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(PRIME MINISTER)

EVENT: THE OPENING OF THE SOUTH-SOUTH II CONFERENCE

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TIME:

Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen.

Firstly, on behalf of the Government of Malaysia and of myself, I would like to welcome all the distinguished participants of South-South 11 Summit of Third World Scholars and Statesmen.

2. Malaysia feels greatly honoured to have you here. We are here to discuss very serious problems; problems that affect the life and death of more than a billion people living in the developing countries. We are concerned people. But serious though the discussions may be, it is still necessary for us to relax a little. I hope you will find the time to see a little of Malaysia, at least of Kuala Lumpur. I hope also that you will take back fond memories of Malaysia along with the very serious resolutions and plans of actions that we will be making in the next few days.

3. We meet today at a time of severe adversity for the peoples of the South; economically, socially and politically. The undermining of the economies of our countries is unprecedented in scope. Here and there we see military assaults, either directly or through proxies. For some the fight for independence is not over yet. The blacks of South Africa are being hounded and hunted in order to sustain the most despicable system ever invented by man, apartheid. The indebtedness of the South is now legendary. They are weighed down by debt burdens which will subject them to all manner of manipulations and economic oppression for the foreseeable future. The terms of trade get worse and worse with the passage of time, with seemingly no hope of ever getting alleviated.

4. We meet indeed at a time of severe adversity for us and it behoves us to bear this in mind all the time we discuss our problems and suggest solutions to them.

5. Let us take firstly the economic situation of the South. We are by and large exporters of primary commodities. We hope that with the foreign exchange we earn we could develop our countries and purchase the manufactured goods we need.

6. But in the last few months there has been a total collapse of all commodity prices. An economic journal estimated that at prices prevailing three months ago the developed countries would save 60 billion dollars on the commodities they import. The figure must be more now as prices have plunged deeper. The aid given by developed countries to the South never came anywhere near this figure. Yet now, de facto, the developing South is aiding the developed North by over 60 billion dollars a year.

7. But what of the manufactured goods the South imports from the North? One would think that with cheaper raw material inputs the prices would go down. The fact is that it has not. The old escalating prices of manufactures remain and are aggravated by the appreciation of the currencies of the North against the South. The terms of trade have thus become worse and along with it the poverty of the South. It is ridiculous to suggest that the developing countries are now smiling because reduction in petroleum prices has brought relief. The fact is that reduction of crude prices by 65% has not resulted in the same degree of reduction in petroleum product prices. Other costs intervene and these costs are not due to the producers.

8. At the very same time, we are bearing a heavier burden in servicing our debts. When the countries of Europe got together with Japan to solve the problem of excessive exports to the United States, they decided to revalue upwards their currencies. They succeeded, but their trade problems refused to go away. However, for the developing countries debt servicing has become more burdensome as their currencies depreciated against those of Europe and Japan and even against the US dollar.

9. As devaluing the dollar has not decreased European and Japanese exports to the US, they are now investing more in the United States to get around United States protectionism. Thus the investment funds that could help develop the South have been diverted, leaving the South with only a trickle in capital inflow. It looks like the North has become an enlarged economic block, buying only cheap raw materials from the South, and dumping their excess of manufactured goods. The markets of the North are almost completely closed to manufactured products of the South. While the North continuously search for substitutes for the raw materials of the South, they also work to ensure a glut so as to bring down the price of these materials.

10. In the meantime direct and indirect military attacks and subversion of the developing countries continue. Colonialism is not dead. It has merely taken new forms. A weak and unstable Government is as good an excuse for military assaults as is a strong Government. Indeed all the Governments of developing countries are made out to be bumbling, incompetent and corrupt as if the North is totally

free from these traits.

11. The South African Government remains the most blatantly racist regime in the history of the world. That it can exist in this day and age is due in part to the support it gets from its sympathisers in the North. People who are prepared to take direct military action against a Government for allegedly promoting terrorism, advocate gentle persuasion when dealing with the open terrorism practised by the South African Government. We do not expect the Pretoria regime to be bombed out of existence, because we do not believe in such a line of action. But when will those with the economic clout apply sanctions? Or is it that African lives are cheap, and that investments in South Africa are too profitable?

12. The broad-based and multi-directional attack on us is no less serious because we cannot identify a single enemy state. It is no less devastating because we do not see armed and uniformed men invading our shores. We have won the right to govern our own countries but whether we are independent is another thing. Economically, of course, we have never been independent. We have no control over transport and insurance, marketing and prices and at times even over production. Our situation can only be described as deplorable. Before we can make it any better, we must prevent it from getting worse.

13. The holding of this Conference on South-South Cooperation could not have come at a more opportune time. Looking back on the past three years since the first South-South Conference was held in Beijing, we must all feel deeply conscious of the suffering and trauma experienced by practically every single country throughout the South during this period. The problem of plummeting prices for the fruits of our labour and our soil, the problem of mounting debt in many countries, especially those in Latin America, have imposed unbearable strains on our economies. In Africa the battle for survival remains as grim as ever. In Asia too, after making some headway we are experiencing sizeable declines in our growth rates as more and more barriers go up against our exports. It is frightening to realise that we are not in charge of ourselves and that a few countries, indeed a handful of people can make or break us.

Ladies and Gentlemen,

14. A few years ago we proposed a New International Economic Order. It was an equitable proposal, considering that all countries are interdependent and that even the North must depend on the South for prosperity. We are their market for goods as well as loans. Surely the prosperity of the South will lead to greater prosperity for the North. We asked only for an equitable share.

15. But we have to acknowledge now that the New

International Economic Order was a non starter. The developed countries turned it down flat. The laws of supply and demand, the marketplace, they say must prevail. We must not meddle with them through artificial policy decisions.

16. But is it true that the laws of supply and demand determine the economy of the world? Is protectionism a part of that law? Is subsidy an integral part of the market-place? How does a poor country compete when conditions are placed on aid; conditions not to buy from other sources, not to set up industries of a certain kind? How do poor countries with no ability to subsidise exports compete with the rich? How do we counter the practice of dumping excess goods at below cost?

17. We have tried to bring order to trade in commodities by elaborate Commodity Agreements and the operation of Stockpiles. But they have never really worked, despite the prohibitive cost. Many of us with pressing needs for funds, bypass the Agreement. Many others refuse to join. The recent massive glut has dealt a death blow to Commodity Agreements. We the producers of the South are more vulnerable than ever. We have nothing to fall back on. All the other commodities are equally affected. We have no manufactured products to export in the place of commodities.

18. The collapse of the commodity trade results in unemployment which in turn leads to political instability. If the Government is weak it may fall. The succeeding Government can do no better because the causes of economic recession are external, beyond the control of the Government. Political instability would then become continuous, further preventing economic recovery. A vicious circle is started which escalates inexorably.

19. The seven major industrialised countries of the North are today meeting in Tokyo at their Annual Economic Summit. Their deliberations and decisions, whether these relate to the debt problems, interest rates, protectionism, exchange rates or to global liquidity, will all have far reaching impact on the global economy. And yet we in the South whose lives will be crucially affected by the decisions of this summit will have absolutely no say in their deliberations. It would seem that not only is the New International Economic Order rejected but the North has responded with closing their ranks and creating their own economic order for the world.

20. In the face of this refusal by the rich to consider even enlightened self-interest when dealing with the South, how should we react? Should we set up an organisation of the states of the South as the United Nations was set-up? Should we put-up a united front? Should we draw up a comprehensive policy which will govern all our actions when dealing with the North?

21. We already have the Non-Aligned Movement, largely an organisation of the South. We have the group of 77, also a grouping of the South. We have the Organisation of Islamic Conference or OIC, the OAS and others. Would a new organisation do any better?

22. The answer is obvious. We do not need another organisation. All we really need is the recognition that unless we help to strengthen each other we are not going to be in a position singly, or in a group to get fair treatment from the North. The North believes in strength. They deal differently with the strong and differently again with the weak. Obviously the best results can only be obtained by us if we are strong.

23. But how do we become strong, if we cannot unite? Of course, it would be good if we can unite. But too many countries with too many different interests just cannot unite. We have to recognise this and do the next best thing. We can cooperate bilaterally or regionally, so long as our partners are from the South. It is not something that can be achieved overnight. Nor will the result of cooperation manifest itself immediately. But any intercourse between the countries of the South must lead to a strengthening of their position, just as any quarrel between them must open them to all kinds of manipulation by outsiders.

24. Many of us in recent years have made special efforts to strengthen our bilateral cooperation with countries in the South. We in Malaysia have devoted most of our energies to strengthening our cooperation with our ASEAN neighbours and with a cross section of countries in the Asia and Pacific region. We have also made a special effort, notwithstanding the problem of distance, of trying to develop areas of cooperation with some countries in Africa.

25. Take education for example. The setting up of an international university can effectively reduce part of the billions that flow North because we send students there. These students studying in developing countries together with others also from developing countries will develop contacts that will help our relations later on.

26. Educational institutions are just an example of how we can help ourselves. There are many other practical areas which will help us reduce our dependence on the rich while saving our hard-earned money. Since money means power, we will in fact be contributing towards the power of the South.

27. Although Commodity Agreements have not proven successful, Malaysia feels there is merit in cooperation among commodity producers in research and development, the dissemination of relevant information and marketing. It is for these reasons that we have formed the Tin Producers Association and the Association of Natural Rubber Producing

Countries. In the past research and development and even marketing was done by the major consumer countries. Naturally their priority is to economise on consumption and possibly develop substitutes -both of which are detrimental to our exports. By doing our own research and development we hope to discover new usage and to enhance the value of our produce.

28. We feel that bilateral cooperation and regional groupings have a lot to contribute towards South-South cooperation. The fact that two countries of the South are working together outside the Group of 77 or the Non-Aligned Movement does not mean that the objectives of South-South Cooperation are not being achieved. A multiple of groups of twos or regional groups helping each other is as good as having a full-scale South-South Cooperation. Even if they compete with each other it is not too harmful. Sooner or later they will have to come to terms with each other if they wish to survive.

29. It would be wonderful if all the hundred over countries of the South can stand united and cooperate with each other in order to overcome economic, political and social problems. But the truth is that that scenario can only happen in dreams. Bilateral or group cooperation on the other hand is real and practical. While we wait for the ideal, we should do the possible.

Ladies and Gentlemen,

30. At the Non-Aligned Summit in New Delhi in 1983, we adopted a Declaration on Collective Self-Reliance. According to this Declaration, the leaders of the South pledged themselves to strengthen South-South cooperation on a priority basis. The Summit in Delhi also adopted a Comprehensive Action Programme geared to producing tangible benefits for the South through their cooperative efforts in different sectors. As we turn our sights to the forthcoming Non-Aligned Summit in Zimbabwe, we should be prepared to admit that the Delhi Declaration on Collective Self-Reliance amounted to no more than a paper pledge. Our collective performance has been dismal.

31. All the members of the Non-Aligned Movement, without exception, are members of the Group of 77 and the goals and objectives of the Non-Aligned Movement and the G77 in the pursuit of South-South cooperation are identical. It is both necessary and desirable that there should be a close harmonisation of the South-South programmes of the Non-Aligned Movement and the wider and more encompassing Group of 77. Indeed the institutional machinery and programmes of one should be readily available to service those of the other. Wherever possible we should have common programmes for both bodies. Here I would like to commend the useful work done by the International Centre for Public Enterprise at Ljubljana. This Centre, which is now also

serving as the Secretariat for ASTRO (The Association for State Trading Organisations) has a number of useful South-South programmes to its credit.

32. The Caracas programme of Action which was adopted at a high level meeting of the Group of 77 in 1981 should serve as the basic framework -- the centre of our efforts -- for promoting economic cooperation in the South. Unfortunately again no tangible benefits have been derived by member states from this programme.

33. The one area which hold promise for the Caracas Programme is the effort to establish a General System of Trade Preference (GSTP) within the framework of which they could lower their barriers to each other, thereby facilitating trade flows in the South. The GSTP negotiations are currently underway and I am sure that we would all like to see these negotiations advance as rapidly as possible.

Ladies and Gentlemen,

34. Institutions are no panacea. In the final analysis it is what the members are prepared to do that determines the success or otherwise of an organisation. Nevertheless a co-ordinating body of some sort must provide the necessary reference point if there is to be a common approach in any field of activity. For the purpose of South-South cooperation the Caracas Programme of Action already provides the nucleus for a Secretariat. What we need now is acceptance on the part of member countries of the Group of 77 and proper funding.

35. One of the objectives of this meeting should be not simply to identify areas of South-South cooperation, but to spell out clearly what measures should be adopted to implement these programmes. We will not see any progress until and unless we commit ourselves to certain specific targets.

36. Information about developing countries, especially with regard to economic activities and policy is very scanty. It would be a good thing if the Secretariat of the Group of 77 actively gathers information for distribution to interested third world countries.

37. An idea worth talking about is the assignment of a Minister from each country to oversee South-South co-operation. He could monitor on the one hand his own Government's orientation to South-South programmes. At the same time, he could ensure that appropriate follow-up action is taken following visits of delegations from the South.

Ladies and Gentlemen,

38. We have assembled together here a galaxy of personalities, each of whom has made an important

contribution in a particular field or discipline. You must put your wide-ranging experience and your proven capacity for creative thinking to practical use. What we need from this Conference are a few ideas and proposals which can lend credibility to South-South co-operation. We need to find ways and means to mobilise the private sector throughout the South; we must get our private sector to inter-act with each other.

Ladies and Gentlemen,

39. I have dealt at length on South-South economic co-operation. But there are other areas where we can cooperate for mutual benefit. The cultural field is one. There is a great need for us to know each other. We Malays say, 'Tak kenal maka tak cinta' (Because we do not know each other, therefore we do not love). There is a great deal of misinformation originating from news media over which we have no control. It is time that our own third world news agencies intensify their cooperation and provide true and more sympathetic news about ourselves. They will say it is propaganda but are not their slanted news northern propaganda?

Ladies and Gentlemen,

40. Our concentration at this Conference is on the economy. That is not to say that politically the South is without major problems. The South has many unresolved political issues. And among them the South African problem certainly sticks out like a sore thumb.

41. When in the mid-60's Malaysia condemned the racialist regime of South Africa and demanded that South Africa be booted out of the Commonwealth if it continued with apartheid and oppression of black South Africans, we were told that such an action would be detrimental to the blacks. Today the same argument is trotted out at the Commonwealth Meeting in Nassau when we demanded that sanctions be applied against South Africa.

42. Do we really think that black South Africans would be better off today if South Africa remains in the Commonwealth? Are they better off now because we do not apply sanctions? Are the shooting, killing, jailing and torture of the blacks today evidence that they are better off because sanctions are not applied? Has Nelson Mandela been released because no sanctions have been applied? Would Steve Biko be alive today?

43. The fact is that we are dealing, not with an inhumane regime but an inhuman regime, a regime that is racist in the extreme. The only thing that it will respond to is force. If we must meet terror with force, this is the time to meet terror with force. The lives of black South Africans are as worthy of revenge as the lives of anyone else. But it is

not revenge and killing that we are asking for. We are merely asking for sanctions now by those whose economic clout has the necessary force. The black South Africans are prepared to endure the pain of sanctions. They ask for sanctions. Why do we give this excuse that we want to save them from that which they are willing to endure?

44. In the end we will have to do what we have to do. But how sad that we should prolong the sufferings of the blacks of South Africa.

Ladies and Gentlemen,

45. We talk often of the need for disarmament; that is that which involve the big powers. But what is our record? In 1964 the Third World bought \$1.4 billion of weapons from the developed countries. By 1984 that figure has grown to \$29.4 billion. Isn't it about time we talk about arms limitation among ourselves? No one disputes the need for defense capability. But do we need to have mini arms races with our neighbours? This guns before butter policy is killing us. We have to stop this nonsense and, incidentally, we will also stop enriching the already rich.

Ladies and Gentlemen,

46. South-South II has been jointly sponsored by the Third World Foundation and ISIS. I am certain that their cooperation will not end here. Indeed, this cooperation between the Third World Foundation and ISIS should spawn a network of the Third World research institutes, which would collectively do research work on different aspects of South-South cooperation. We need to pool our experiences and resources for this important task.

47. South-South II could present us with a historic opportunity. I would urge the distinguished members attending this meeting of Third World thinkers and luminaries to galvanise the South into action through the adoption of concrete proposals which can be readily implemented. Let our work be meaningful and let us demonstrate our sense of purpose.

48. Additionally I would suggest an Independent Commission on South-South Cooperation with a limited life span tasked with reporting to the Group of 77 on specific proposals for practical South-South cooperation.

Ladies and Gentlemen,

49. We the South have many other problems. But I have said enough.

50. Each of our countries has gained political independence. But we have been denied our economic freedom. This economic freedom and the sense of dignity and pride

that goes with it can only be secured through our own efforts. South-South cooperation will enable us to cushion ourselves against the arbitrary actions and decisions of a handful of countries. It will enable us to maximise our advantages and make ourselves collectively self-reliant.

Ladies and Gentlemen,

51. The North is not our intractable enemy. There is little to be gained by an attitude of confrontation. We have to speak the truth. We have to say the obvious. But we will still work with the North, towards a better world order. We must not forget that the North produced such people as Olof Palme, whose untimely death is a grievous loss to all. We have friends in the North and we must strive to work with them however frustrating the effort. God willing, in time we will succeed.

Ladies and Gentlemen,

52. Now, I have much pleasure in declaring this South-South II Conference open.
Thank you.