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ADDRESS BY THE DEPUTY PRIME MINISTER
TO THE ANNUAL CONVENTION OF
THE FAR-EAST AMERICAN COUNCIL OF
COMMERCE AND INDUSTRY AT THE
WALDORF-ASTORIA HOTEL IN NEW YORK
ON 3RD OCTOBER, 1966.

I am indeed honoured to be your guest today, and I am equally honoured by your invitation to talk to such a distinguished audience which comprises the cream of leadership of Commerce and Industry in the United States.

I understand that your Council was originally founded in 1943, and that it was in 1946, no less than 20 years ago, that your Council was re-named "The Far East American Council".

But in these last 20 years since you have had a new name, tremendous changes have taken place and no longer is the "Far East" in which my country, Malaysia, is geographically situated - no longer is it so far away from the United States.

In fact, as every day passes, both United States and Malaysia are coming nearer and nearer together; modern methods of travel have brought us much closer physically, but deeper than this, our mutual ties, as individual member nations in the free world, our mutual determination to maintain and uphold the principles of democracy; our mutual policy of opposing aggression and subversion, our mutual expressed wish to achieve the expansion of trade; our mutual aim to eliminate world tensions, and our mutual determination to build up confidence between our two respective Nations by knowing and understanding each other better. All these have tended to bring our two Nations closer together although we may be far apart geographically.

CROSSROADS

Therefore, Ladies and Gentlemen, perhaps the time has come to

amend the name of your Council yet once more by deleting the word "far", a word which implies a remoteness which no longer exists in the present day association which the United States of America now has with the free democratic countries of Southeast Asia, such as my country, Malaysia.

As you know, my country, Malaysia, is a small nation of ten million people situated at the crossroads of Southeast Asia. In fact, after my recent stay in Puerto Rico where I learned so much about hurricanes. I would say to use an American expression: Malaysia is the "eye of the storm" or in other words the vortex of the hurricane of present Southeast Asia politics.

When we achieved independence in 1957, we had to fight militant communist terrorism. We defeated them and we found by experience that having won the war against communist terrorism, we had to set about winning the peace. This is a fact sometimes forgotten by the free world that Malaysia like high quality steel has been tempered to a high degree of tensile strength and because we have been through the fire of militant communism, we have learned to steel our nation against future subversion by communism. Therefore, in winning peace, the answer to communist subversion lies in accelerated development and a better way of life for our people, so that they would no longer be subject to subversion, but would live happy, contented and useful lives with a steadily increasing standard of living.

THE GAP

If the democratic Nations of the world are to resist communist domination and subversion and move faster together forward towards greater prosperity and progress, everything possible must be done to close any gaps which exist between the newly developing democratic Nations and those which are the old established and enjoying greater prosperity. As it is with a motor-car or automobile if the gap in the spark plug is too wide then there is little chance of the car gaining any speed, whereas if the gap is properly adjusted then there is hope for greater power and speed. So it is, as I said, with the Nations of the free world, with both the rich and poor Nations of the free world, we must close the gap to obtain greater understanding and greater economic cooperation if the newly

developing democratic Asia, particularly, Southeast Asia, are to resist the threat of communist aggression and subversion.

Ladies and Gentlemen, it is my view that you cannot separate "Development and Politics".

I understand that scientists have as yet not answered the question asked by children, which came first, the chicken or the egg?

There is a similar question to be asked with regard to National Development; which comes first, political stability or economic stability?

I myself would answer this question by saying that both come first and they come together. They come together because without political stability you cannot have economic development and without economic development you cannot have political stability. The two are synonymous and inseparable.

FORTRESS

Therefore, we in Malaysia believe that the first basic for economic development is the type of political leadership which will not waste National emotions on non-essential rabble-rousing or continuous beating of the corpse of cikibuakusn. We believe in the type of political leadership which will channel both the emotion and energies of our people in the direction of development and progress so that we can build up Malaysia into a self-reliant and economically viable country, fit to take its rightful place among the free nations of the world and be a fortress of democracy and the democratic way of life.

Ladies and Gentlemen, talking of democracy, I say with modesty that there is a similiarity between by country, Malaysia, and your Cape Kennedy. Cape Kennedy is the launching ground in the Western world for sending space ships to the moon. In Malaysia, on the other hand, we have launched democracy off the ground into the orbit of Southeast Asia. We have been successful during our nine years of independence in upholding democratic principles and maintaining a democratic way of life motivated with a determined desire to develop our economy to the maximum.

Although, we have broken through, so to speak, the sound barrier of both democracy and development in our journey towards national progress, nevertheless, we have come to a critical stage, similar to the critical stage reached by space ships in orbit - at stage in which we desperately require a further "boosting charge" to our economy.

BOOSTERS

I am glad to be standing here facing you today because you as American businessmen are just the type of "boosters" Malaysia needs today.

We in Malaysia had tried to our utmost, within our own existing resources, to plan and implement a programme of development with the aim of building up a nation with a strong economic base. We take particular pride in our effective techniques for carrying out projects and programmes. You may have heard of our Development Operations Room, our National, State and District Development Committees, and our Red Books of locally sponsored development projects. We use these techniques in our planning as well as for implementation in order to ensure that there is significant grass roots participation in our development planning process and implementation to ensure we achieve the desired results.

I should like to invite you all to visit Malaysia and see our National Operations Room and as much as you wish of our public and private development activities in the development field. We have an interesting story to tell and every year we receive more and more visitors who come to hear this story and judge Malaysia for themselves.

To everyone of you here today who have been so kind and courteous to listen to me speaking I would like to say - why not come to Malaysia and judge for yourselves what sort of country we are.

INVESTMENT

Or, if it is not possible for all of you to come it might be well worthwhile for you to consider setting up a branch as a regional office to coordinate information regarding potential investment in

Southeast Asia and also as a "live-link" which would better help you to keep in touch with Southeast Asia and so translate into action and results the words which are spelled out so clearly and so well in the objectives of your Council which I read in your brochures.

Ladies and Gentlemen, we have, in Malaysia, in spite of the development progress we have achieved since independence, our problems, and I should like to dispel the popular misconception that Malaysia is so rich and developing so fast that we do not need any outside aid. We do need aid and we also need trade.

Partly because of the declining price of rubber, and partly because of other trends, Malaysia is now facing a number of economic problems. Three of them are particularly serious, and will grow even more urgent unless we find ways to meet them. For several years now, public expenditure has been rising faster than revenue. Expenditure grown because our nation is growing and our people are demanding more education, more better health facilities and all the rest of the services of a modern government and are progressively getting them. Revenue is lagging, partly because of the low price of rubber and partly because we are approaching the limit of the taxes our economy can bear without deterring private investment and production.

MANPOWER

Most new visitors to Malaysia find it hard to believe how few restrictions we impose on imports of commodities, services and capital, and on transfers of profits and principal out of Malaysia. We cherish our freedom in international transactions, and our ability to maintain it has been based on our large export earnings. But recently these have been growing less rapidly than what we spend abroad. Again the reason is partly the low price of rubber and partly the rapid growth of our economy, with rising demand for various types of imports.

In some sections of our country, mainly in urban areas and rural areas we have a nagging problem of unemployment, especially of young people who have recently left school. At the same time we are temporarily short of teachers, physicians, engineers, managers

and indeed virtually all kinds of skilled or professional manpower. This problem does not indicate any reduction in manpower available, only a rapid increase in the opportunities and felt needs. This problem will solve itself when the many thousands of Malaysians at present studying in the United Kingdom, the United States, Australia, New Zealand, Canada and other friendly countries return, professionally qualified, to Malaysia.

That is why we are so grateful to the many hundreds of young American Peace Corps volunteers who are doing extremely useful jobs to help filling this until our young men and women who are being trained abroad complete their training.

DIVERSIFICATION

To cope with these problems and provide our expanding population with the rising incomes they have come to expect, we have adopted an economic strategy that can be summarised as diversification and economic expansion. We are not seeking to eliminate any efficient production, but we are pushing hard to add new kinds of productive activity, both agricultural and industrial.

By producing more goods and services, both traditional and new, we shall earn more from exports and spend less on imports, while providing a basis for larger public revenue. By training more Malaysians in all kinds of needed skills we shall in time be able to fill our high-level positions. And by expanding industry, agriculture and commerce we shall be able to provide enough jobs for our labour force.

Now to achieve these results before our problems become unmanageable, we need to move rapidly. We intend just that, and we invite American participation. From our point of view, the situation is urgent, and we are proceeding accordingly. From your point of view, I hope, Malaysia represents particularly promising opportunities made even brighter by the very sense of urgency that drives my government.

AID BY TRADE

Our method involves doing whatever we can do ourselves cooperating

with our neighbours in Asia, welcoming private foreign investment, making appropriate use of private capital markets abroad and seeking public loans and grants from friendly international agencies. We have had long and close relations with the World Bank. We have floated bond issues in London and New York, but at the moment high interest rates are preventing us from raising loans in these capital markets. In short, Malaysia is relying on its own resources insofar as practical, cooperating actively with other governments and international organisations, and offering rich opportunities to private foreign investment.

However, I will be frank with you and say quite honestly that we need external help in order to achieve our national aim to build a stable and happy nation. In Malaysia, as in the United States, we allow and encourage private enterprise in our economy, and businessmen are generally free to pursue their interests.

We have large firms and small, Malaysian, foreign and joint enterprises in virtually all kinds of business. There are tremendous opportunities for business investment in Malaysia and it is my belief that the aid Malaysia requires at this stage of development, as a free and democratic nation is not so much in the form of arms, is not the aid of troops and hand-outs, but aid by trade so that we can continue to raise the standard of living of our people and make them immune to communist subversion.

DOUBLE - EDGED WEAPON

You, Gentlemen, as American businessmen, should in fact, welcome this principle of "aid by trade". Your Government at present is spending quite rightly, a lot of money in trying to curtail the curtain of militant communism over free democratically developing countries of Southeast Asia. This military expenditure is no doubt very necessary. But it is an unproductive expenditure and is a drain on you all and limits the expansion of your trade and industry, because money which could otherwise be plowed back into the further development of your business ventures must be taken away to meet the cost of military expenditure.

Do not misjudge me, I am not saying that in fighting militant communism military expenditure is wrong. What I feel is this -

militant and aggressive communism, in any place, or in any form, must be fought with a double-edged weapon.

One edge, the military edge, to be used to combat militant communism with militant action. The other and more important edge of the weapon - the economic edge to simultaneously raise the standard of living of, and give those developing countries like Malaysia which are determined to resist communism, a viable economy - the real and only antidote to communist subversion.

FAITH

I would like to see a policy amongst the free nations of the world, particularly, among our richer friends like the United States whereby the main answer to communist aggression lies, firstly, in the faith of the sincerity of countries like mine. Although we may be poor - judged against the standards of the affluent society, although we have not yet developed our potential resources to the full, nevertheless we have a tremendous fund of faith in the democratic way of life and we believe that with the help of the richer nations of the free world we will be able to maintain and sustain the two main blood-streams of our survival - development and democracy - these two essentials to Malaysia are in fact, the pen and ink which will eventually help write the obituary of communist aggression in Southeast Asia.

Malaysia is a peaceful and democratic country; politically and economically stable and friendly with the United States. We want to keep it that way. But it is sometimes difficult to understand why even though your government is so generous in providing assistance to so many other developing countries, it yet seems reluctant to give forth-right and substantial aid to Malaysia.

We are not looking for direct hand-outs. We are looking for people to have faith in us, and to invest in our country and to play a part in the development of industry and trade in our country. On the other hand, as hard-headed businessmen you are looking for opportunities of expansion of your enterprises, and my main message to you today is this. If you want to expand and invest and you look around the world for a suitable place to do this; then I

suggest you look towards Malaysia where you will find the basic requirements you seek - political stability within a democratic framework and potential of progress to the mutual advantage of both our countries, Malaysia and United States.

PARTICIPATION

Malaysia offers unusually bright prospects for the foreign investor. A number of American firms are already established in Malaysia. They are good for Malaysia and we are happy to have them. But there is room for many more.

We offer the stability businessmen require, good public services, financial services, internal transportation and communications, international shipping services, and other items of what economists call infrastructure. Our taxes are reasonable and honestly administered.

Above all, Malaysians have the determination, the discipline and many of the other ingredients necessary for continued prosperity and growth, and have met our economic targets. But no country can be completely self-sufficient, and there are some important ingredients we need from outside. American business can in many cases provide just the thing we need most. We invite your participation and we offer favourable prospects. We are not in dire straits, pleading for emergency help. We are a going and growing concern, and with your help we intend to keep on developing this way and progress. Our needs create important opportunities for American enterprise. We look forward to having more and more Americans with us in our development journey.

Gentlemen, thank you very much for giving me the privilege of speaking to you today. Good luck to your Council and Good luck to you all.