

**ADDRESS BY THE PRIME MINISTER AT A
SPECIAL SITTING OF THE 59TH SESSION OF
THE INTERNATIONAL LABOUR CONFERENCE,
GENEVA ON 11TH JUNE, 1974**

Mr President, Mr Director General, Distinguished Delegates, Ladies and Gentlemen.

I am deeply touched by the honour that you in the I.L.O. have accorded to me and to my country by your invitation to address this fifty ninth Session of the International Labour Conference this morning. I thank you for this honour and I also thank the Director-General for his generous, perhaps too generous, words of introduction. It is indeed a heartening experience for me to come here to see for myself the workings of this unique organisation which brings together the distinguished representatives of Governments, employers and workers from all over the world, in joint endeavour to promote further the economic and social well-being of the world's peoples, and universal and lasting peace based on social justice.

Over the years, I have followed the progress of the I.L.O. with great interest, because I know the importance and value of the Organisation's work and I have seen its practical effectiveness on the ground in my own country. Malaysia became a member of the I.L.O. in 1957, the year our country became independent. In the seventeen years since then, our association with the I.L.O. has been a constructive and fruitful one. The Organisation has played a significant role in many fields of economic and social development in Malaysia, and I would like to take this opportunity to express personally our thanks to the Director-General and his officials, both past and present, as well as to all constituent member countries who have assisted us in so many ways over the years.

We in Malaysia have for long been concerned with the I.L.O.'s objective of universal and lasting peace based on social justice and on the economic and social well-being of the world's people. It is an objective which we hold very dearly in Malaysia. Our foreign policy of friendship, of regionalism, of non-alignment, of seeking

to create in Southeast Asia a Zone of Peace, Freedom and Neutrality, has these objectives.

Only ten days ago, I returned from a trip to Peking—a journey of goodwill, as I have called it—which was intended to set the seal on the foreign policy initiatives which my Government set in train since September 1970. We seek peace—but a peace with justice for all. We seek prosperity—but a prosperity with dignity for all. We pursue our foreign policy to create an environment for ourselves in which our resources, human as well as material, will flow not for destruction but for construction, not for more swords but for more ploughshares, not for the power and aggrandizement of the State but for the economic and social well-being of all our peoples. These objectives of our foreign policy surely accord well with purposes of this Organisation.

Distinguished Delegates, Ladies and Gentlemen.

We are meeting today at a time of relative peace in the world but certainly not of stability. I refer particularly to the unprecedented phenomenon of world-wide inflation. One major industrialised country is experiencing double-figure inflation for the first time in a quarter of a century while another is in the grip of its worst inflation in a hundred years. The developing countries as a whole were recording consumer price increases of 15% in 1972 itself while those in the Western Hemisphere have seen rates of 30%.

The current wave of inflation has been attributed to many factors—some superficial and others more basic. The more readily apparent of these inflationary pressures have been widely commented upon, and I do not propose to elaborate further on them here. Nevertheless, I think it is necessary to say that an underlying cause is the lack of political will and discipline in important areas of the industrialised world. Sustained attempts were made by these countries to obtain “guns and butter” without paying sufficiently for either!

As a consequence, inflation became, perhaps unwittingly, one of the imports which a number of open economies were subjected to. In Malaysia, where foreign trade amounts to more than 40% of our G.N.P., we are particularly aware of the impact of imported inflation. For two decades, Malaysia experience remarkable price stability by any international standard. After these

twenty years with price increases below 1%, Malaysia experienced inflation rates of 3% in 1972 followed by over 10% in 1973.

Inflation and price instability are now the common concern of almost all the world's peoples. Their consequences stretch well beyond prices and economies. Inflation tends to punish the prudent while rewarding the speculator. The sharp increases in food prices wreak considerable damage on those who spend more than half their income on food. Inflation makes most of us poorer—in social values, if not in real income. Above all, it makes the poor even poorer. It represents a pervasive erosion of social justice. In the long run, few societies today can expect to grow with impunity if they do not heed the pressures for an equitable distribution of resources. We have too many stark reminders of this, to ignore these pressures. It is obvious that Mankind will not—and indeed must not—endure such inequalities indefinitely.

In these times when social values are being eroded on many fronts, we cannot afford any further conflict and confrontation, neither between labour and capital nor among any other sectional interests. The scoring of short-term points and temporary gains should give way to more far-sighted and enduring goals.

The responsibility for promoting development with social justice rests upon all of us. It must be a major concern and responsibility not only of governments but, equally, of labour and of industry. Any segment of society which exploits excessive and immediate advantage, ignoring the welfare of society as a whole, would be acting to hasten its own downfall. In the words of the I.L.O. "poverty anywhere is a threat to prosperity everywhere".

It is in this context I would urge that all of us work together in dealing with the current pressures without placing the burden of our responses on the already disadvantaged and deprived.

In some quarters it appears that the unwitting victims of many of the crises we face will be labour—in the form of growing unemployment. Your Director-General's Report indicates that of the total labour force in the world of 1,600 million, over two-thirds of them, some 1,100 million, are in the developing world. While the world's labour force is increasing by about twenty seven million each year, the levels of both unemployment and under-employment are staggering. The Director-General provides his frank assessment that "some 300 million people in the world

are deprived of adequate opportunities for gainful employment, and the numbers are growing steadily”.

In the light of this phenomenal pool of unused manpower, it would be singularly unfortunate if governments or industry respond to these crises with measures that further swell the pool of idle and under-utilised labour.

On the other hand, organised labour would be equally parochial if it chooses to pursue a strategy which ignores the consequences to the cost of living and the cost to the unemployed. The world now faces the real risk that, if the major response to inflation remains of the traditional type, we will be faced with an even greater problem. I am referring to the real possibility that the world may further swell its pool of unused manpower. This is clearly an area where the I.L.O. can make a momentous contribution. The I.L.O., working in concert with other international agencies ranging from the International Monetary Fund to the Food and Agricultural Organisation, could set the pace for us to rise above these Traditional and sectional responses. This is the vision we must have before us.

In the global context, none of us—whether from the developed or the developing countries, whether representatives of government, employer or labour—can afford to allow the internal political and economic conditions in the major industrialised countries to retard development in the rest of the world. I refer here in particular to the Multi-Lateral Trade Negotiations (MTN) that had been launched. Unless the MTN proceed at a much faster pace, we cannot expect to conclude the trade negotiations by 1975. The purpose and urgency of providing a fairer deal and a more equitable share of world trade to the have-nots in the developing nations would have then been lost—not perhaps by malice but certainly by default. Delay on the part of the developed countries is morally untenable particularly in the uncluttered area of tropical products. These have been identified as a priority sector in the MTN.

The stakes involved in providing better access of exports from developing countries to markets in developed countries are nothing less than development and employment in the developing countries. These issues are far too crucial to be set aside because of day-to-day domestic political fortunes. No one can be optimistic

that the MTN will get off the ground this year in view of the present political and economic development in the major developed countries. If therefore, the MTN are not ready to deliver the goods, then, I say the time has come for the developed countries to meet and negotiate in earnest with the developing countries. Clearly we cannot wait any longer merely because the developed countries are not yet ready to negotiate between themselves. We have been put off for more than two-and-a-half years since UNCTAD III met in Santiago: We cannot delay any longer, we must make progress.

Distinguished Delegates, Ladies and Gentlemen.

Closely connected with the problem of international trade is the international monetary situation, which must also give cause for serious concern to all of us, irrespective of where we come from or whom we represent here in this Hall. The pace of developments on international monetary reform is not satisfactory. Progress on the world trade front, slowly as it is already, is further hampered by the continuing instability, still far from being resolved, on the international monetary front. This is an issue which we must have a high priority on the International Agenda.

In this connection, I note that the current approach is for an evolutionary approach with some aspects of reform implemented early while other aspects are to be developed over the longer term. The concerns with the immediate pressures from inflation and uncertainties on balance of payments are understandable, indeed legitimate. I am anxious, however, that the long-term objectives of monetary reform should not suffer as a result of these current considerations. The developed countries in particular must provide further evidence in practice that their national concerns with promoting exports will not result in the escalation of trade restrictions. Such a policy leading to a trade war will be both foolish and dangerous: we are all the losers in such a war.

At the same time, the reform of the international monetary system cannot be exempt from the pervasive goal of social justice. Adequate consideration needs to be given to the position and the interests of the developing countries. One specific point in this context is that the size of the Council of Governors on monetary reform should be large enough to ensure adequate representation of the developing countries without being unwieldy. Developing

countries may not possess the economic and financial muscles of the developed countries. But, failure to take sufficient account of their needs and interests cannot result in an equitable, and therefore lasting, international economic order.

I am aware that there is no lack of technical agreement on the broad thrust of reform with respect to issues such as SDR valuation, the broad guidelines for floating, and the need for a new Council of Governors. What we need ironically is the political will to get on with the business of reform without "politicking" by individual big power interests. There is too much politics now in dealing with the world monetary situation. Too many of the major financial powers are considering the issues in terms of short-term advantages, of manoeuvring to obtain the maximum benefits for themselves individually without sufficient consideration for the interest of the international community as a whole. In such a struggle among the developed countries, it is the developing countries who stand to lose most. I urge therefore that we must stop playing power politics with international finance. The issues must be considered strictly on the basis of economic and financial considerations and in the larger interest of the international community as a whole. Tomorrow (June 12) the Governors of the Committee of Twenty begin their meeting in Washington. Our hopes for speedy monetary reform with social justice and for international development rest with them and the new Council of Governors. I trust they will not fail us.

Distinguished Delegates.

In the same spirit of looking at the larger, long-term interest, let me refer to the emerging giant among us, the multi-national corporations. They need to demonstrate a greater sense of social responsibility to the society in which they physically operate. In these corporations orbit entirely around their headquarters, regardless of the problems and aspirations of the people in those country they operate, they are inviting hostility which may well lead to rejection. This is not what one would envisage for them. They need, therefore, to demonstrate a greater concern for the interests of the people of the host country than the scoring of immediate financial advantage. This will provide the basis for a more just and balanced partnership among us. This is surely what we must all seek.

Distinguished Delegates.

My first concern has been with jobs. This is a basic requirement for human dignity. My second concern is even more basic than human dignity. I am referring to human survival. In this context, food production needs to be elevated in priority in the global strategy for development and modernisation.

Known world grain reserves have been low in recent years. As one observer put it graphically "the world cupboard is nearly bare". World stocks of wheat, for instance, have been at their lowest levels since a quarter of century, when there was food rationing in many countries following the last World War. Any improvement in this position will depend on the optimistic forecast for harvests this year materialising.

The recent oil price increases—the reasons for which are well appreciated by my country— has however meant higher costs for fertilizer, transportation and bunkering fuel. There appears to be some scope for reduced consumption of fertilizers for non-economic purposes among the affluent nations. In my country, as well as many others, fertilizer costs have so risen that extensive subsidies have had to be provided to keep our farmers in production.

While I have mentioned wheat, the staple food in tropical Asia is rice. Yet some Asian countries which have been traditional exporters of rice have been forced to turn net importers in the recent past. In our small way in Malaysia, we hope to increase rice production from meeting 90% of our requirements to reach complete self-sufficiency. Increased rice production is to be achieved largely by off-season cropping and by bringing new areas under cultivation. Meanwhile our agricultural researchers are experimenting with new methods of cropping which increase yields sharply and reduce the length of the growing season.

Distinguished Delegates, Ladies and Gentlemen.

I have touched on our immediate concerns with unemployment and the problems faced with agricultural production. This concern in the short run with jobs and food for the have-nots needs to be matched by a long term strategy for population planning.

The President of the World Bank, Mr McNamara has underlined the urgency of the threat of unmanageable population pressures vividly.

He has said, "Overly rapid population growth simply erodes and dissipates development gains in every sector: savings evaporate, scarcities multiply, resources are stretched so thin that in the end they cannot cover the most essential needs".

In Malaysia our population growth has dropped from over 3% to about 2.5% in the last decade and a half. Our strategy of development and extension of services is designed to ensure further and substantial reduction in our population growth to about 2% in the next decade. We feel that this will make an important contribution to our objective of raising the level of well-being of families and of bringing about a better distribution of income.

In pursuing national development my government does not rely on economic growth alone to meet national aspirations. We seek more rapid economic growth but we also seek to achieve a more equitable distribution of the fruits of such growth. Our New Economic Policy which guides our overall development, has as its over-riding objective the promotion of national unity. It has a two pronged strategy which seeks firstly, the eradication of poverty by raising income levels and increasing employment opportunities for all Malaysian; and secondly, the restructuring of the Malaysian society to correct economic imbalance among the races and among regions.

We have recognised that this strategy of development involves social engineering on an unprecedented scale. We have therefore embarked on a vast programme of action which seeks more employment and higher incomes for our rural and urban populations. We seek in this programme to ensure a fairer distribution of opportunities among all our peoples, both rural and urban. We have provided in this programme a sharper and more dramatic focus to the problem of closing the gap between the haves and the have-nots in Malaysia. In doing this, we are endeavouring to overcome the disparities and imbalances almost entrenched in our economic and social systems through centuries of colonial rule. We are seeking to draw together Malaysians of all races and regions, hitherto separated by occupation and by residence, into a cohesive partnership in the mainstream of the nation's life and well-being.

At the heart of our strategy of development is the promotion of productive employment opportunities for our growing labour

force in commerce and industry and in land-based activities. As a key feature of our rural development effort, we have embarked on a massive programme of new land development and settlement, a programme of particular significance in Malaysia as almost three-quarters of our population are rural dwellers. These programme of new land development have begun to add more than one million acres of new land, or over 12%, to our cultivated agricultural land every five years, directly benefitting about a 100,000 farm families during the period. Such a pace of new land development will make a tremendous contribution to the process of relieving presently cultivated areas of their excess populations. This thereby promotes the growth of incomes of the families settled in new land as well as those remaining on their old farms. To ensure the latter, we have mounted a concentrated programme of agricultural extension and self-improvement in the older farm areas.

We have now begun to provide a dramatically new orientation to these land schemes, as pioneering vehicles for the modernisation of rural life itself. We have begun to build around land and its rich timber and soil resources the concept of integrated development. Of the land area in Malaysia suitable for agriculture, barely one-quarter (only eight million acres) is now under cultivation. The remainder is found in large unexploited areas on which there is rich tropical timber, a product with buoyant world market demand. A number of these areas have already been studied intensively and long-term master plans prepared for their development which use these primary resources of land and timber as a starting base for agricultural development and secondary industries, commerce and service industries of various types.

The network of infrastructure facilities, settlement patterns and services for these various activities are also planned so as to enable the creation of new urban centres within these regions. The very size of these regions, their economic potential and their co-ordinated development over time will thus provide the thresholds for a diversified pattern of rural development which is capable of sustaining a viable and dynamic farm population—farmers whose incomes are high relative to the urban sectors and who with their children can look forward to a rich and satisfying livelihood, with opportunities far beyond the boundaries of their own farm holdings.

Presently, such integrated regional development efforts are underway in about ten areas of Malaysia, spanning about fifteen million acres, or roughly half of the land area considered suitable for agriculture. Some of the regional plans are already being implemented within the perspective of twenty-years master plans, while the rest are in various stages of planning. We in Malaysia are confident that in this way our rural development efforts will make a significant impact in enriching the livelihood and expanding the horizons of our rural people and substantially alter our rural scene. Together with other programmes of rural development, they will create in the rural areas an environment which will attract the skills and services of young and old alike.

These efforts involve a scale of organisation and management which has rarely been applied to rural development anywhere. They involve the institution of management systems and technology which serve both short and long-term social and economic needs. Above all, they call for an administration which continuously monitors development in the perspective and path designed for each region and which at the same time remains alert to the shifts and changes of circumstances not originally anticipated. We have in Malaysia innovated a great deal in regard to such management systems and requirements, to cope with the need for planning and implementation at the grass-roots level as well as continuous monitoring and guidance from upper levels of the administration. We have, in our small way, shown that they can work and produce the desired results. It seems to me that the management systems we have created and the technology we have employed could be of interest to many other developing nations. We in Malaysia stand ready to share this experience with others in the developing world.

Half a million of our workers are already covered for employment injury and other contingencies under our rapidly growing Social Security Schemes. In this respect, we have received substantial help from the I.L.O. We are now concerned with the extension of these schemes to the whole labour force, an important part of which is employed in agriculture. A full 50% of our workers are in agriculture as farmers and fishermen, for whom the conventional systems of social security cannot be readily applied. We are closely studying, in conjunction with experts provided by the I.L.O., innovations and modifications to the Social Security

Scheme which will enable the benefit of the scheme to be extended to these agricultural workers.

Distinguished Delegates.

The age structure of the world's population shows that only about 28% of the population in the developed countries is under fifteen years of age in contrast with the 42% share in the developing countries. Malaysia's population is even younger. Almost half of our people are fourteen years or below in age. Altogether, about three quarters of Malaysia's population is below thirty years of age.

Your Director-General's Report has highlighted youth as one of three particularly disadvantaged groups of the world's population, who should receive priority attention from the I.L.O. I welcome this. Youth comprise a full one-third of the labour force in developing countries. More important, they form the base on which many of the skills of modern development can be built. In recognition of their potential, my Government has designed special measures for the training of youth for productive employment. A variety of programmes starting with a good educational preparation of the emerging labour force and including programmes of self-employment and land settlement for youth, have been launched.

We in Malaysia believe fervently together with I.L.O. that social justice means that progress and prosperity must be shared by all our peoples. National development cannot take place without the full co-operation of workers, employers and the government. In the final analysis, the three parties are the partners in progress. Here I would pay a special tribute to the workers and employers of Malaysia. Without their full response and co-operation to our national aspirations, we would not have attained as we have today the position of being the world's leading exporter of not only rubber and tin, but also of tropical hardwoods, palm oil and pepper, as well as of making remarkable strides in the modern industrial and manufacturing sectors. As to how much of this is due to the government, I shall let you be the judges. I am also proud of the many representatives of workers' and employers' organisations of Malaysia who are making an impact by their participation in the work of the I.L.O. This is one small but substantive way in which we can share our modest experience and knowledge in national development with others.

Looking at the contemporary international scene, one cannot help but feel that this is a rare moment in history for us all. We can hesitate, turn inwards or score immediate points for sectional gains. Alternatively, we can lift our sights and work towards a better world for peoples all over the globe. Let us begin with the humble task of providing jobs and food as basic requirements for human survival and human dignity. Let our youth who will in the years ahead represent labour, industry and governments in this very hall continue this task. But, let this generation itself bequeath to our youth a better life and a better world than we have inherited.

The struggle towards equal opportunities for all must gain greater momentum. The torch of social justice was lit by the I.L.O. more than half-a-century ago. Let this light show us the way through the present clouds of inflation, unemployment and threatening hunger.



Tun Abdul Razak bin Datuk Hussein merasmikan Seminar dua hari bagi Para Pengarang dan Penulis Akhbar di Dewan Tunku Abdul Rahman, Kuala Lumpur pada 17hb Jun, 1974.

(Gambar Jabatan Penerangan Malaysia)