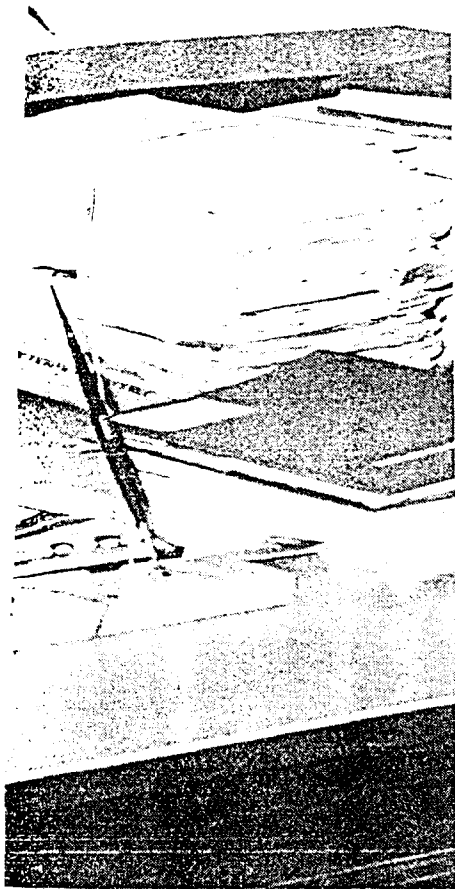


Interview



Datuk Seri Dr Mahathir Mohamad: Power and responsibility

By MUNIR MAJID



Dr Mahathir is a forthright man, which does not endear him to everybody. Either as a Government backbencher from the time he first entered Parliament in 1964 or as Deputy Prime Minister today, he speaks his mind.

Power and responsibility have acted as a constraint on most politicians, made them more circumspect — but not Dr Mahathir. He says what he thinks is right.

Indeed, he is probably the most heard and talked about politician in the country, though not necessarily the best loved.

Dr Mahathir explains: "I believe in open discussion and solving problems openly. Hiding things, being nice does not take us very far. There is a defect in being nice because one is very likely to be taken for granted. And as far as I'm concerned I'm not going to be nice."

The Deputy Prime Minister does not

think that his forthrightness is a handicap in politics. "Certain risks need to be taken. (We) must face the issues. (There must be) no sweeping under the carpet. (You) cannot hide what you believe in."

Speaking his mind, forcefully at times, does not, however, make him an "ultra" or "extremist", labels sometimes thrown at the Deputy Prime Minister.

"I believe I have moderate views — (I'm) not ultra, extremist ... (these are) just labels politicians like to give their rivals in order to colour everything they say.

"If you examine all that I have said, I will admit to forthrightness and frankness but I will not admit to being extreme.

"All I was asking for was fair treatment for the Malays, for the national interest ... I was asking for the have-nots

(to be given a chance). In those days the number of bumiputra students in the universities was minute, there were hardly any in business. (The bumiputras) must participate, though not by ousting everybody or taking over the whole show — just as I don't believe the others should take over in whatever field.

"I do not believe that bumiputras should take over everything for themselves — in that way there will be no fairness. I have been consistent in asking for fair treatment — for all."

But, to correct wrongs, Dr Mahathir feels that the country must give more than an opportunity to the bumiputra.

He expands: "We have to bend over backwards so that in the rebound you get the median line. You have to be extreme a little, but not completely until you break."

However, have not Dr Mahathir's views and forthrightness strained relations with political leaders — notably the Tunku and Mr Lee Kuan Yew?

Although offered a seat in the 1959 Kedah State election, Dr Mahathir declined the offer. Already, at that early stage of his political career, Dr Mahathir had differences of opinion with the Tunku and the State Umno leadership. He never was a State Assemblyman.

And, from the time he was first elected an MP for Kota Setar Selatan in 1964, he was an active — and voluble — back-bencher — until that fateful year 1969.

Dr Mahathir spoke out against the then ruling party, the Alliance's, "gentility and caution and reluctance to take drastic action."

Furthermore, during Singapore's two turbulent years within Malaysia, Dr Mahathir attacked what he saw as Mr Lee Kuan Yew's ambitions for himself and for Singapore in the newly-formed federation.

Relations with the Tunku and Mr Lee Kuan Yew must have been difficult. Do such difficulties persist today?

Dr Mahathir admits there were difficulties — for a time. "But, given a chance, you can always clarify what you mean."

The Deputy Prime Minister continues: "Lee Kuan Yew would not regard me as an ultra now — although I still subscribe to the same policies. He must recognise we are doing what is fair to ourselves and to Singapore. There is no way we can accept a dominant position for Singapore in Malaysia which he was driving for at that time.

"I just made it clear what the general thinking of the people (in this country) was."

With the Tunku — "who belonged to a very conservative generation" — Dr Mahathir agrees he had serious differences of opinion.

He adds: "There was nothing personal, just a matter of differences of views. You don't oppose views because of the person, but because of what he has or has not done. I gave my full support to the Tunku as party leader, although disagreeing with some of his policies."

That is, until 1969 when matters came to a head.

According to Dr Mahathir, the events of May 1969 "confirmed all my predictions which I had conveyed to Tun Razak particularly ... that we were moving towards racial polarisation and that concessions being made by the Government (to other races) were too great for the Malays to accept."

Dr Mahathir points out that the 1969 election itself was a very racialist kind of election. The six-week campaign built

up tensions unnecessarily.

He holds that what happened in 1969 proved him right, that what he had been saying all along — there should be a change in policy — should have been done. Although, of course, he does not condone the rioting that occurred, this was what he feared would happen.

However, even if a forthright political style may serve a domestic purpose, will it not be counter-productive in external relations? Does not the telling-off some foreign countries get from Dr Mahathir affect his and the country's relations with them?

"No. Foreign businessmen are in no way affected by any of this at all. They have their faith in this country and are extremely willing to invest.

"(Foreign) political leaders are a little upset sometimes. But, on the whole, they are willing to sit and listen — and some of our views are accepted by them, because they are basically true."

True to his combative political nature, Dr Mahathir continues: "We were accused at one time of being lazy. The Encyclopaedia Britannica described a

Malay as indolent. If they can say that, and say that openly, I see no reason why we cannot say what we believe about them — especially if it is factually correct."

He repeats: "I will say exactly what I think."

The British have come in for particular strictures. Are they a "pet-hate"?

"We have more contact with the British than with anybody else. If there is no contact, there is no reason to say anything. Over large areas I have no complaints against the British. Indeed I can get on with the ordinary Englishman quite easily. However, when they are wrong I will criticise them.

Dr Mahathir gives the example of the British getting up in arms over a Malaysian attempt to take over a British company. He asks, rhetorically: "What is wrong with our making such a move if they can take such steps themselves?"

"There is still a colonialist mentality prevailing — and the British should get rid of it. If a company is up for grabs, then anybody should be able to go for it, whether Malaysian or British. If we have the money, we buy. We don't nationalise because it is ethically wrong. But must a British company remain one forever?"

Nevertheless, does not his attack on British labour problems, their "laziness" make them feel that we are interfering in their domestic affairs — quite apart from any natural instinct, the more so for an ex-colonial power, against being told off?

Dr Mahathir sighs: "Unfortunately we have to buy things from them and every time they raise wages, we have to pay for it. When they pay out dole, we also contribute.

"When they buy rubber from us, they get it very cheap. By the time it is converted into something we have to buy back the value added is tremendous — we are paying out for their feather-bedding.

"So I have a right to criticise. If they want to produce and sell within their own country, by all means do. But they are selling here within Malaysia. And we have to buy and pay very high prices. For what? To support a Welfare State? Whose welfare? Not ours."

Typically, Dr Mahathir fights back, makes his point, emphatically. But not without reason.

He is perhaps today a foremost Malaysian nationalist. He has always called for real, rather than theoretical, manifestations of opportunity for the bumiputra. He defends the national interest vigorously.

As a public political persona, he may seem abrasive. But outside the glare of publicity, one gets the reasons — politely

but firmly — for the hard-hitting views that often capture headlines.

His staff are dedicated to him. He has proven himself an extremely able administrator since his first ministerial appointment (as Minister of Education) in September 1974. He is today a most dynamic Minister of Trade and Industry.

He shows no rancour whatsoever for his expulsion from Umno in September 1969 and the period in the political wilderness until March 1972 when he rejoined the party—a party to which he has always been attached as the vehicle for the promotion of the bumiputra interest in a multi-racial Malaysia.

He is a much nicer man than even he himself admits. When he says he will not be nice he means, if he is going to be taken advantage of. Certain misgivings that have been expressed about Dr Mahathir are based on what he has said, not on why he said them. Least of all are they based on what he has achieved.

The Malay Dilemma

According to Dr. Mahathir, bumiputras today face a choice between going forward or stagnating with their old value systems.

Since the promulgation of the NEP and the switch in Government policy, the Deputy Prime Minister feels that the Malay dilemma is no longer what he spoke of in his famous, banned book. It is now up to the bumiputra.

"The opportunity is there, the money there, there is scope for training ... In a very competitive world, given the opportunity, success is not guaranteed. (The bumiputra) must be prepared for competition. We can't just put money into their pockets — although we have done so in many instances like giving out shares, but where is the money now?"

"The bumiputra must learn to manage money. Again I'm being very frank. Even with Malays I've always been frank.

"We live in a difficult world. Nobody owes us a living. Anything that is unfair the Government can eliminate, but the Government cannot be expected to be unfair the other way. It is up to the bumiputras really now."

Dr. Mahathir points out that a lot of bumiputras have done extremely well; a bigger segment, however, are still prone to look at others for faults.

But, I asked Dr. Mahathir, does not general incentives result in growing

disparities within the bumiputra community as only some get to take advantage of them? Should the Government not try to ensure that there is a spreading out of benefits?

The Deputy Prime Minister does not agree with the proposition. First, he says, those who are doing well now also include those from the class who were have-nots before. All have-nots, according to Dr. Mahathir, are given equal opportunity.

"The Government cannot ensure that all will succeed. It is really up to them (the bumiputras). Many are still debating whether they should take the opportunities or not. Some condemn the NEP as being unfair when they themselves benefit. Others say that the NEP is unIslamic."

The NEP does not promise to make millionaires of every bumiputra. It only promises to upgrade the standards of all bumiputras. Some of them will, of course, be upgraded more, others will be upgraded less."

Dr Mahathir takes educational opportunity as an example: "You can't give scholarships to everybody so that they can study to become lawyers, engineers and doctors. Is the NEP, therefore, unfair because only the cleverer ones benefit? On that premise, you cannot give anything at all to anybody."

In the business world, Dr Mahathir continues, a licence to everybody, to operate does not ensure equal success: capabilities are unequal.

The NEP is directed at improving the bumiputra's lot within his own capacity, on the basis of his own capability which the Government will try as far as possible to improve.

Dr. Mahathir uses a further example: "The padi farmer produces more and gets a better income ... (He is helped) with subsidies, fertilisers, tractors etc. He is upgraded as a padi planter — he benefits from the NEP as a padi planter. Remove the NEP, he will be the padi planter of the British period... working six months a year, doing nothing else, with children having no education whatsoever."

Dr. Mahathir's is the clearest exposition so far of the free, competitive ethic of the NEP. It is not about equality. Free competition thrives within it.

"Everyone has been given what is his due. We cannot promise everyone to be successful."

But, isn't the NEP also about the eradication of poverty? Would not an imbalance in achievement — say, a 30 per cent bumiputra equity share which Dr. Mahathir is confident of being achieved by 1990 against infrastructural shortfalls in rural areas which the

Deputy Prime Minister admits are a problem — between the modern industrial sector and the traditional one give rise to political problems?

Dr. Mahathir replies by saying that the ownership of capital will be widespread. Everybody will have a chance. Equity disbursement will be so designed that even the poorest will have a share in ownership.

"There will be a deliberate attempt to put limits on the ownership of shares as part of a policy to redistribute wealth."

But Dr. Mahathir returns to his main theme: the bumiputra must seize the opportunity given him and work hard. He must take his chances otherwise he will miss out.

Against complaints that infrastructural facilities in the rural areas do not actually put money into people's pockets (which is what they find more immediately satisfying), Dr. Mahathir replies that how much money is made depends on how the facilities that the Government has provided are used.

If a farmer does not use the road that the Government has built to go to town to sell his produce for a higher return, but waits for someone from town to come to him to buy it at a lower price, he has only himself to blame.

If, after the Government had provided irrigation facilities, the landowner sells it because of the higher value instead of cultivating the land to get a better, recurring income, he cannot blame the Government after he had used up the money from the sale — and once-and-for-all affair.

The watchword is opportunities, how you use them. Through the efforts of

people like Dr. Mahathir bumiputras have now a great opportunity to advance. They must take it and use it well. Otherwise, they only have themselves to blame.

Industry and Trade

Malaysia started its industrialisation programme with import-substitution. We now have big plans to go into the processing of raw materials and into heavy (basic) industries.

According to Dr Mahathir, the industrial sector will, in 10 years, constitute between 30-40 per cent of the GDP.

We are moving into all kinds of industries. But we are doing it step by step, with the most viable first. Market considerations are very important. "That is why we first went into import-substitution industries — we have control over our own markets."

Also, because of job opportunities, we first went into labour intensive industries.

Then, since we produce so many raw materials, "we have decided to process some of them." Next, because of our energy-endowment, "we have decided to use it to move into basic industries — like steel and aluminium."

Eventually we will be industrialised across the whole spectrum — "from the production of components right into the

fabrication of big machinery." Dr. Mahathir believes that by the year 2000, we could be producing consumer items and capital goods of our own design.

Have there not been mistakes in our industrialisation process? "By and large, not too many. We have taken care before moving in."

However, Dr Mahathir thinks we made a mistake in the motorcar industry when we went in for assembly but permitted all kinds of make. As a result no one make is big enough in the market to be manufactured in this country. Also, if we had limited assembly lines, component manufacture would have been much easier.

Apart from this mistake, we have done very well. The new industries coming up will be big ones — involving capital outlays of \$500 million, \$1,000 million, no longer the \$10-20 million industries of yesteryear.

"This is a massive step. (With) only a few of these (industries), we could be really big. This is how Korea and Taiwan made rapid progress. Once you break the initial barrier, progress will be very rapid.

"Now is the time to do it. We have the energy, the raw materials, manpower and other assets like political, economic and financial stability.

"If we moved, we can achieve a considerable advance in the manufacturing industry within 10 years."

Will not the problem of market access, highlighted by Dr. Mahathir at international conferences, not throw a spanner in the works?

The Deputy Prime Minister seems to be relatively more sanguine about

protectionist tendencies now.

"Protection there will always be. Japan, Taiwan and Korea moved into areas where there is no protection."

"The problem with Malaysians is that they are scared of foreign markets — having always done business through third parties in Singapore or, at the very best, through trading companies belonging to foreigners which have been in this country for a very long time."

Malaysians, Dr. Mahathir continues, do not know foreign markets. But goods from everywhere are being sold in large quantities all over the world. There is no reason why we cannot move in. We must find out about the markets and move.

Dr. Mahathir repeats: "Malaysian businessmen are inward-looking. They are very scared of doing business where they are not protected by the Government. They are always running to the Government for protection.

"We can be competitive. We can win. We have decided advantage over others — we have so many assets they do not have. If we can't enter one market, we will go into another."

Dr. Mahathir stresses the importance of sufficient market information in business, as we try to industrialise. We need a strong central company to gather information.

"If you know, you win. You must always be alert. Information-gathering requires a lot of investment."

The Deputy Prime Minister, who is also Trade and Industry Minister, is quite determined to develop a Malaysian marketing arm, probably modelled after the Japanese *sogo-shoshas*.

Indeed, he reveals, the Government will allow foreign trading companies to do off-shore trading, provided they have Malaysian participation.

This is a departure from the old policy of not allowing foreign trading companies to do other than trade between their country and Malaysia.

Talking Points

1. Non-bumiputras and the NEP:

Dr. Mahathir feels there has been general acceptance of the NEP among non-bumiputras, although there are particular resistances.

He divides the non-bumiputras into those who see in the NEP opportunities to do business within the policies of the Government and those who hanker after the old ways, prevalent in the British period.

The former have succeeded and are working with bumiputras without complaint.

The latter live in false expectation if they hope that the old ways of doing business can come back. Even the so-called freedoms of the past which they talk about never existed: in the past certain areas were reserved for the British, the rest was left for them to exploit for their own selfish ends, not national ends. *

Dr. Mahathir believes that this latter group will always complain, anywhere at all — despite the fact that they are making more money than ever before. They complain as a matter of habit. He has little respect for them. So many other non-bumiputras have accepted the NEP.

2. The ICA:

According to the Deputy Prime Minister, complaints against the ICA have quietened down.

He believes the ICA was made into a racial issue by some political interests: "Even hawkers associations complained about the ICA when they were in no way affected by it. People have been urged to protest against the ICA when it does not involve them at all.

"The ICA is a limited exercise involving only certain levels of business... and, at those levels of business, controls are normal in any country."

Dr Mahathir does not see anything wrong with the ICA. It has not diminished investment, especially overseas investment. Foreigners respect the intentions of the ICA.

"If local people don't want to (invest), I can't force them. On the other hand, I cannot allow a slowdown in investment because some people make threats."

3. Oil prices:

What has Dr. Mahathir to say about price increases and their obvious impact on cost of production and inflation? How far and how long will the Government subsidise the price?

"We have to accept imported inflation. Although we produce oil, we cannot supply ourselves at lower prices because that would mean possible loss of revenue and would only benefit a certain group of people, not the whole country — it is far better to use the revenue from oil to build infrastructures to benefit everybody.

"(There is however a) need to spread out the effects of price rises. There is a limit to subsidies. The problem is to match productivity with price increases which will not be significant if they go along with increased productivity.

"We must apply ourselves. If we ask for more in order to counter inflation, as in many advanced economies, (we) will enhance inflation. The Government can give incentives — lower taxes and so on — but it is up to individual workers to increase productivity."

Dr Mahathir is of the opinion that, while our inflation rate has hitherto been remarkably low by world standards, we

Talking Points

are now experiencing greater inflationary pressures which we cannot run away from.

"(It is) difficult to subsidise more than the Government is doing. We will have to sell more to the world in order to pay for what we import. To sell more we will have to increase productivity without increasing cost."

4. The Oil Companies:

Asked about the major oil companies' profits and how they are able to justify applications for price increases, Dr. Mahathir agrees that worldwide they are doing pretty well.

But operations in Malaysia, where they have to buy oil for themselves and then refine it and sell it within the country, have recently been running at a loss.

"If the prices are too low, they will be a disincentive for the companies to sell oil in our country. (We) must give them a reasonable return on their investment in this country. Shell and Esso announced profit for the first half of 1980.

"The contract is to sell oil not to Malaysia, but to the oil companies. Unless the oil producers agree to sell to us direct we continue to be dependent on the oil companies."

What about Petronas? "It is not ready to take over. Even if Petronas is selling, it will still have to make some profit. We cannot constantly be losing money. At the moment, what we are most concerned about is to get the oil."

5. Public sector pay increases:

Have they not been over-generous? What about their inflationary and demonstration effects? Dr Mahathir replies by saying that the pay increases were a result rather than a cause of inflation. Furthermore, we can afford to give those increases.

In 1975, on Dr Mahathir's proposal, the salaries of the rulers and ministers were cut by five per cent. When the Ibrahim Ali report came out, Dr Mahathir opposed it because we could not afford it "at that time." Now, on Dr Mahathir's reckoning, we can afford those increases.

What does he say to employers in the private sector, already under pressure from their workers?

"My advice is, where you can afford it,

you should give salary increases to workers. They deserve it."

However, workers must not tear agreements still in force.

6. Unions:

Dr Mahathir insists he is not anti-unions. He subscribes to a positive attitude for them.

He, however, equally insists on third party determination of disputes. Disputes cannot be resolved on the basis of who is the stronger, who can do the most amount of damage. That is "justice." He is, therefore, against strikes and work-to-rule "except in extreme circumstances."

What does he think of the recent strikes in Poland? "They are justified because there are no other avenues to settle their dispute.

"In this country, there are numerous avenues for settlement. A trial of strength would be primitive. Are we going to have the kind of situation in this country where doctors, hospital staff, undertakers, firemen go on strike? Can we accept to be ruled by the principle of who can do the most amount of damage to the most number of people? Nobody can be allowed to hold the whole country to ransom."

But, must not third party settlement be seen to be impartial? Is the Labour Minister or the Registrar of Unions the best person to secure impartiality?

Dr Mahathir: "They are not partial. The Government is concerned to see there is industrial peace. If the unions make ridiculous demands, quite obviously they will side with the employer.

"I have had personal dealings with unions in Government service, and I have always been fair. You can ask them."

7. The Press:

It is Dr Mahathir's belief that the freedom of the Press must be limited.

"I cannot accept that journalists can do no wrong, that their sense of judgment is so perfect.

"They work under all kinds of influences. The Press is subjected to the whims and fancies of the owners, the editors, the sub-editors, the advertisers and so on. They can change the tone and flavour of any report. Indeed the power which the journalist has is great.

"What freedom are we talking about? The journalist has not special legitimacy whereas we are the elected representatives of the people. We form the Government. Therefore we should have the right to see that the powers that are given to a privileged group of people are used in a way that is not against the people's interest."