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Distinguished Guests;

Ladies and Gentlemen,

Please allow me to say what a pleasure it is for me to bid a warm welcome to such a large and august gathering, meeting in this small capital of a small nation in the Western Pacific. The fact that we have in this very room important men and women of thought and action from every band of the political spectrum bears testimony to the momentum of peace in the world and the Pacific today.

2. This momentum of peace cannot be taken for granted.

Many of the most promising trends of recent years can be turned around.

Many things can still go wrong -- through errors of omission, mistakes in calculation, failures in domestic and international statesmanship. We ought always to be reminded that in international relations there are no brave and benign new worlds and no miracles. We would be foolish to presume that beyond the age of confrontation which we have all endured for so long lies, necessarily, a new era of cooperation.

3. At the same time, there can be no denying that not for two generations has there been such a positive constellation of positive political factors in the global firmament. I put it to you that we have entered into an era of great transition, affording immense opportunity, demanding of enlightened action and creative initiative. If we are up to the imperatives of statesmanship, the dictates of enlightened action and the challenges of creative initiative, there is every probability that the last decade of the twentieth century will - in political terms at least - be a much better one than what we have seen in the last fifty years. Again, we must guard against excessive optimism. But the auguries are good. Allow me to briefly outline some of the very positive and fundamental changes that have occurred, sometimes at speeds that test our very ability to clearly comprehend their contents and their implications.

Ladies dan gentlemen,

4. When historians write about the Twentieth Century, they will need to grapple with an explanation of the role that

ideology played globally in the relations between so many nations over some eight decades, a conflict over ideas and systems.

5. There has of course never been a time when ideology has counted for nothing. There will never come a time when it counts for nothing. In the apparent death throes of the twentieth century's heroic Age of Ideology, we can expect some ideological contention between the various believers of capitalism and between the various believers of the command economy. We might even expect on occasion sharp ideological altercation between the leaders and would-be leaders of what has been the Great Ideological Divide. But it does seem a safe conclusion that because of the fundamental reassessment of socialism as a method, worldwide, and because of a host of other factors, we can at last expect the passing of the Age of Ideology as we have known it. More and more, we can expect ideology to be less and less important in international relations -- as pragmatism and the traditional imperatives of national interest come increasingly to the fore.

6. The second, related, positive factor is the process of internal reform and restructuring amongst the great and the big powers, the most consequential being the turning inwards of the great anti status-quo powers.

7. China was the first to institute a comprehensive programme, which it called the Four Modernisations. The recent tragic events in China, not unconnected with the problems of economic success, are likely to tie the Chinese leadership down to internal pre-occupations.

8. The Soviet Union, under the ambitious leadership of Mikhail Gorbachev, is now already knee-deep in an equally comprehensive and very difficult programme of glasnost and perestroika. Japan too is in the process of fundamental - economic and societal - change. The European Community can be expected to be greatly diverted by the process of single-market completion by 1992. There are many who expect the United States itself - under the cautious leadership of George Bush - to embark on internal re-assessment intended to re-establish its vitality and strength, and to re-establish what some have called the Pax Americana.

9. The two superpowers which have sacrificed substantially because of their strategic overstretch are in the process of strategic disengagement. Because the costs to the United States have been of a different order, its reconsideration of commitments and international activism will be of a different order. Because the Soviet Union has been the nation which has paid so dearly for its strategic overstretch, we have already seen dramatic examples of disengagement and retrenchment. Great changes are in train in eastern Europe and in other parts of the globe. The transformation taking place in the Second World is well

nigh irreversible. We should be equally clear in our minds that the positive moves of the USSR are largely the result of internal imperatives arising out of the nation-centric desire to improve the welfare of the Soviet peoples. This does not detract, however, from their positive impact on the global scene. Indeed, it provides a more secure foundation than would such motivations as an unsustainable starry-eyed commitment to peace or ideology.

10. Because of all these factors, there are those who believe that the Cold War between the Political East and the Political West has now come to an end. I prefer to cautiously believe that the rumours of the death of the titanic contest of systems which has been one of the central hall marks of the Twentieth Century are somewhat premature. It is still too early to write the epitaph on the Cold War.

11. But who can deny that there is today a historic opportunity to once and for all put to an end a conflict which has engaged so many and so much of the passions of this century? No one can surely deny that many regional conflicts are being actively addressed and we have entered a period of increasing detente. At the global level, there has been a fundamental reduction of tensions between the United States and the Soviet Union.

12. In the Pacific, the cold war between Moscow and Beijing is largely at an end. Although the consequences of the events in China cannot now be fully fathomed in terms of international relations, we have in recent months and years seen some easing of tensions between Beijing and Taipei, between Beijing and Seoul, between Beijing and Hanoi, between Bangkok and Hanoi, between Thailand and the other countries of Indochina, and between these countries and ASEAN.

13. All this is tied to two other important realities: the realisation of the limited power that can come out of barrel of the gun and of the virtues of extension by other means. In the course of time and since the dawn of the nuclear age, the very essence of power has been substantially transformed. What is more, this is increasingly being perceived by governments and peoples.

14. There was a time when one scurvy-infested gunboat might have been enough to topple regimes. Let us not forget the consequences of four black ships upon Japan. A thin red line, backed by a thin line of naval power did play an unbelievable role in the creation of an empire on which the sun never set.

15. Yet in the world of today, the might of the Americans was not enough in the case of Vietnam. The might of the Soviet Union was not enough in the case of Afghanistan. As many of us have seen with our own eyes, one

solitary man can halt a column of heavy tanks. The two superpowers are at the peak of their military might, with almost godlike ability to obliterate every living thing on this planet many times over, even as their political power has been on the wane - in a world that has increasingly become multipolar and promises to be much more so.

16. Although the writing has been on the wall for decades, it is today writ in such large and bold letters that even the near illiterate and the myopic can now read the message.

Ladies and gentlemen,

17. The path to disarmament, armed preparedness and deterrence at lower levels of lethality and higher levels of sanity will by no means be easy. The military-industrial complexes can be assured that never will swords be turned into ploughshares. But we can now expect most nations to subscribe to the concept of reasonable sufficiency. More and more governments are likely to come to the conclusion that enough is enough.

18. Given:

- the increasingly prohibitive financial, political and other costs of war,
- the increasingly limited circumstances under which it will appear rational,
- the increasing difficulty generally of converting military capability into political power,
- the increasing pre-occupation of the big and superpowers in domestic development and their increasing awareness of the comprehensive costs of military overstretch,
- the dramatic attenuation of the Cold War,
- the lessening of tensions at the global, regional and local plane, and
- the decrease in ideological fervour and passion,

we can reasonably expect fewer international wars and fewer international wars of size. There are two other reasons why there are grounds for being optimistic with regard to the surging tide of peace that is characteristic not only of the Pacific but also of other parts of the world.

19. The first is the demonstrable efficacy and virtues of war by other means and national extension by other methods. The second is the fact that we have entered an era most likely to be characterised by the primacy of economics.

20. The world has learnt many lessons from the Japanese with regard to business and management. Japan has also been an exemplary state with regard to one important strategic lesson: that the objectives of a state can be achieved through the use of economic means -- to the great welfare and benefit of the subject state and, in most cases, to the benefit and welfare of the object state.

21. A case can be made that we have already moved into a period of "soft imperialism" where the foundations of a nation's power are more likely to rest on brains rather than brawn, on the creativity, energy and talent of its people rather than on the size of its population and the extent of its territory.

22. Increasingly, it can be argued, national prosperity and political power will hinge not on the lands that an army can conquer and the number of people that a nation can subjugate but on the degree of penetration of markets, the extent to which other peoples are reliant on one's financial flows, technology and domestic market, the extent to which they are dependent on the products that one can provide and the services that one can render. Much of the virtue of this soft imperialism lies in the fact that the so-called target may aid and abet and certainly welcome one's national extension.

23. Again, there is need for caution because what is soft can become hard. Soft imperialism too can be perverted by the desire for pomp and glory, and by the will to dominate and to dictate. But conducted in an enlightened and therefore sustainable manner, this soft imperialism is not a zero-sum game. Indeed, it is a process that promises a wealth of mutual benefit -- because the interest of the expansionist power is inherently and critically tied to the comprehensive prosperity of the countries which are its targets.

24. If I am right and what we will see in the years ahead are increasing examples of economic expansionism and decreasing attempts at military expansionism, then we can expect much more of our future to be determined by the trading state rather than by the garrison and the military state.

25. This will contribute to the rise of the primacy of economics, a trend that cannot but come increasingly to the fore as ideological passions are dissipated, as the Cold War winds down, as resort to military means is reduced, as the big and the superpowers and the small powers turn increasingly to economic development and social welfare. There are two other very important reasons why economics will play an increasing role in the affairs of nations.

26. First, the world is likely to be forced to grapple more and more with a host of intractable international economic issues. The statistics testify to the fact that since the 1960s the trendlines for global economic growth and international trade growth have been on a clearly downward path. In the year ahead and in the years to come most nations will have to deal with the most serious economic issues because of the mammoth structural imbalances of the US economy, the primary engine of global growth since the early 1950s, which must be expected to lose steam. The problem of increasing protectionism, trade "blocs", currency

volatility, international debt, the malaise of the large majority of developing countries, will all take the time of our diplomacy and test the calibre of our domestic and international economic management.

27. The second reason is also altogether too clear: the rise of economic conflict. Many of the root causes of the present economic friction and of the future escalation of economic contradictions are plain. It is important here to note a central paradox of economic conflict at this point in world history.

28. Whereas in the case of ideological, political and military conflict, the struggle is most often and most intensive as between states that are not interdependent and that are not close, it is in the inherent nature of economic conflicts that they will be most numerous and most intense as between states that are closely interdependent and deeply interpenetrated. Whereas ideological, political and military conflict has been essentially between adversaries and enemies, economic conflict is most likely as between friends and allies. Whereas in the era of ideological, political and military confrontation what is crucial is the containment of adversaries and enemies, in an era of economic conflict the central task is likely to be the management of friends and allies.

29. What will be the outcome of escalated economic contradiction in a world where the traditional and great Communism-Capitalism, East-West conflicts are no longer the central frame of reference? How will the new lines of friction and contention be drawn when the old lines of division are blurred or are no longer fully operative?

Ladies and gentlemen,

30. I have warned against excessive optimism and the need, as always for complete realism. I think I have hinted that there are dangerous elements in the evolving strategic picture which should be cause for serious concern. None of this detracts from the reality that this is indeed a time of opportunity. And history will not forgive us if, through errors of omission, weakness of purpose, perversity of vision we allow the opportunities for peace to slip through our fingers. Allow me to re-iterate: the need of the hour is for enlightened action and creative initiative.

31. But what must be the elements of such enlightened action and creative initiative? As the Prime Minister of a small country, I feel it necessary to stress that one of the misconceptions that must be jettisoned at the start is to believe that the smaller states have no role or no significant role to play. To be sure, in the great affairs of men, few can make a difference. But all must try. If it can be said that acquaintanceship with power tends to corrupt, it can also be said that a sense of

powerlessness also tends to corrupt. The first is the corruption of power. The second is the corruption of powerlessness.

32. I believe that there is no nation that is too small to contribute to peace in the Pacific. In this regard I am reminded of the ancient Arab saying that if each man sweeps before his doors, the whole street will be clean. At the very least, each nation can contribute to peace if it puts its own house in order, if it develops its national resilience and if it seeks the dignity and chooses the high ground of independence. We can do much more -- without waiting for a nudge from the big powers, at the behest of our own persuasion.

33. In Southeast Asia itself, a part of the world that has been characterised for much too long as a region in turmoil, we have seen how a group of five states went about to create a secure zone of peace and freedom for themselves. Since memories are short perhaps I should remind you that in the mid-1960s what is now the Asean Community consisted of states many of which which did not even know each other, disliked each other or were in a state of confrontation, cold confrontation or even hot military conflict. In a creative act of regional reconciliation, the Asean Five decided to create a different world for themselves.

34. What exists today is a community, now expanded to six nations, where there is securely in place a structure of understanding and trust, goodwill and active cooperation unprecedented in the history of Southeast Asia. There were many obstacles in the way and more than just hiccups. But what we have now firmly established is a Pax Aseana, the more remarkable because it is a Peace without an imperium. It might also be noted that the Asean Community constitutes three quarters of Southeast Asian real estate. It is where three out of four Southeast Asians live and where more than nine tenths of Southeast Asian income is generated.

35. Among the things we have done is to firmly establish an effective code of inter-state conduct based on the principles of peaceful co-existence. Central to that effective code are mutual respect for the sanctity of borders and absolute intolerance of military aggression. Asean's horizon from the very beginning was Southeast Asia as a whole. Its purpose from the very beginning was to turn a region in turmoil into a region of peace and cooperative co-existence. It was for this reason that we would not tolerate and had to oppose the Vietnamese invasion of Cambodia.

36. Today, we must continue to be patient and to ensure the total removal of Vietnamese troops from Cambodia. There is now every confidence that this will be done by the end of

September. It is important that Hanoi's word be kept. The traffic cannot move until the obstacle is out of the way.

37. Even as we wait patiently, it is essential for the Asean states to now hammer out the acceptable modalities and the most appropriate institutions. We must stand ready to launch the second phase of regional reconciliation, to achieve our ultimate objective: the creation of a Southeast Asian system of states that are at peace with each other, involved in a dynamic and vigorous relationship of mutual respect and mutually beneficial cooperation.

38. We must not be at sixes and threes. The mountain of distrust and misunderstanding must be removed. A divided Southeast Asia is not in the interest of any regional state. It is in the interest of all of Southeast Asia that we secure a healthy balance of forces, a system open to the world, composed of states which are economically prosperous, socially dynamic, strategically secure, domestically at peace and politically at one.

39. To ensure all this and to prevent hegemonism from any quarter, we of Asean must be prepared for a comprehensive and creative engagement of all the large powers. And we must be prepared for the comprehensive and creative engagement of Burma, Vietnam, Laos and Cambodia.

40. I strongly urge all the external powers -- from the north, south, east and west, from the first, second and third worlds, from the mature states of western Europe and the new, dynamic states of northeast Asia -- to come to Southeast Asia to play legitimate and constructive roles that will be to the benefit of all. I also support fully the objective of transforming Indochina from a battlefield into a marketplace, a process in which we in Asean can play an active role, but a transformation nevertheless that has to be accomplished by the states of Indochina themselves.

41. I have stated that so much depends on the removal of Vietnamese troops. That the Vietnamese must do. But Asean must be prepared to play a fully constructive role in the removal of that roadblock and to ensure the emergence of a Cambodia that is independent, neutral, non-aligned, and very importantly, peaceful.

42. It would be a tragedy if there is a return to genocidal policies. The Cambodian people have suffered enough. We must all do our utmost to prevent the outbreak of civil war.

43. The comprehensive political settlement that we must work determinedly towards must be one that is moral, that is viable and that is productive. Such a solution must recognise the realities on the ground, in the region, and of international politics. Such a solution must secure a

meaningful place for Prince Norodom Sihanouk.

44. As the Prime Minister of a small state, I have necessarily stressed the role that small states can play with regard to the process of peace in the Asia-Pacific Region. As a realist, I must emphasise the great role that the great powers have to play in the process of reducing tensions, building confidence, and resolving conflicts. Important though they are, the contribution that the great powers make must extend beyond the creation of better atmospherics.

45. The United States and many other states have poured a great deal of cold water on the Soviet Government Statement on the Asia-Pacific Region of April 1986, Mr. Gorbachev's Vladivostock speech of July 1986, his speech to the Indian Parliament of November 1986, his Merdeka interview of July 1987, his Krasnoyarsk speech of September 1988 and his United Nations speech of December 1988. To be fair, there are elements in each of these initiatives which are cynically self-serving of Soviet interests, worthy of a place in the recesses of the Cold War. The Krasnoyarsk speech was made at a critical juncture in the US-Philippines negotiations over Clark and Subic. How are we to treat the proposal that Hiroshima be the Helsinki of the Pacific? Many of the proposals thus far put forward are deserving of a great deal of cold water and hot indignation.

46. It is important that good, negotiable proposals are not contaminated by the company of suggestions that are clearly mischievous, or that will be seen to be mischievous and thoroughly cynical. It is essential that the initiator is fully sensitive to the interests, perspectives and sensitivities of the other party. It is important that neither party is thrown on the defensive. It is crucial that no initiative is seen to be intended specifically for that purpose.

47. At the same time, many of the moves of the Soviet Union should not be rejected in toto and are worthy of the most serious consideration. Mr. Gorbachev's suggestion of prior notification with regard to big naval exercises and for "the joint elaboration of measures to prevent incidents in the open sea and the airspace above it", for example, deserve serious study. And there truly are possibilities for measures to enhance confidence and to guard against accidental military clashes arising out of miscalculation, misperception and technical mistakes such as we have seen in the Persian Gulf.

48. Apart from prior notification of major military manoeuvres, there are possible measures to increase "transparency" through information exchange. A hot line between the headquarters of the two superpower military establishments in the Pacific and regular dialogues between their military personnel could be of some use; the first in

the context of crisis situations, the second in order to reduce the present level of ignorance and prejudice on all sides.

Ladies and gentlemen,

49. Let me conclude by reiterating that we are poised at a point where we can go beyond confrontation to something better. But we cannot move from here to there if minds are closed, if we are unwilling to think new thoughts, and if we take into a transformed world that will be the 1990s all the heavy intellectual baggage of the age of confrontation.

50. It has been said that advice is something that the wise do not need and that fools will not take. Assuredly, those who will not be counselled cannot be helped. I hope that I have not sounded the incurable optimist. I believe that meetings such as this Third Asia Pacific Roundtable can play a most constructive role in generating new ideas, in reducing prejudices, in subverting ignorance, in creating new atmospherics -- and in coming forth with advice on how we can all move forward. I have every confidence that individually or as a group you can play a meaningful role. We must move effectively forward with regard to confidence building and conflict reduction in the Pacific and the wider world. Upon this will hinge the judgement of history and our hopes for building a better future.