past and present, worked best with you or for you?

I lost my first deputy because he disagreed with me, my second deputy was lost because somebody else had the ambition to take his place, and then I had my third deputy whom I was all prepared to hand over to in 1998. Actually my plan was to step down after the Commonwealth Games. I thought that was the peak of my achievements.

Unfortunately, as you know, we had the economic crisis, and I found that my deputy was not able to handle it. So I said I must stay on, and then came this problem about my deputy. But I think up to now, Pak Lah is doing fine.

Q. In terms of the line of succession, is everything in place for the period after October? Are you happy with the people who are next in line, and we are not talking about Datuk Seri Abdullah Ahmad Badawi but those who will come after him and Najib, etc?

I think the lineup is there. I'm quite sure Umno will be quite intelligent in choosing their leaders. Umno has always shown that.

I won't change my mind, says PM I think the lineup is there. I'm quite sure Umno will be quite intelligent in choosing their leaders. Umno has always shown that.

Q: The appointment of Datuk Jamaludin Jarjis as Finance Minister II surprised many. There are obviously more senior people in the Cabinet as well as in the party. What made you pick him?

A: I've watched him running Tenaga, I think he did a good job. He understands business, understands the engineering part. He is qualified, and the business experience is useful in his position now as Finance Minister. Anyway, I am still the first Minister so I can still watch him.

Q: We know that some people want you to continue beyond October because of the uncertainties facing the country now. Do you think that would make you change your mind about stepping down?

A: I will not change my mind. I have made up my mind and I will step down. If I am required to do something, certainly not as a Prime Minister.

Q: So what was the overriding emotion you felt the day you made the stunning announcement to resign? It seemed rather abrupt ...

A: It was not abrupt. It's been on my mind since 1998 that I should step down. It's a question of timing. I keep things to myself. I never even talked to my wife about it. I did talk to one or two ministers and their reaction was "no no no no..." so I thought it was best not to say anything and to make a public announcement in such a way that there was no way I could retract ...without losing credibility.

Q: But was it sadness, relief, anger, frustration...?

A: In a way of course it was sadness because there is so much more to do. On the other hand, I must not think of myself as indispensable. I always tell myself that one day you are going to drop dead, and when you drop dead, somebody else is going to succeed you. That will be bad because they are not prepared.

Q: Did you expect the kind of drama that came out of the whole thing?

A: No I didn't expect it. My worry was that I might not be able to say it without breaking down, because you know me ...I've been emotional at times. So I was trying to control myself. But you know, the reaction...

Q: Going back to the crisis, how much of the measures instituted at the

time came directly from you?

My deputy then was the Minister of Finance. He was very much inclined to follow the IMF. He was instituting IMF measures without the IMF. I told him at the rate he was going, the Government would have no money to pay wages.

The country was heading for bankruptcy.

There was no business. The Government could not collect taxes. He was raising interest rates. The number of non-performing loans was also increasing.

Finally, I came up with the idea of currency controls. He was a member of the NEAC (National Economic Action Council) sub-committee and he agreed. There was no dispute there.

I knew that in the final analysis, my views would prevail because I reason things out. I had to point out to the sub-committee why it was wrong to follow the IMF.

The committee members posed 32 objections. I demolished every single one of them. Finally he and others supported me.

I thought deeply about it. I tried to understand currency trading.

The only person who had experience trading in currencies was Tan Sri Nor Mohamed Yakcop.

He was in charge of our trading in London. At one time, we were moving billions of dollars. There was a write-up against Bank Negara indulging in currency trading. Then, we lost money.

But to me, the important thing was, he knew about such things. I was in Buenos Aires but I asked him to come over immediately.

Gradually I began to understand how currency is traded. I had this idea that people were carrying bags of money across the border. Nothing like that happens. The money is here all the time. Only ownership changes. Our currency is valueless in other countries.

Once I saw that, I was able to convince the NEAC subcommittee.

Q: What do you think is the most important challenge facing the economy from next year and are you happy with the progress we are making?

If there is no war in Iraq, I think we are set to recover.

Q: If there is a war in Iraq, how badly will it affect our economy? People are already talking about a recession in the US.

Not as bad as it would have been had we not changed direction.

Today, our highest level of trade is with Asean. Our trade with China and the Middle East is also growing. The percentage of trade with the US is reducing. This is important. I think the US will face a lot of difficulties in the next few years even if they do not go to war with Iraq.

There are more bankruptcies in US. Huge companies, like the second biggest insurance company, are going bankrupt. United Airlines is bankrupt. The companies which are not bankrupt are not doing well.

The hotel industry, the travel and service industries are suffering.

If you read today, more people are begging.

Unemployment figures may even be higher than what's been reported. So I don't think the US can recover so soon.

I think they will go to war in Iraq. If they can find an excuse, they will. They are bent on having this war.

Q: What factors will prompt Malaysia to review the ringgit peg?

A: There may be some deliberate attempts to undermine our economy. But if we study the situation carefully, we can overcome all attempts to undermine our economy. The ringgit peg has done us a lot of good and the world has to admit this. Even the IMF has admitted this - excepting some locals who read textbook solutions and still say that this is not good. Tell me why this is not good.

Q: Theoretically you can keep the peg for a very, very long time.

A: As long as we're competitive and our productivity is good, we can maintain a stable currency and exchange rate. The only problem is that it is now stable only against the US dollar. It is not stable against other currencies. That is why we are thinking about the gold dinar. Gold, as I have mentioned many times, has an intrinsic value. It is not a piece of paper, so it cannot fluctuate too much. So if you peg your currency to gold, then you have a better reference point.

Even lumps of gold that people don't do anything with still have an intrinsic value. I carry this money everywhere (reached for his wallet and brought out a bank note) to illustrate that paper money is just useless. Have a look at it ...tell me what is the figure. Yugoslav dinar 500 billion - one piece of paper. It was worth 12 cents (US) when it was first issued. Now it is worth nothing. But can you imagine if that figure is printed on gold?

Q: What about the possibility of pegging the ringgit to a basket of currencies?

A: People can still devalue and revalue your currency. We pegged our ringgit to a basket of currencies at 2.5 to one US dollar. That did not prevent Soros from selling our currency at a rate below that. What hurt me was that he never had any money. It was a transaction among themselves (the currency traders). "I am going to sell you one billion ringgit, how much are you going to pay?" And then they sell down and the money is bought and delivered. But buying and delivering doesn't mean physical delivery. It's just a matter of changing the names of owners.

Q: In one of your trips to the Caribbean and South America at the height of the financial crisis, there was one reporter from an international news agency who followed you and kept asking questions, provoking answers from you which would bring down the value of ringgit. How did it feel when the ringgit came down every time you talked?

A: It felt very bad of course and I was very angry. But I was not going to be cowed or be afraid of saying what I wanted to say, just because they had this capacity to bring down our economy. I took a risk.

Q: You must be happy now that Soros has been fined?

A: Yes, he is a menace to the whole world. I can never forgive him, though he now says that what I did was right. I can never forgive him because he created misery for 40 million people. They were already poor and he made them poorer. He made money, gave a few cents for charity and he was called a great philanthropist. You stole money. Robin Hood stole money from the rich to give to the poor. That's fine. Soros stole money from the poor, took it all for himself and then gave a few cents to poor people. That's not a philanthropist. That's not even a Robin Hood.

Q: Countries in the region, especially our closest neighbours, are pushing up defence spending. What about us? Would this be a priority in the coming years?

No, I don't think we should spend too much on defence. But we must have defence capabilities. Malaysia is a big country and we can defend ourselves. A smaller country may have trouble doing so.

Q: The Muslim world is still in disarray. The problems plaguing the OIC are evidence enough of our failure to come together. What will it take for Muslims to unite?

Go back to the true religion. If only they adhere to the teachings of Islam, we would not have problems. They say they can quote the Quran but what they do is something else.

Q: Are you writing or planning to write your memoirs?

A: I'm writing a little because I think my experience will be useful for other people.

Q: Will you head a super think-tank after retirement?

A: No, no, no. I have no plans for this. I have to rest a little. Then I will respond to the situation. Although I plan things, largely I respond to situations.

Q: Where will your permanent home be after retirement.

A: I will stay in KL I think. I can't go back to Alor Star - most of my friends are no longer around. I love Kedah. That was where I was born. But when I go back there sometimes I feel like a stranger. The people I know are no longer there.

Q: You don't appear to be brand-conscious. In fact, some of your subordinates seem to be more showy with their Rolex watches and luxury cars. Do you hope to be regarded as a role-model for moderate dressing?

A: Whether people follow me or not is a different matter. To me things like wearing a Rolex are insignificant. The important thing is to keep time, not to see or be seen with the Rolex. Some people wear a watch but have a poor sense of time and punctuality, so what's the use of having a Rolex?

Q: Your father was a headmaster. But of all your siblings, you were the one to become a doctor, and now you are the PM. Why was there this vast gap between what you and they achieved?

A: One of my brothers went to the agriculture school in Serdang, now the university of course. He was trained as an agriculture officer. In those days we couldn't call him an agriculture officer, but an agriculture assistant. You could only become an officer if you were white.

Another brother topped the class but he was born in Johor and brought up in Kedah. Johor didn't accept him as Johorean, so he couldn't get a scholarship or anything. And Kedah also said that he was not a Kedah man as he was born in Johor. So in the end he became a cooperative audit clerk - very low pay. He had some training in KL but the question was one of opportunity.

When it came to my time, I wanted to study law but instead got a scholarship to study medicine. I was lucky because at that time, there was some opportunity, scholarship and all that.

So I was fortunate. But I'm sure that if they had had the same kind of opportunities that we see a lot of young people enjoying now, they would have done very well.

My father was one of the rare birds who actually ran from home to go to school because in those days, Muslim parents didn't like their children to go to school as schools were run by Christian brothers. But he wanted to study so he went to school on his own. He didn't become a Christian. As a result, he was well educated for a Muslim in those days. Kedah wanted to start an English school. He was asked to start the school and was the founder and headmaster of the Government English school, which is today the Sultan Abdul Hamid College.

Q: Datuk Seri, are you happy with what you have achieved with Putrajaya?

A: Yes. I think it was the right move (to build Putrajaya). We need an identity. Kuala Lumpur has given us an identity. It started as a mining town. But there has to be something that is totally the Malaysia of after-Independence.

We need it anyway. We need this city. Kuala Lumpur has become too congested. And just imagine 20-30 years from now, Kuala Lumpur is going to be very, very congested. It is a very small piece of land. It has to overflow into Selangor. And we will lose control once it is outside (the Federal Territory of) Kuala Lumpur. We already have problems commuting. If one officer wants to see another officer, it takes hours to cross town. So we have to move somewhere, we have to have a proper capital, a place for administration ...and this is it. And I think it has turned out very well.

Q: Datuk Seri, 10 months before you stepped into power, the UK raised interest rates, the world was heading towards recession and there was war between Iran and Iraq. Now you are about 10 months away from handing over power ...it seems like some things have changed a lot, and some things never change.

A: Well, I can't wait until the world stops before I get off. The world will go on, life will go on. There will be new problems and new solutions. So these are not excuses for you not to step down. You are not the only person who can solve problems.

I expect a lot of change. The rate of change is now much faster too. But people will have to adjust to rapid changes. Change is something that is always going to be there and people must adjust. Running Malaysia 20 years ago was not the same as running Malaysia today. If I don't change, I cannot handle the situation.

Q: Do the Malays not want to change or do they not know how to?

A: They want to change but they have a lot of detractors who keep telling them this is not worthwhile, this is useless, we have a better way and all that, but who don't show any better way.

I'm afraid that they are very easily distracted. It's a kind of escapism. You cannot tackle a problem, you change. I know of one civil servant - smartly dressed, powerful. And then he retired and went into business. He didn't get the co-operation of government officers.

So what did he do? He grew a beard and became an itinerant preacher. That is escapism.

Q: Do you think it is because of too much democracy? Are people abusing it?

A: Not too much democracy. Just that people don't understand how democracies operate. Most developed countries have got only two parties, at the most three. We have so many parties and the basis of our ideology is not ideology as such, but race.

By and large people here do not understand how to make democracies work. But we're not as bad as some other countries, I must admit. We have handled it very well. That's why we still survive, we still prosper.