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HOW CAN WE UNBLOCK THE SITUATION?"

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The topic before us is a formidable one. It is even more formidable for someone from a small country like Malaysia. It is with trepidation that I approach this subject of unblocking the International Security in 1984. I wonder if I can contribute anything at all to the solution of a problem that has stumped a galaxy of the best political brains and negotiators for many years now. All I can do is to give some views which may be familiar to many but which are nevertheless worth restating.

2. International Security is not something that can stand alone or be solved separately from other international issues. Indeed international security is a part of, or the result of the political, economic and financial problems that beset the world. Just as in a country poverty can lead to social upheavals, the fact that huge impoverished areas exist in the world can and must lead to international upheavals.

3. The potential for instability is enhanced when economic and financial disparities between the rich and the poor are man-made. In the days of empires, the metropolitan powers manipulated the economy of the colonial territories in order to achieve certain effects. Thus the British raised their bank rates in order to drive home the point to the colonies and to Britain's competitors that a strong sterling reflects the might of the Empire. In the process of course the products of the colonial territories could be bought more cheaply while the colonies had no choice but to accept Imperial Preference.

3. This kind of manipulative skill in the management of finance, economy and politics is obviously an old one. With the world now divided, not into empires, but blocs, the usefulness of that skill is even more apparent. Thus the West, in the 60's and 70's lent vast sums of money to the satellite countries of the Eastern bloc. The intention was obvious. These countries should be weaned away from Soviet influence and domination.

4. Unfortunately the oil crisis brought about rapid inflation in the West -- which of course means the borrowers were benefitting. In such a situation their exports of

gold, gas oil and raw materials was quite capable of managing their debts. Soviet power and influence over these countries did not diminish. Indeed the Soviets were determined to impose their will even if they had to resort to arms.

5. The attempt to influence had thus backfired. Far from gaining influence over the Eastern bloc countries, the west had in fact to deal with troublesome inflation at home. The emergence of Japan and a few third world countries in the east capable of competing in the markets once the exclusive preserve of the west, and indeed of invading the home markets of the west itself made inflation an even greater liability. It was no longer possible to pass on the rising cost to the foreign consumers particularly the third world.

6. Faced with this adverse turn of events, the west, particularly America resorted to tight money policy. At one stage the interest rate went up to 23%. This hurt not only the third world but even the developed countries of the west. Money was flowing to the United States at such a rate that the European countries were starved of cash. In many cases they had to raise their own interest rates to retain the money at home. But this of course affected their costs and competitiveness in the world market.

7. A loud cry was heard at this stage from the countries in Europe. America must reduce the contrived high interest rates. Otherwise the European countries will suffer the same fate as the third world countries and Eastern bloc countries. European devaluation was not capable of coping with the kind of problems created by the level of inflated interest rates thought to be necessary to curb American inflation.

8. Maybe I am being uncharitable but it is doubtful that all these financial manipulation by America and Europe are mere reactions to the troublesome oil market. The rising oil prices and managed shortages did have some effect on the economy of the west, but the reaction was calculated. There are too many financial and economic experts at the beck and call of the politicians for the opportunity to use economic disturbances for political and military gains to be allowed to pass by.

9. In response to European appeal the interest rates in America was brought down to about 13%. It achieved the desired results. Europe was saved but the Eastern bloc and the developing countries continued to suffer. In both areas countries went into a tailspin unable to service debts because their earnings from exports were reduced and the economic depression reduced demands for the commodities they sell. New investments and inventories in the West were lowered due to high financing cost, further aggravating the depression. An inward looking mentality developed and spawned demands for more and more protection.

10. The havoc in the world economy was compounded by a sudden hardening of attitudes in the West. The old theory of the balance of terror or in the catchphrase of World War II "To have peace, prepare for War" was resurrected. Vast sums of money were voted for War preparedness. Deficit budgetting is nothing new, of course. But the levels involved now is mind-boggling. The United States plans for a deficit of 200 billion dollars in order to fund war preparedness in 1983.

11. In the days before World War II, to be militarily prepared for War was relatively cheap. The big powers were able to afford this without disturbing the economy too much. Indeed such preparation often acted as a boost to national as well as international economy. The purchase of certain raw materials increased, and the poor countries benefited i.e. the colonies of the imperial powers. Money thus flowed back to imperial coffers.

12. But to be prepared for war in the 80's involves the investment of fantastic sums. The planes and tanks, the ships and the guns seem almost to be made of gold if their costs are assessed. Billion of dollars are needed in order to develop one single fighter plane. The production of these planes would cost so much that other needs of a nation are starved of funds. Worse still, even as a new plane or weapon system is commissioned they are obsolete. More work must be done at the drawing board and elsewhere and more funds will have to be allocated if a super-power wishes to be up front in the race for preparedness.

13. But of course bankrupting one's own country is not enough for the super powers. To cover cost and achieve economies of scale, the arms produced must be sold as widely as possible. The world is now full of arms salesmen gleefully expounding the efficacy of their murder weapons. Guerillas and terrorists are good potential customers. Who cares what these people will do with the weapons. The important thing is volume and foreign exchange earnings.

14. The poor developing countries have to buy arms because neighbouring predators have bought arms. State of the art is the selling point now i.e. state of the art of murder and massacre. And as the state of the art improves by arithmetical progression the cost increases by geometrical progression. Then, of course, no sooner had a weapon system been purchased when a new salesman arrives with the system that will counter the systems that has already been purchased. The poor buyer can turn down the offer, but what is the guarantee the counter counter-measures will not be sold to the potential enemy.

15. And so the small countries are forced to buy more and more weapons which may or may not help with their defence but which will certainly bankrupt them. It is surprising to see a country that can afford to pay for weapons quite unable to buy them while those which are obviously poor are

equipped with the very latest and the most costly of weapons.

16. If a developing country is involved in some kind of war then weapons are supplied which will give confidence to that country. Unfortunately in modern warfare weapons are used up very rapidly and needs to be replenished. The leverage here for the patrons is very great. By regulating the supply of spares and replacements, it is possible to ensure that the war goes on and yet remain inconclusive. In other words neither side is allowed to win decisively. As soon as one looks like winning, it is starved of supplies. On the other hand it looks as if one side is losing weapons are rushed in by the planeloads. And so the proxy wars, for that is what these third world wars really are, continue indefinitely.

17. The usefulness of these wars of course extend beyond the mere need to sell arms. They are useful for live testing the weapons systems which are continuously being developed. Both the West and the East are involved in this exercise. It is useful to know if the weapons really work. Also it may be possible to have an ace up the sleeve at the next disarmament conference. That such an ace has been demolished long before it can be used through the development of counter-measure did not deter anyone. The game of improving the instruments of murder must go on at increasingly greater cost.

18. The developing countries may think that they are making their own decisions and fighting wars in their own national interest. But this is an illusion that has been created by the real contestants -- the super powers. That the interest of the super powers is in the fighting rather than the rights and wrongs involved is amply demonstrated by the ease with which they change sides. Thus a patron of one country may switch to become patron to the enemy without any explanation. All the costly weapons supplied by the previous patron may be discarded in order to re-equip with the different weapon systems of the new patron. There is no guarantee that the switch is for good. At any time a switch back to the old patron may have to be made. The trick is to toe the line completely -- i.e. national interest must give in to the global interest of the patron.

19. In the meantime the patrons, the super-powers -- are keeping quite busy at home. A hardening of attitudes has developed lately. Detente is no longer the word. The old game of the balance of terror has been revived. Each side is rushing to build the ultimate destructive weapon. Cruise missiles are only a small part of this development. Already star wars weapons are on the drawing board.

20. In the old Chinese films, a favourite method of fighting is to send a sword flying into the air to fight another sword. The combatants control these swords with the palms of their hands. This is a very civilized way to fight

-- no one is hurt -- only the swords are damaged.

21. The suggestions that weapons be designed to fight missiles in outer space is probably inspired by these old Chinese films. Unfortunately weapons fighting weapons in outer space may have less than civilized results, especially when equipped with nuclear warheads. The designers will reassure us of course, but we know of accidents with the fool-proofed nuclear power stations. Those star war weapons might yet destroy this world.

22. However the reality that we are facing to-day is the 200 billion dollars deficit in the budget of the U.S. The U.S. is a big and powerful nation economically speaking. What it does with its pocket money will have an effect on the national budgets of almost all the nations on earth. The huge deficit will keep interest rates high -- high enough to affect economic growth in America and consequently on the world.

23. Deficit spending of this magnitude may mean deficit spending forever. Some have already predicted that by 1990 the United States will have a deficit of 18,000 billion dollars. We cannot even begin to imagine what this figure means. But one thing is certain -- the economy of the world will suffer. The starving people of to-day will have been corpses by then. The wars in the third world will go on. Countries will become bankrupt or will be totally subservient to their creditors. And tension will continue -- indeed will escalate. After so much money, security will still elude all of us.

24. I have made more reference to the role of the West as compared to the Eastern bloc. This is not because of any partiality towards the Eastern bloc and Russia. The fact is that Malaysia is a free economy that depends on the free market system to sustain itself. Our dealings with the Eastern bloc is minimal. In fact by and large we have benefited from the little trade that we have with them. The balance of trade is largely in our favour. But politically we are not close to them. We belong to the free world -- and therefore we are concerned over the behaviour of the free world. The communist countries behave as communist countries are expected to behave. If I have not made much reference to them it is because their philosophy and their activities are well-known.

25. The Russian have carried their feud with China into South East Asia. Because China supports Cambodia, Russia supports Vietnam. In return the client has made available military bases in the Indo-China peninsular. We in Malaysia feel threatened by this development -- for it renders our cherished Zone of Peace, Freedom and Neutrality in South East Asia quite impossible.

26. Russia's invasion of Afghanistan is totally immoral and indefensible. Thousands have died and millions have fled

from Afghanistan. However the Russians are being made to pay a high price. God willing, they will not have their way there.

27. In West Asia the role of Russia is to keep the fighting going -- very much like the role of the west. When Egypt appeared to be winning, they were starved of weapons. The PLO fared no better. Sometimes Russian weapons are carried by both sides. But none will have enough to win decisively.

28. In Somalia and Sudan, after initial support, the two were abandoned in favour of their enemies. Not content with supplying weapons, satellite troops are brought in to ensure that a client will not lose. The war must go on. Elsewhere satellites were used as channels to subvert and take over Governments and to start wars in neighbouring countries.

29. The role of the Russians is as infamous as all the other super powers. If the poor countries are close to any one of them it is not because they care for the patron of the moment, it is simply because they have no choice. In an interdependent world, in a world that has shrunk so much that one cannot be really isolated, the small nations have to accept that they are indeed pawns in the global power game. These are the facts of life and they cannot be ignored.

30. So far I have spoken about Governments and their machination. But Governments are not the only culprits. The world is now witnessing an information explosion of unimaginable magnitude and import. Nothing happens anywhere that is not instantly known everywhere. The reporting of events is so sophisticated that it is not uncommon for everyone to watch an assassination as it takes place or a plane crash as it happens. To be able to see around thousands of corners at things happening thousands of miles always is progress -- there can be no doubt about that. But the question is how much good has this done us. When we first thought of the Right to Know we had no idea of the capabilities of modern communication. Now that we know, let us examine this right and the role that it plays in the economy and politics of today.

31. In business sleep is now a luxury. To track the prices of commodities in the markets across the world traders have to stay awake. Failure to do so may mean a loss of millions of dollars as positions are not taken on time. Expose's tell of the most intimate details of merger negotiations and the personal life of the negotiators. Perhaps this will prevent cheats but frequently in order to gain attention, inaccurate reporting is done.

32. In the field of diplomacy, the situation is now worse. Indeed diplomacy is not possible now. Long before an envoy arrives to convey a message, the contents are already splashed in half the worlds newspapers. The television series "Yes, Minister" is funny but unfortunately true when

the minister admits that he learnt of some Government policy in the morning papers. The press gets to know more about what is being thought by Governments long before Governments have decided on them.

33. This role of the press has a devastating effect on negotiations between countries. Before negotiations even take place, the world is informed as to the stand of the parties to the negotiations. The effect is to harden the positions of the negotiators. How can there be negotiations if the countries have already made up their minds as to what they want. Each will come with no room for compromise. If the positions are acceptable to both sides then negotiations would be a waste of time. On the other hand if neither can accept the others position then the negotiations would be an exercise in futility. It is bound to fail.

34. Even if the negotiators have some leeway, they are going to be harrassed into revealing what they have up their sleeves or they will be so selfconscious that they cannot go through the bargaining process with hundreds of flash bulbs exploding and video cameras staring at them. Millions of viewers will be watching them -- including their voters, their wives and their secretaries.

35. Then there is the press interview after the meeting. Questions are phrased in such a way that the answers would insult or antagonise the other party. Good relations between negotiators and their countries become quite impossible after some unfortunate or absent-minded remarks. Indeed situations are likely to become worse after a round of negotiation than before.

36. Mr. Chairman, so far I have tried to give you a view of the problems related to International Security as seen by a small country like Malaysia. Other small countries no doubt will have other views but I am confident that my views are shared by many. Now let us turn to the problems of unblocking the situation.

37. This is a formidable task, for the worlds best brains have no doubt been applied to the unblocking of this impasse that is subjecting this world to a tremendous sense of insecurity. But I will try anyhow.

38. Basically International Security is a human relations problem. It is a problem of how to get along with the other fellow -- a fellow whom you cannot bully into accepting you on your terms.

39. The world was seemingly a much more peaceful place when gunboat diplomacy was possible. It was so easy to overawe the other fellow and to force him to accept your dominant position. You may even be quite generous but there can be no questioning your dominant position. The dominated was quite unhappy of course but then what could he do.

40. Today's equivalent of gunboat diplomacy is the balance

of terror. It is quite fantastic to see how the big powers still believe that they can overcome each other with the number and the destructive capacity of the nuclear warheads at their disposal. They cannot see that the situation is very fluid. Technology is so rapidly developing that on the day the negotiations are held the balance of terror equation can change many times. None of the super powers can ever gain and maintain absolute superiority in modern weapons for any length of time. Nuclear warhead diplomacy or balance of terror tactics are therefore stupid. Some will say that I am not being original at all. Everyone knows. But the fact is that both the super powers are developing and building weapons and allocating funds obviously in the belief that each can out-terrorise the other.

41. So the first thing that has to be done is for the world to tell these super powers to convince them in one way or another that they are stupid. This is a tall order, but then we are dealing with a very tall problem.

42. Alternatively let us have some old-fashioned negotiations. Let us forget our Right to Know, our cameras, televisions, analysis, leaks and probings into the souls of the negotiators. Let us give them a free hand to tackle the task of achieving detente. They should be locked up incommunicado in the conference room, with no information regarding the latest in the Balance of Terror. They will know that the position is fluid and therefore there is no way for anyone to be dominant. They are equals and will have to accept that they negotiate as equals. Each would know that failure could mean destruction for his country.

43. Outside there should be an embargo on all news and comments. Our curiosity will have to remain unassuaged. Everyone must accept that whatever agreement is reached is binding on all.

4. The negotiators should only come out after they reach full agreement. The essential thing is that agreement must include disarmament, the right to verify the actual status by members of the Third World and an undertaking that they will act together to force small warring countries to go to the conference table under the same condition that they

themselves had negotiated.

45. On the economic and financial front, what can be done to improve the security situation and secure the right atmosphere for negotiation on detente? Here the West is in a position of being able to do things without having to get the concurrence of the Eastern Bloc. However firstly there must be a better understanding of the effects of economic and financial stability on the world in general and the different countries in particular.

46. Economic and financial pressure should not be used to bring recalcitrant countries to heel. If they cannot be helped outright, at least their economy should not be

subverted. Deliberate undermining of the economy will only invite a switch to rival parties in the power struggle within the country and to rival patrons without.

47. The first thing that should be done in the present state of the world economy is to ensure rapid economic recovery in the developed countries. This means lowering interest rate through a more balanced budget, particularly that of the United States. The moment the developed countries improve their economy, the developing countries will improve theirs. Malaysia certainly needs a prosperous developed world in order to sell the commodities it produces. And Malaysia is not the only country with primary commodities.

48. Advantage should be taken of the poverty in the developing world to reduce cost all round. Certain of the less sophisticated labour intensive industries should be relocated to countries where labour is cheap and plentiful. They need not be wholly owned by the nationals of these countries. Varying scales of ownership should be devised so as to maximise benefit to the host countries, the investors and the world. But the most important thing is the shift to these poor countries.

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9. Incentives for this shift should not be borne entirely by the poor hosts. The country of domicile of the original industry and even the United Nations should reach agreement on preferential treatment for the products of such relocated industries. And the world should reach agreement with the host countries on guaranteeing such industries from takeovers and the effects of civil disturbances. This is extremely important because one of the reasons why certain very poor countries with plentiful labour resources cannot get foreign or even local investments is the continuously unstable political situation. If investors are assured by whatever means that they will not be affected by civil and other disturbances, they will come in droves. Assurance should also be given by an international body, like the UN for example, that the freedom of the host country would not be affected. Certainly foreign investments should not be monopolised or even dominated by any one country.

50. Along with this relocation exercise, protectionism should be abolished, particularly for the products of the relocated industries. There should in fact be special preference given for these products in order to encourage foreign investments. In the meantime, the more sophisticated industries in the developed world should be developed and should consume as much as possible of the imported processed raw materials from the developing countries.

51. Obviously the developing countries are not going to be content with being the suppliers of simple or basic processed raw materials, just as they are not happy with being producers of primary commodities. They would want to

go downstream. This should not worry the industrialised countries.

52. New technologies are constantly being developed in order to produce new products. Except for a very few, the developing countries are going to remain 20 years behind the developed countries as far as products are concerned. The developing countries, with better income from the relocated industries would provide an even better market for the new products of industrialised countries. There will therefore be all round gain through a globally planned industrialisation of the world -- for that is what this suggestion amounts to.

53. As the economy of the developing countries improve, the grounds for subversion will be reduced. Money will be spent less on arms and more on consumer goods. A feeling of security will pervade. Tensions will be reduced and the security situation will be less of a problem both for the nations concerned, and also the self-appointed policemen of the world -- the super powers.

4. All these things are achievable given the will. Certainly economic restructuring of the world is relatively easy as it involves only the industrial powers of the West and Japan. Of course there will be objections and opposition. Labour in the industrialised countries would certainly oppose it. Then there will be the economic theorists of all shades and learnings, each with their own objectives and reasons. Finally there will be those seemingly well-meaning people who want to preserve the natives and their innocence, who care so much about freedom from pollution of all kinds, even if that freedom is paid for in abject poverty and death from starvation. But all these objections can be brushed aside.

55. If such an economic restructuring of the world could be done, then half the problem of international security would be solved. The other half will depend on the isolation of the negotiators, reduced press coverage, disarmament and detente. This sounds like so much wishful thinking but then there has been nothing more than wishful thinking so far. If the experts can stay out and leave these things to the ordinary people, the chances could be quite good.

56. These ideas about unblocking the security situation may be far-fetched and may require too much political will. But then all the other ideas have been tried and have failed. It is time that far-fetched ideas be tried i.e. if we really want to unblock the security situation.
Thank you.