

SPEECH BY: DATO' SERI DR. MAHATHIR BIN MOHAMAD
(PRIME MINISTER)

EVENT: THE SINGAPORE LECTURE 1988 REGIONALISM, GLOBALISM
AND SPHERES OF INFLUENCE: ASEAN AND THE CHALLENGE
OF CHANGE INTO THE 21ST CENTURY

VENUE: SINGAPORE CONFERENCE HALL

DATE: 14 DEC 1988

TIME:

REGIONALISM, GLOBALISM AND SPHERES OF INFLUENCE:

ASEAN AND THE CHALLENGE OF CHANGE INTO THE 21st CENTURY

Mr. Rajaratnam,
Excellencies,
Ladies and gentlemen.

I would like to thank the Institute of Southeast Asian Studies for inviting me to deliver this Singapore Lecture, the ninth in your series. It is indeed a great honour for someone who is not an economist and who is not a retired statesman to be invited to speak at one of the most celebrated events of the Institute.

2. The subject of this Singapore Lecture is related to the future. My fear is that economists and politicians, retired or otherwise, are about as good at foretelling the future as those who rely on the stars and the tea leaves. Practising economists have the aid of the most sophisticated models and the most sophisticated and complex theories. The members of this profession have the advantage of being able to rely on the staple of their trade: the two hands. On the one hand, this. On the other hand, that. Unfortunately in predicting the future, even two hands are often not enough.

3. I should of course not be too tough on the economists since the members of my own profession -- and here I am not referring to the medical profession -- do not have an enviable record either.

4. Like the economists, politicians too have some advantages when it comes to discerning the future. They are in a better position to plan the future and execute it. If they fail, the profusion of words that constantly issue from their mouths are likely to confuse and cause a lapse of memory among those who heard them. In any case, politicians can modify their predictions as they go along. In the end of course they are never too far wrong.

5. Still the wise politician always hedges his bets. And so I would like to remind you that the one thing we must

expect about the future is to expect much that we don't expect.

Ladies and Gentlemen,

6. I would like tonight to reflect a little on two quite unextraordinary thoughts about the future. The first is that the world has entered with some fanfare into a historical era of transition and its attendant uncertainty. This is the second transition -- the first was when all empires had to be dismantled after the war.

7. Mankind has reached a historical turning point rich with political possibilities but replete also with serious economic threats.

8. The second is that in a shrinking world no one will be allowed to escape the consequences of the changes the world is going through. There will be winners and there will be losers. There will be those who will be caught in between and who will be squeezed. Some will not know what hit them. Whichever it may be life for everyone will not be quite the same again.

9. It is therefore necessary for us to fully grasp the critical elements of continuity and transition and to respond quickly, flexibly, with creativity and strength, to the opportunities that will present themselves as well as the challenges that will be hurled at us.

10. To do this we have firstly the task of comprehension. The second is the challenge of action: attempting to do the right thing at the right time and in the right way which is extremely difficult in the best of times.

11. The task of comprehension in an age of uncertainty demands that we wear no blinkers and have no illusions. It is especially important to ensure that we are informationally rich and analytically well endowed. It is incumbent upon us to be prepared to confront new realities and their logic however discomfoting they may be to preconceived notions. This does not mean the abandonment of our personal and national, regional and global ideals. Far from it. But it does mean the need for quick and continuous re-assessments of our objectives and ideals in response to quick and continuous changes in our external environment. Knowledge, because it is power, is an essential ingredient for our survival.

12. The challenge of action confronts us at all levels: the national level, the regional level, the inter-regional level and the global level. Comprehension without action is about as fruitful as action without comprehension.

13. My remarks this evening focuses largely on the external environment of states. But I feel I cannot let the occasion

pass without stressing the central importance of action at home; the criticality of continuous reform and reconstruction within our respective national borders.

14. The primary determinant of our fortunes in the challenging days ahead, as in the past, will be our own national resilience. The most important helping hands we can rely on will always be the ones that are at the end of our own arms.

15. As for action beyond our shores, there is every need to be realistic. The nations of the ASEAN Community -- influential though they may be, must realise the limitation of their influence. There is only so much they can expect from their trading partners but beyond that they will have to rely on themselves. In the new developmentalist world which is emerging, ethics and friendships are not to be relied upon too much.

16. At the same time it would be foolish for us to be negative in thought and action in the international arena. It would be a great tragedy if we are oblivious to our potentialities -- oblivious to what we can get from and what we can give to the world if we can summon the will and the statesmanship, the guts and the grit.

Ladies and gentlemen,

17. We in ASEAN and indeed everywhere else must remember that the twenty-first century is not some far-distant time. It is no more than eleven years away.

18. A proper sense of time is important for we should not waste our time on fascinating possibilities -- the emergence of Japan as number one, the surge of China to number two, the possibility of a "Super Europe" stretching from the North Atlantic to the North Pacific, of a fortress America from the Arctic to the Antarctic, of the actual dismantling of the nation state or even the very destruction of a viable habitat for the survival of the human race itself. All these can come to pass. But not within the space from now to the twenty-first century.

19. What actual great challenges of change, then, can we expect the world to throw up in the next 132 months?

20. Because history will not bow to Mahatma Gandhi's plea that there be more to life than increasing its speed, the changes that we need to deal with will come thick and fast. Fortunately, a large proportion of them have and will continue to be positive structural trends whose course and contents are already clearly evident and clearly constructive of a more prosperous, peaceful and stable world.

Ladies and Gentlemen,

21. Amongst the most hopeful of these changes must be the big swing to the Right: in the countries of the Left the modernisations and perestroika, and in the countries of the Right privatisations and deregulations. By comparison to what is happening now in the market economies, Malcolm Forbes with his capitalist tool is a leftist.

22. These developments -- internally generated, self determined, an expression of the wishes and the will of their own people -- have undermined totally any faith in the permanency of ideologies and systems. Nothing is sacred any more. Economic atheists have now taken over everywhere.

23. Of course it is possible to envisage circumstances in which the trend will be reversed. But this is most unlikely in the foreseeable future. Certainly from the frozen wastes of Siberia through Eastern Europe, Central America and much of Asia there has been an erosion of faith amongst the faithful. Dogmatic Marxism and the traditional command economic system as a method is on the retreat in the minds of men and in their actions.

24. I think it was Rousseau who said that there is nothing more powerful than an idea whose time has come. Some may paraphrase it by putting it the other way round, that there are few things more powerless as an idea whose time is over. The time of rigid central planning and regulation of economies is over.

25. To be sure, there could be some negative elements in this trend. It can be carried too far. The switch from trading in real goods to trading in paper, including non-existent money, is one of them. Trading in corporations and not trading through corporations is another. But the ascendancy of pragmatism over dogmatism, the decline in "the age of ideology" in the traditional historical sense, the reduction in the play of passion and the complication of dogma in international relations all augur well for the world community as they will for ASEAN.

26. Pragmatism's rise to power in the People's Republic of China initiated the transformation of many key elements of the Seventy Years "War" between the so-called "East" and the "West", a war which began with the Russian Revolution in 1917 and shaped much of the history of the world in the twentieth century. Pragmatism's rise to power in the Soviet Union and likely changes in the national priorities of the United States and elsewhere threaten to eventually put an end to this "war" in the remaining years of the twentieth century.

27. As is the case with all protracted conflicts in world history an ending comes with a redefinition of national priorities. This is often tied to a sense of psychological and material exhaustion (on the part of at least one side to

the conflict) and a realisation (on the part of more than one side) that there are other more important battles to be fought, different dragons to be slain, new powers and constellations to relate to.

28. It is a fact that after the Second World War neither the United States nor the Soviet Union settled down to a peace economy as did the defeated powers: Japan and West Germany. Because of the narrower economic base of the USSR, it has been forced to sustain a quasi-war economy with the result that Soviet missiles can deliver at this instant a million-ton TNT equivalent load to any place on earth with impeccable precision whilst Soviet agriculture cannot produce quite enough for Ivan's dining table. The United States too has paid a high price, as evidenced by massive deficits and erosion of its leadership position.

29. In the context of new global and domestic realities, passions and priorities, the decline of the Seventy Years War can be expected to have major effects on the lives of practically everyone everywhere. Already we see tremendous effects on Iran and Iraq, Afghanistan, Cuba, Angola, Namibia, Palestine, Israel, Kampuchea, Vietnam and a host of other arenas and theaters.

Ladies and Gentlemen,

30. Even the humblest student of international relations will notice that both the military superpowers were in political decline even as they achieved the peak of their military might. Because of the momentum of military production and the mad scientists who are forever devising newer and better ways of killing and destroying, the build-up of military weaponry will continue; but this will not slow down the rise in the power of moral and immoral suasion, as evidenced by the western-originated transnational pressure groups, the power of economic arm-twisting in their various forms and the uninhibited role of the media, to name a few.

31. Conventional war as an instrument of policy has become increasingly illegitimate, increasingly costly and increasingly ineffective in producing the required results. War is no longer a glorious activity to which even nobility would contribute the flower of its youth. Today, in the eyes of the individual, in the eyes of the world community, and often in the eyes of the very perpetrator, war has, frankly, a bad odour.

32. There was a time when wars could be won at what may be termed as a reasonable cost. It no longer is. Even the richest oil nations can be bankrupted by a few days of hurling ballistic missiles at each other. In the end there is so little to show -- no new empires, no subject people and no new sources of wealth to plunder. Powerful nations have invaded and conquered only to negotiate ignominious

retreats with nothing to show except a long list of casualties. Conquest is a messy business in an age where people matter and where the masses will not simply lie down and submit.

33. I am not saying that we have or we will ever reach that condition where swords will be turned into ploughshares and men will war no more. Man is a contrary creature. There is a madness in him which leads him into doing extraordinary things. Despite the obvious futility of war in this day and age, there is no certainty that a mad man on a mad impulse would not precipitate a war. And so we have to keep our powder dry and, like the Scouts, we have to be prepared.

34. Empires and conquests may no longer be the acceptable things they once were but a willingness to fight and defend oneself and render aggression costly and unprofitable are essential to sustain modern mores or the proper behaviour of nations, big and small. The problem is what level of preparedness. Only acknowledged enemies can determine this, that is if they can talk with each other. Some of them are at last talking to each other.

Ladies and Gentlemen,

35. I have little doubt that the increasing realisation of the decreasing utility, power and the application of conventional military force, the turning inwards towards domestic reform, the reduction in the push of ideology and perhaps the thirst and the need for a period of peace and tranquility in important quarters -- have all conspired to produce an outbreak of peace in 1988. One might be excused for thinking that for the first time in a long time the world is being confronted by a peace epidemic of sorts.

36. War, it has been said, has its own momentum. Peace too may possess that quality. I would expect that in the nineties, although new brush wars may break out, the peace momentum will continue.

37. It might also be noted that just as war has its awesome consequences, peace too will have its enormous threats and problems as powerful nations seek to use other weapons to manipulate in their favour. This is what we are really concerned with.

Ladies and Gentlemen,

38. Pragmatism's assault on archaic ideologies has resulted in what might be called the "Modernisations in the Five Kingdoms". It started off with China's Four Modernisations. Then came glasnost and perestroika in the Soviet Union. Because of the force of other factors we are now seeing the second opening of Japan, a process that in terms of domestic change may rival the Meiji Restoration.

39. Now the European Community is about to create a single market with free movement of people, goods and money throughout Europe by 1992. The process of the modernisation of the Five Kingdoms will be complete when the United States launches its own programme of internal reform and reconstruction. The Americans who have been so engrossed with their own success and are not quite capable of imagining that others too can be successful have finally awoken to the facts of life. An inability to compete and massive and intractable deficits have contributed towards this realization. Still for the moment more ideological and economic reforms are needed in the US than anywhere else.

40. What is the Modernization of the Five Kingdoms all about? It is about economic prosperity and Developmentalism as they affect the people rather than the state. A powerful state is no compensation for citizens living in backwardness and poverty. Today a state is only meaningful if it is able to provide its people with real prosperity and rights. The power of the leaders and the strength of the state no longer bring glory and respect for a nation.

41. The 180 degree turn that China took under Deng's modernization and the glasnost and perestroika of Gorbachev are as motivated by developmentalism and economic needs as are the unification of Europe and that of the US and Canada. Of course Japan's single minded drive for prosperity since its defeat in World War Two need no analysis. All this switch in policies is intended to give their respective peoples a better life.

42. If the Russians and the Chinese are willing to reduce their arms unilaterally it is because they know that supporting a modern military machine is debilitating for the economy of even the richest nation. If they need any convincing they have only to look at the Allied-enforced Japanese policy of minimal expenditure on arms. Clearly any country wishing to prosper must spend less on defence, and to do so they must have less tension in the world.

43. That developmentalism itself has reduced tension and stopped wars is obvious. But it must be remembered that peace is sought not for itself but for the sake of economic development and national prosperity. In the past the prosperity of the big powers had always been largely at the expense of the poor. Nations were conquered so that their wealth could be plundered. It was an easy and an acceptable approach when wars were glorious and empires respected and admired.

44. But will the desire for economic development in the post imperial period lead to yet another rape of the poor? The answer could be Yes. The poor may have to pay so the rich can prosper. The truce among the Five Kingdoms is consequently fraught with danger for the unsuspecting poor countries of the world.

45. The array of weapons at the disposal of the Five Kingdoms are as numerous and as varied as their military weaponry, and they are just as effective. Aid, loans, markets, GSP's, currencies, labour unions, media, transnational pressure groups, non-tariff barriers, tariffs, technology, investment funds and knowhow, global corporations and a host of other institutions can be manipulated to ensure that the development of the Five is achieved, if need be, at the expense of the poor.

46. We see how the poor are made poorer through borrowings. Some have profited from the loans but most have been forced into the equivalent of debt slavery of old.

47. By pushing up the value of the currencies of the NICs, immense economic gains can be achieved by the rich. If that fails, there is always protectionism to fall back on. If as a side-effect of revaluation, the debts of some poor countries are doubled, that is too bad. The fluctuation in the currencies of the world, manipulated not just by powerful governments but by the equally powerful commercial banks of the West must have driven a number of Finance Ministers and Central Bankers in the poor countries out of their minds.

Ladies and Gentlemen,

48. In the centuries of exploitation of the natural resources of the rich countries, vast forests were denuded to make way for farms and cities. Now suddenly the value of these forests in the protection of the environment is realized. Do the rich countries reafforest their land in order to restore the ozone layer? Of course not. The poor countries are told not to log their forests even if that is their sole revenue earner. If in the process the softwood producers in the rich countries have the market to themselves, this is just coincidental.

49. But the poor can take heart. The Five Kingdoms may have to compete with each other so fiercely that there may be room or opportunities for the poor to reap some benefit in between. However much depends on the South's reading of the situation and their willingness to act. They say when elephants fight it is the mousedeer that gets trampled on. But an alert and nimble mousedeer should not only escape but should gain something as well.

50. Poor as they may be the countries of the South together still constitute a huge market. But the key word is together. Alone their individual market is too small to influence the attitude of the rich. It is therefore important that the countries of the South at least present a united front, if not unite.

Ladies and Gentlemen,

51. The states of South East Asia have already opted for regional grouping. It must be admitted that ASEAN was not intended to counter the pressures exerted by others. It was really a political grouping to facilitate problem solving between neighbours. But nevertheless the grouping should prove convenient for countering the pressures from the North.

52. So far ASEAN has proved effective in the political field. It has not been so successful in economic cooperation. Yet now it has to face new economic challenges resulting from the modernisations of the Five Kingdoms and their stress on the economic betterment of their people.

53. The GATT experience and the Uruguay Rounds may be a foretaste of what is in store. Just as in politics, the rich and the powerful can totally ignore world opinion even when alone, it is equally certain that they can and will ignore the world if need be should anything be proposed that is not in their interest.

54. Already the Group of Seven has taken it upon themselves to shape the world's economy. A unified European economy together with an economic union of the US and Canada working through the Group of Seven would be even more powerful.

55. Perhaps an economically powerful Russia and China can provide an alternative for ASEAN, but that will be a long time in coming. There is no certainty that they will not exert their own kind of pressure in order to achieve the economic gains they are seeking.

56. Closer regional economic cooperation within ASEAN is now imperative. ASEAN member countries must learn to complement rather than to compete. In agriculture the climate and other natural attributes have forced us to be competitors. But manufacturing can be planned for complementation and yet remain mutually profitable. No country in the world can manufacture everything that it needs. By choice it has to buy from other nations or face retaliatory measures. ASEAN countries must accept that even if each can manufacture all its domestic needs, it is economically cheaper and more profitable to cater to the whole ASEAN market. With a big domestic market it will be in a better position to export competitively its products.

57. But ASEAN is not the only regional grouping in the developing world. In South Asia, Africa, and Latin America there are also regional organisations which for the moment are still political in character. A link-up of these groupings in the economic field would make the South more capable of playing a role in the world's economy and even in the inevitable economic wrangles between the emergent kingdoms of the North.

Ladies and Gentlemen,

58. The South Commission has been set up to look at the potential and possibilities of greater economic intercourse between the countries of the South. There is no way they can stop trading with the North but a fair proportion of the trade in goods and services can be redirected to the South for mutual benefit.

59. There will be tremendous obstacles. Dumping, aid and grants by the rich North are but a few of the obstacles to trade between the South. But if there is a will, a resolve to correct an unfair and inequitable wealth distribution, many things can be done. At the very least the threat to buy South will push the North to sell their goods and services at more reasonable prices.

60. I am not suggesting a trade war between the South and the North as a solution to the new threats consequent upon the swing to the right in the Five Kingdoms. Such a war cannot be won by the South. But the fact is that the fortress mentality in Europe and America and the desire by the Soviets and China to go for economic growth as well as Japan's already overwhelming economic power requires some adjustments by the regional groupings of the South.

61. ASEAN has so far shown the greatest promise. The region has adjusted itself to numerous pressures from outside and some debilitating internal problems. But the countries of ASEAN will need to do more if they are not going to be deprived of their growth potential in competition with the developmentalist strategies of the new North.

62. There is no doubt that a more united ASEAN with a single common strategy will be more safe than separate strategies devised and implemented by each member state.

63. Also ASEAN together with other regional groups of the South would be in an even better position.

64. Confrontation is not necessary. Every effort must be made to co-exist and to benefit from the new turn of events in the North.

65. There are many things that can be done. But the most important of all is for the member countries to get closer together and for the regional groupings of the South to do the same.

66. Till the end of the century the whole world must rearrange itself. The nations of the world did a good job when the first transition took place with the shedding of the global empires of the West. Now the nations of the world must do an even better job in order that the end of

the Seventy Years War will see the shaping of a better and less oppressive world.

Ladies and Gentlemen,

67. Many of our ideas on politics, economics and social affairs are out of date. They are out of date not because they were ill-conceived in the first place. They are out of date because they have been correct and effective and they have changed human society so much.

68. When Marx wrote *Das Kapital* rich individuals personally owned and controlled what he called the means of production, the capital, land and labour. It was an inequitable world and an unjust society. But even as Marx suggested ownership of the means of production by the state in the interest of the people, the capitalists were rushing to correct the extreme exploitation that they practised.

69. They succeeded too well. Indeed they lost control of the process. More and more the profits of a capitalist system became distributed among the people.

70. It took the Russian Communists seventy years to acknowledge that their laudable objectives have been achieved by their rivals -- the capitalists. The acknowledgement was painful. But with the acknowledgement, a whole new era must begin.

Ladies and Gentlemen,

71. We are living in the beginning of the era. We are still sceptical. Will the leopard change its spots? Will diehard Communists sworn to spread the creed throughout the world really give up their ideological mission? We are not completely sure.

72. But the process that has been started cannot be easily stopped or reversed. Like the capitalists who liberalised their ownership and control in order to counter the spread of Communism, the Communists are likely to lose control of the liberalizing process which their leaders have started.

73. We do not know for certain where this will end up. But for the next few years before the century ends we are likely to have more peace in order to build quite literally a new world. It will be a more truly inter-dependent world where decision-making on the management of the world's economy will not be confined to a few major powers.

74. Decisions must involve greater participation -- a democratisation of nations rather than just people. I see a need for strengthening the UN system in its role in economic and social developments, in securing peace and the mitigation of such global problems as drugs, terrorism, environmental degradation and refugees. God willing, we

will have a more comprehending world able to act positively to meet the problems posed by the latest age of transition.