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(PRIME MINISTER)

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TIME:

I am indeed honoured to be invited to address this august Assembly today. I feel especially privileged to be in your midst, to be among the many freedom fighters who had waged a long struggle to make this chamber representative of your nation's peoples. I also salute those among you who had the courage and the resolve to switch course, to work with the majority, and negotiate this peaceful transition to a democratic and non-racial South Africa.

2. The accomplishment of your struggle is indeed exemplary, a feat which all of us are proud of. You are held high as a symbol of what patient negotiation, determination and magnanimity can accomplish against all odds. The approach you have taken in restoring peace and stability in South Africa is an example that could be emulated by those countries on the continent and elsewhere which are still torn by internal strife and conflict. With the establishment of the Government of national unity, you have made a quantum leap in order to set in place a new order to achieve harmony in diversity.

3. As the people of South Africa embarks upon the long journey towards reconstruction and development, it is inevitable that you would face many challenges, many of which we in Malaysia are familiar with, given the many common circumstances and background that our two countries share.

4. Like you, Malaysia is a multiracial, multilingual, multicultural and multireligious country that had to face the challenge, upon independence, of having to narrow the income gap between the haves and the have not; to remove the identification of race with economic functions, and to quickly accelerate the development of skills and the acquisition of knowledge for the neglected majority of its population. For the first twelve years after independence, we thought we had an affirmative action programme in place until we were rudely awakened in May 1969, and made to realise that it was not sufficiently focused nor appropriately paced to match our peoples' heightened expectations. We then had to put in place a New Economic Policy (NEP), which

made it possible for the Bumiputeras or the sons of the soil, the indigenous people, to own more than 20 percent of the nation's wealth by 1990. Whilst it still fell short of the government's target of a 30 percent share, it showed that as an affirmative action policy instrument, the NEP was effective. As the objective was not fully achieved through the NEP, a new policy called the National Development Policy or NDP, was launched which whilst still maintaining its affirmative action thrust, has incorporated recognition that economic development must be undertaken with greater justice and social responsibility.

5. Our journey in social and economic engineering was not without hassles and criticisms. Malaysia still suffers severe criticisms from many quarters over the NEP. The political leadership was labelled as racist and discriminatory. Through all these the coalition partners of race-based parties in the Government stood fast. It was difficult especially for the Chinese-based parties, for the NEP was perceived by many in the Chinese community as discriminating against them in favour of the indigenous people. But they stood firm believing fully that political stability depends on minimising racial tension, and for as long as there was disparity in the economic well-being of the two major races, racial tension will continue. The resultant instability would undermine economic development. This would amplify and perpetuate instability and the problems which undermine the nation.

6. While these socio-economic programmes were being carried out, the government had also to ensure that economic growth would not be retarded. Indeed, the NEP could not have been implemented if there was no growth, for it was premised on the expansion of the economic cake and not on the redistribution of existing wealth. Nothing is calculated to destabilise the nation more than a policy of robbing Peter to pay Paul. But Peter has to be reasonable too and accept giving Paul a bigger slice of the enlarged cake.

7. Coupled with the above programme, the government introduced several other policy measures to ensure the country's sustained growth. These include the 'Look East Policy', 'Malaysia Incorporated' and the Privatisation Programme. Malaysia has no ideology. We pride ourselves in being pragmatic. We are quite prepared to borrow from even our enemies if we think it is worth doing so. We had national monopolies before, we planned our economy, we set up statutory bodies and state-owned corporations. When any one of them failed we have no qualms about dropping them. We have no emotional hangover. And so today we are as comfortable with a free-market economy as if we have never had state monopolies and bureaucratic mandarins.

8. On July, 1991, the Malaysian Government announced a framework vision to make Malaysia a developed country by the year 2020. Our concept of being developed does not simply focus on per capita income but on the quality of life and morality as well. In order to achieve the targets of the NDP and the attainment of developed nation status by 2020, an average growth of 7 per cent per annum is required. Such a rate of growth will result in doubling the output of goods and services in real terms every 10 years and would achieve a per capita income of RM17,000 by the year 2020. This is arguably an ambitious projection but it is not unachievable.

9. The pursuit of the objectives of the NDP will entail an accelerated industrialisation programme. Where before we were almost exclusively exporters of primary commodities, our US\$63 billion of export in 1994 was made up of 78 percent of manufactured goods. There is full employment which forces us to switch to higher value added products in order to increase the income of our workers. Where initially we had to rely on foreign enterprise for building our industrial capacity, we have now been able to grow our own domestic entrepreneurs and industrialists. What is more, much of the identification of race with economic function has been eliminated. The races are less envious of each other because wealth is more equitably shared.

10. We have taken the pragmatic route and we think we have achieved a measure of success. Our way may not work every time everywhere even if circumstances are similar. But we think that there is merit in looking at others. We are sure we can learn something from South Africa and its experience. If our experience is of interest to you we would like to exchange notes.

11. Malaysia believes that the new South Africa has the best fundamentals for growth. You are richly endowed with natural and human resources. Large tracts of your country are fertile and can sustain a variety of agricultural products. Your infrastructure, in parts of the country, is as developed as the best in the world. You have a sophisticated and well developed financial system. You are rich in human resources that can be trained to tap its full potential. In short, you are well placed to take off, to be an engine of growth for the entire Southern African region. Western economists coined the word 'Asian tigers' to describe some of the more vibrant economies in our part of the world. Let me borrow a label that I have heard used by one of your leaders, Premier Tokyo Sexwale, to describe the potentials of the new South Africa as the first economic powerhouse on the continent, the first 'African Lion'.

12. With the demise of apartheid and emergence of democracy in South Africa and the elections in Mozambique and Angola, there is growing optimism that the South African sub region would usher in an era of peace and stability. We note that the formation of the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) are positive attempts to harness the Southern African regional potential. The SADC, in setting for itself the targets of eliminating trade barriers and the creation of the common currency system by the turn of the century, are not dissimilar with that of ASEAN, the Association of Southeast Asian Nations, in promoting regional economic integration. Economist and business leaders have often stated that the centre of gravity of economic growth during the next decade will revolve around the Pacific Basin. Within the Pacific Basin itself the countries of ASEAN, namely Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam are already demonstrating growth performances far exceeding those of other areas in the world. Within this ASEAN region, Malaysia stands as a growth centre offering an investment environment of stability, confidence and dynamism. Many companies from leading industrialised nations have identified Malaysia as a spring board to meet the challenges of the expanding markets in the Asia-Pacific and also as a centre for exports to the developed nations of Europe and America. South African businesses would find Malaysia a good host and profitable partner for their investment. Given the respective strategic locations of Kuala Lumpur and Pretoria in their sub-regions, I believe we can forge cooperative ties, building a network of trade and economic ties between Southeast Asia and the Southern African region. This new framework is important not just for Malaysia-South Africa relations, but also for South-South cooperation as a whole.

13. For long, developing nations such as ours have looked towards developed nations as the sole source and salvation for our economic development. While we continue to look towards developed nations, there is great potential for economic cooperation between developing countries in this region and those in the Asia-Pacific region. I would encourage the emerging South Africa to examine the potentials by also looking towards the East.

14. My address would be incomplete without referring to the city of Cape Town itself. I have heard much about this charming city's rich history, its beauty and accomplishments. I am delighted to be able to see these attractions and enjoy the warmth and the friendship of the people here.

