

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

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TIME:

Your Excellency,
President Carlos Andres Perez;
Excellencies,
the Heads of State and Government
of the Group of Fifteen;
Distinguished Guests;
Ladies and Gentlemen,

It is a great honour for me to be chosen to reply, on behalf of the Asian members of the Summit Level Group, to the inspiring address of His Excellency President Carlos Andres Perez, the host of this second meeting of the G-15 countries.

Mr. President,
2. May I say how delighted I am to be in your beautiful country and its fascinating capital again. My first visit here, in 1990, was in connection with the historic launching of the South Commission Report. I am, therefore, happy to return for the Second Summit of the G-15, a grouping which drew inspiration from the South Commission.

Mr. President,
3. Since the Group of Fifteen was inaugurated in Kuala Lumpur, in June 1990, the global situation has continued its dramatic evolution. The implications of the recasting of the international political and economic setting, and the challenges that have arisen, are clearer today than they were when we discussed them more than a year ago. Lamentably, these changes do not all augur well for the countries of the developing South.

4. In Kuala Lumpur, some of us hoped that with the ending of the Cold War, there would be a more democratic and equitable relation among nations, big and small. That hope has now been crushed. Indeed the new Unipolar world is fraught with dangers of a return to the old dominance of the powerful over the weak.

5. The global unity of action which ended an unacceptable aggression against a small country, has not been translated into new positive global approaches to resolve pressing issues which beset the international community. Instead a New World Order is propounded seemingly to legitimise interfer-

ence in the affairs of independent nations. In an interdependent world there may be grounds for internationally determined action but there can be no justification for unilateral decisions to meddle in another country's affairs.

6. A part of that New World Order is the forceful spread of the religion of Democracy and the Free Market, as interpreted exclusively by self-proclaimed prophets, whose dictates must be accepted as holy script. It is not that we reject these precepts totally. But as with all religions, there are many perceptions, definitions and interpretations. To insist that there can be only one interpretation of the new religion is to propagate rule by self-appointed clergy. Is there going to be no secularity in the practice of this religion?

7. Threats are made and conditionalities proposed on trade and aid if the Northern political and economic model is not strictly adhered to. It does not require a detailed analysis of developments in the Soviet Union and Eastern Europe to realise that there is no magic in democracy or the free market. They do not make poverty, debt and backwardness disappear and they certainly do not guarantee stability, a sine qua non for a community's welfare and development.

Mr. President,

8. The fact is that the international economic system is under severe strain, more than it has ever been. The inequities of the international economic system have never been so stark. There is recession in the North, aid flows have been reduced and debt, poverty, hunger and disease in the South have spread and deepened. Furthermore, the preachers of free trade and multilateralism have now become the biggest heretics. We see this in the formation of trade blocs in the North, in the imposition of national laws beyond the borders of the powerful and in the discriminatory applications of trade restrictions. We see this in the various conditionalities imposed on trade with the developed North. We see this in the pressures applied and the stands taken at multilateral negotiations such as in the GATT. We see this also in the total censorship or distorted reporting of the views and affairs of the South by the much vaunted free press of the North which control worldwide dissemination of news.

9. Together with "democracy" and the "free market" comes the new gospel of "the environment". We are told that the South must curb its aspirations and its approach towards development so that mankind, i.e the rich North's enjoyment of the good life is not threatened. Against all accepted codes of ethics, the poor are being told, and indeed coerced into paying for the well-being of the rich.

10. We see the manipulation of UN agencies to impose Northern values on the South. I refer here to the UNDP's new approach in measuring socio-economic progress. They have come up with a new yardstick known as the "Human Freedom Index",

where a nation's Freedom Rating depends on whether homosexuality between consenting adults is permitted or not.

11. And yet it should be obvious that the real need is to redress the inequities and economic distress caused by decades of exploitation of the poor by the rich. If a coalition to win a war can be forged, why not a coalition to address the critical issues of the South and to wage war on illiteracy, disease, poverty and deprivation? The wealth and much touted technology of the North should be used, not for destruction, but for the benefit of all peoples, especially for those in want.

12. We need a world where the international community takes decisive action to improve the lot of the world's poor which for many in sub-Sahara Africa, Asia and Latin America have worsened. Unrelenting poverty is still very much with us. With the now permanent debt burden the chances of the poor rehabilitating themselves without outside understanding, if not help, are bleak.

13. The new agenda, therefore, should be for a "Supportive World Order" where decisions which affect the vital interests of developing countries are not made by a privileged few in total disregard for the views of the countries concerned. What is needed is a new era of global cooperation in which the interests and views of all countries are given due regard. And, if democracy is the sole acceptable political creed, let there be democracy also in the process of global decision-making.

14. A Supportive World Order would look at ways to reverse the current unhealthy trends, so that developing countries can have a meaningful share of the wealth of this planet. Any necessary adjustment must not be made only by the South. The North too must adjust for in the end the North will benefit from the prosperity of the South.

15. Before the North wags a finger at the alleged profligacy of the South it should first reduce its own massive budget deficits and live within its means. The North must know that their irresponsible spending is affecting world currency and financial markets. They must improve savings and eliminate wasteful consumption. They must give up subsidies and price support for agricultural products and remove protectionist barriers that impede access to market for the produce of developing countries. Above all, they must learn to be competitive and not blame others for economic and other woes brought on by their own inadequacies and unaffordable standard of living.

16. The North must accept the legitimate aspirations of other nations. When they fortify themselves economically behind trade blocs, they must accept that others also have a right, at least, to raise their voices in defence of their interest. Yet the East Asians are not allowed even to consult each other or indeed to call themselves East Asians.

The United States rejects and opposes vehemently the East Asia Economic Caucus or EAEC and demands that Japan and South Korea dissociate themselves from the formation of this consultative group. South Korea is told that it owes a debt of blood to the United States and it owes nothing to Malaysia and should therefore toe the U.S. line.

17. Even the global environment, one of the many issues requiring the cooperation of all countries, is being subjected to sectarian pressures and interests. We are told that issues involving global commons, such as the high seas outside national jurisdiction, and the disposal of radioactive wastes cannot be included in the on-going global discussions to prepare for UNCED 1992 in Rio. On the other hand, the management of forests, often the sole source of wealth to the poor, is spotlighted as if proper forest management alone will cure all the environmental ills.

18. Historically and currently, the North is the principal culprit for global environmental degradation. Nothing illustrates this better than the fact that presently the rich which make up less than 20 per cent of the global population are responsible for 80 per cent of the greenhouse gas emissions. And, the largest industrial power is responsible for 30 per cent of carbon dioxide emissions. While nearly 1.5 billion people live in abject poverty in developing countries, the North continues with its wasteful polluting lifestyles. Still the Governments and the NGOs of the developed countries working through their cohorts in the developing countries have succeeded in deflecting attention from massive pollution by the developed nations.

19. If forests can save the world from the greenhouse effect, then there should be a massive effort at greening the world. Every nation should have an acceptable level of forest covers. It is a fact that most countries in Western Europe and North America have less than 30 per cent of their land area under forest cover. Some of them have even less than 10 per cent. On the other hand, developing countries with tropical forests have more than 50 per cent of their land under forest cover. Malaysia, for instance, has 56 per cent of its land under forest cover, with an additional 13 per cent covered by tree plantations.

20. Clearly the greening of the world can best be carried out by the rich and technologically advanced North. There is no excuse for such negative actions as boycotting tropical timber, forcing forest dwellers to remain primitive and keeping developing countries permanently poor in order to prevent deforestation. A massive effort can be made to reafforest the Sub-Saharan regions, the deserts and the inefficient wheatlands of the U.S., as well as selected bushlands where underground water is abundant. It is grossly unjust to impose on the poor the responsibility of maintaining bio-diversity especially when it exposes them to various diseases and deny them modern amenities.

Mr. President,

21. With all these changes and threats facing us, there is, today, an even more compelling need for us in the South, to work together to protect our threatened independence and to improve our countries' development prospects. Until and unless we do this, the North will continue to marginalise us. In the G-15 we have made a modest beginning in South-South cooperation, but we need to build on this and to accelerate and widen our collaboration.

22. It will not be easy, but then nothing worthwhile is easy. We must have the political will and we must accept the need to sacrifice now for a more permanent gain in the future.

23. The G-15 is still a very new Forum but we can take a measure of satisfaction in what we have achieved so far. Quietly, and without fanfare, economic cooperation, not only among the 15, but among other South countries, has begun to bear fruit.

24. Malaysia-Venezuela relations are a case in point. Before the G-15 process began, we hardly knew each other. We did not even have International Direct Dialing (IDD), Facsimile services or Expedited Mails Service between us. These are in place today. A bilateral payments arrangement has been signed. Businessmen and Ministerial delegations have visited each other's countries. Our trade, though still modest, has, nevertheless, increased four-fold in the course of one year. A diplomatic presence in each other's capital has been established, and a whole range of projects are in the pipeline; projects which will be economically and politically beneficial to both our countries.

25. It is not our intention to break away from the North. We should in fact increase our interaction with them but we must at the same time increase southern interdependence so as to reduce over dependence on the North.

26. The Kuala Lumpur Summit approved a novel trade-enhancing mechanism to promote economic cooperation among developing countries. The idea of bilateral payments arrangements between pairs of developing countries was conceived in the basement of the Iranian Central Bank by Iranian and Malaysian officials in early 1988. The root of the problem was that exporters in Iran and Malaysia, being unfamiliar with each other, were not willing to assume the normal credit risks that went with unconfirmed letters of credit. Both the Central Banks, therefore, entered into an arrangement whereby each side guaranteed payment for its exporters. In this way total bilateral trade would need foreign currency only for settling the balance of trade between two countries. Foreign exchange earnings would therefore be less a constraint to trade.

27. The G-15 countries have further refined the original Iranian model. Malaysia has signed bilateral payments ar-

rangements of the G-15 model with Venezuela, Nigeria, Mexico, Mozambique and Chile. And, in the not too distant future, we expect to sign similar arrangements with Senegal, Algeria, Zambia and Vietnam.

Mr. President,

28. Many countries in the South have developed skills and expertise as well as agricultural and industrial capacities which can benefit all developing countries. But we are still far from taking advantage of the potential and opportunities in South-South trade, investment and technology transfer among ourselves.

29. On the other hand, companies in the North, through an established network of business relationships and databases, have been finding doing business with the South very profitable. Clearly we are missing opportunities for mutual help in the South. Why is this so? The answer perhaps lies in our inherited perception that the North is the hub of the world. As a result all our communication lines and trade are with the North and it is they who redistribute our products to the rest of the world including ourselves. This means that we buy our own goods through them.

30. The net result is that our imports cost more and our exports yield less. The North on the other hand not only profit from their middleman role but from processing, freight and insurance. We lose at every turn.

31. It is for this reason that the Kuala Lumpur Summit approved the setting up of a "South Investment, Trade and Technology Data Exchange Centre" (SITTDEC). SITTDEC will provide the necessary information to improve trade among the nations of the South, to reduce cost and to retain the profits with us.

32. As we had decided at the Kuala Lumpur Summit, the projects that we adopt are open to participation by any country in the South which wishes to do so. They are not confined to the members of the G-15 only. But, Malaysia firmly believes that the unreadiness of some countries, including members of the G-15, to participate in the projects presently should not hold back their implementation if others can and wish to go ahead.

Mr. President,

33. We must work together to maximise our strength and to speak with one voice. We must take advantage of our mutual potential which has been so long neglected. If we want an equitable world in which we are not marginalised, we must work for it pragmatically and realistically ourselves. We cannot expect others to do this for us. In this way we can confront today's and tomorrow's challenges with some hope of success. It is for us, the members of the G-15, to pioneer effective South-South Cooperation and to show what can be done. Malaysia looks forward to achieving further progress in this direction to result from this Second Meeting of the

Group of 15 Countries of the South.
Thank you.