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The Prime Minister

EVENT: At The 1997 Langkawi International Dialogue

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Firstly I would like to welcome everyone, and in particular the many Heads of State and Heads of Government, the distinguished representatives of Governments and the leaders of the private sector to the Third Langkawi International Dialogue (LID). If the increased attendance and the stature of the participants are anything to go by, the LID must be considered a success. More than that the LID has helped to spur similar dialogues on smart partnerships in other parts of the world, including of course Southern Africa and the Caribbeans. I must confess that I had not expected the LID to catch on so fast and so widely.

2. On behalf of myself and of the Government of Malaysia, I would like to express my thanks and appreciation to the Heads of Government and Heads of States and to the public and private sectors leaders from many participating countries for their support. We are happy to be able to welcome you to Langkawi and Malaysia once again.

3. The LID, I think, has helped many of us to see certain practices in a new light. The stress in the dialogue is on smart partnerships. The presumption is, of course, there are partnerships which may not be so smart and which have to be smartened up, so to speak. But we need to know how to smarten up the partnership.

4. Partnerships are a common feature of human society. We accept partners in every field of activity; in politics, in business, in games, in social activities, and of course in life when we marry, set up home and raise families. Generally partners benefit in ways which individuals cannot. But the benefits are often not equally shared, one partner benefiting more than the other. The idea of smart partnership is to maximise and balance the benefits for both and for all, even if the contribution towards the partnership may not be equal.

5. At the last LID, I spoke of the smart partnership between the Malaysian Government and the Malaysian private sector under the concept of Malaysian Inc. I lamented then that we were missing a third partner, the workers' union. I am glad to report that the unions have agreed to come on board. I am sure that the resultant partnership between the three parties will be even smarter, and will certainly benefit the nation as well as the partners.

6. But this year I would like to talk about smart partnership in politics. Smart partnership between the public, the private and the union sectors is only possible if each entity is coherent and effective. In a democracy where governments have to be elected, it is not always that the

Government i.e. the public sector is effective enough to be a contributing partner. And it won't be effective if the elected Government itself is not an example of smart partnership either within the Government party or if there is a coalition Government as we have in Malaysia, between the parties in the coalition.

7. A democratic Government is a partnership. Otherwise it will be an autocratic Government or an anarchy. If the responsibility for governing is to be democratic, then the elected representatives, more so the Cabinet, must be a form of partnership. There will have to be a leader to set the direction. He can be the first among equals. He must have sufficient authority. But he must never forget that he is a partner. Alone he cannot accomplish much but in partnership, in smart partnership, he will become very effective and he will be a true leader.

8. We recognise this need for sharing in Malaysia where sharing, fair and equitable sharing, is even more crucial because ours is a multi-racial, multi-lingual, multi-cultural and multi-religious nation. Fair and equitable, it must be emphasised, is not about absolutely equal sharing. Absolutely equal sharing is impractical, is often unjust and negates human potential. Fair and equitable sharing must relate to the situations, the contributions and the roles played by the partners. The idea that merit alone decides apportionment of the benefits is contrary to fairness and equitability. Other factors must be taken into consideration.

9. Malaysia has been ruled by practically the same political party since independence. This is not because the people are given no choice. Indeed other parties have been elected to form Governments in several states and certainly many opposition members have won seats in Parliament and have exercised their full rights as Parliamentarians at every election. But it is the people's choice, freely exercised, to re-elect the same party to govern the country. Why should a multiracial population elect the same party to govern at every election? The answer lies in the smart partnership between races and parties within the National Front, the successor to the Alliance Party which won independence for Malaysia.

10. There are in Malaysia three major racial groups - the indigenous people, the Chinese and the Indians. Of the indigenous peoples, the Malays make up the overwhelming majority. In fact Malays make up about 54 percent of the total population. Initially, the percentage was even higher because under the preindependent constitution the majority of non-Malays were not citizens and were not eligible to vote. But the Malays entered into a pact with the Chinese and the Indians in order to open up citizenship of the country. As a result the Malay majority was reduced to just above 50 percent.

11. Having accepted more Chinese and Indians as citizens, the Malays as represented by the United Malays National Organisation (UMNO), formed a political alliance with the biggest Chinese and Indian parties; the Malaysian Chinese Association and the Malaysian Indian Congress.

12. Under colonial rule the races were kept separated so that the rural areas were peopled almost exclusively by Malays, the urban areas mainly by Chinese and the rubber plantations by Indians. Thus when constituencies

were delineated, they tended to have predominance of one race or the other. Because racial prejudices were strong, candidates must come from the majority race in the constituency. Thus in Malay majority constituencies the contest would be exclusively between Malay candidates, between Chinese candidates in Chinese constituencies. Since there is no constituency with an Indian majority, strictly speaking the Indians have no constituency in which to contest. The result of having the contestants from the majority ethnic group was to split up their votes frequently almost equally between the two or more candidates. In such a situation the votes from the minority group would often be the deciding votes. And indeed in many instances it is the ethnic minority which determines the results.

13. The Alliance Party partnership took advantage of this by ensuring the support of the minority group. Fielding a Malay candidate in a Malay majority constituency, the Alliance ensured Chinese and Indian support by undertaking to give the UMNO Malay votes to the Chinese or Indian candidates in the constituencies where the Malays make up the minority group. It was a quid pro quo arrangement which worked well. Only in the constituencies where the minority race is too small to have an impact will the majority race be able to determine the outcome of the election. Otherwise the minorities would decide the result.

14. As has been pointed out there is no constituency in which the Indians make up more than 50 percent. But the Alliance fielded Indian candidates in constituencies with marginal Malay majority where Malay support was actually a trade-off for Indian support for Malay candidates in Malay constituencies.

15. Truly the partnership in the Alliance party was a smart partnership in which the strengths and weaknesses of the different ethnic groups were put to good use. As a result, the minority Indians who make up only 10 percent of Malaysia's population were guaranteed representation in the state assemblies, the Parliament and the cabinet. Later when the Alliance Party was enlarged in order to give places for the smaller ethnic parties, the same strategy was maintained. The National Front Party, successor to the Alliance Party, actually has fourteen parties, largely ethnic parties as member of the coalition.

16. Here it must be stressed that this is not a post election coalition put together because no party has obtained a majority of the seats. The Alliance Party and the National Front Party are pre-election coalitions, functioning almost like a single party, with none of the component parties contesting against each other in any constituency.

17. To add no the sense of security among the members of the coalition, the biggest member, the United Malays National Organisation, actually avoid domination of the coalition by never fielding enough candidates to form a Government on its own.

18. Thus, although the majority of the constituencies at any one time were Malay-dominated, the UMNO contested in less than 50 percent of the total number of constituencies. This assured the other component parties of the National Front that even if the UMNO won all the seats contested, it would still need the other parties to form a Government. Today UMNO has expanded

to Sabah and the total number of seats allocated to the enlarged UMNO is more than half. Still the other partners do not doubt that UMNO would always work with them in a coalition Government rather than try to form a 100 percent UMNO Government when it wins a majority of seats.

19. In the Alliance Party and in the National Front, UMNO has always been the dominant party. As the biggest party in the coalition, its leadership has always been accepted. This leadership role is real and meaningful. The leader of the UMNO is accepted as the leader of the coalition and is the sole candidate for the post of Prime Minister. This is however a trade-off, for the UMNO undertaking never to rule on its own, and to heed the views and the aspirations of the other partners and the ethnic groups they represent.

20. Membership of the National Front by such a large number of parties is truly smart. A coalition of two parties where neither is strong enough to form the Government is unstable. The defection of either will bring down the Government. The smaller party in fact wields much more power than is justified by its size. This is because it knows that its exit from the coalition would bring down the Government. It is really a case of the tail wagging the dog. In such a situation the will of the majority party and its supporters would be frustrated.

21. In the National Front there are today fourteen parties, with UMNO forming the core. The majority for the coalition is large, exceeding two-thirds of the seats in Parliament. Should any of the smaller parties decide to leave the coalition, the Government would not be toppled. This deters the minority parties from leaving the coalition, since doing that would result in them becoming the opposition.

22. Of course if all the minority parties decide to leave the coalition together, the Government could fall. But the problem of choosing a leader for these small parties to work together would usually be very difficult. Leaving the coalition may bring about the downfall of the dominant party unless of course the dominant party decides to form a coalition with the opposition. Alternatively, all the minority parties can join the opposition in order to deprive UMNO of the right to form a Government. But, this will mean accepting the opposition as the leader. Besides the opposition in Malaysia is made up of several parties, giving rise to the problem of choosing a leader from among them. All in all, defection by any or all the minority parties would result in no gain for the minority parties.

23. Of course if the dominant party decides to leave the multi-party coalition it will not have sufficient seats to form the Government. If it teams up with any of the opposition it is likely to be held to ransom by its partner on whom it must depend in order to stay in power. Clearly even for the dominant party, defection from the coalition is not attractive. It will lose its pre-eminent position and will become a less effective senior partner if it forms a new coalition with the opposition party or parties.

24. Since a re-election coalition functions more like a single party than a coalition, why should not the parties dissolve themselves and form a single party instead? If they do this, the smaller parties could lose their influence altogether. This is because in a single party the voice of the

majority would always prevail and the minorities, divided as they are by ethnicity and other factors, as are found in Malaysia, would be totally ignored or become quite irrelevant.

25. In the National Front coalition the high council of the Front gives equal representation to all parties, big and small. Decisions are usually by consensus, thus ensuring that the views of the smaller parties are heard and taken into consideration. A coalition is therefore much more democratic for the minorities than a single party representing all the different interests and minorities. In a single party it is possible for the majority to be from one ethnic group and decisions may represent the views of this majority group alone, ignoring the interest of the minority groups. This will not be healthy and will lead to minority groups leaving the party. It is to ensure that everyone has a say in the running of the group that a coalition of parties is preferred over a single multi-ethnic party.

26. Still a coalition will only work if the smaller parties are willing to consider the interest of the bigger parties as much as the latter is required to be considerate of the interest of the smaller parties.

27. Smart partnership is about sharing fairly and equitably. Not all partnerships are smart. A partnership of unequals in which decision is entirely based on majorities is not a smart partnership. In such a partnership the minority really has no say and may not gain even a proportionate share of the returns, whatever they may be.

28. The conflict between nations of today is due to forced partnership between them which is not smart. The big powers take almost everything for themselves and deny the smaller nations a fair share of power, or responsibility or returns in whatever form. The WTO is a case in point. Whatever competitive advantage the developing countries may have is considered as unfair and illegitimate. Thus low labour costs, natural resources and stable Governments are all considered as wrong or improper or unacceptable. But the competitive advantage of the powerful nations are all considered as legitimate, fair and proper. It is regarded as fair and proper for the powerful corporations and banks of the developed nations to compete with the puny industries and banks of the poor developing countries. The poor countries must open up their markets to the rich because the rich are prepared to open up their markets to the poor. That the poor countries have no products to sell to the rich, nor banks nor industries to take advantage of the markets of the rich is considered as irrelevant. What is important is that the rich are offering the same things that they expect the poor to offer. And that of course is interpreted by the rich and the powerful as being fair. If the poor cannot avail themselves of the offer, that is just too bad. It is the gesture that counts, not the actual result.

29. By no stretch of the imagination can one consider such a partnership between the rich and the poor as a smart, mutually profitable partnership.

30. I am sorry to be so crude but when I explained to a visiting group from a rich country why Malaysia cannot open its financial market to them now, there was grudging acknowledgement followed by a request to hurry up.

31. Smart partnerships between nations must take into consideration the relative strength and weakness of the partners. It actually pays to give a handicap to the poorer partner, as for example through the Generalised System of Preference (GSP), for by so doing you will be hastening the process of their graduation to non-GSP status. And of course when they graduate they would have achieved a certain degree of development which will make them a good market for the rich.

32. The coalition in the National Front represents a smart partnership because consideration is given not simply according to who is stronger or who is bigger. It is based on fair sharing, so that even the small and the weak will get something. Strictly speaking the Indians who make up just about 10 percent of the total population and dominate none of the constituencies should get no seat at all. But they have always been allocated constituencies and membership of the cabinet as well as at lower level. So do the other small members in the 14 - party coalition.

33. Smart partnership is for long term results. Partnerships which are based on immediate sharing of the spoils cannot be considered as smart. Such partnerships are likely to result in dissatisfaction once the immediate benefits wear off as they are bound to wear off.

34. It is part of human nature never to be permanently satisfied. Gratefulness and a sense of obligation wears off very fast. That is why the gains and success of trade unions for example are never lasting. Almost as soon as negotiation or strikes succeeded, there will be new demands. Leaders of unions in particular have to continuously present new demands or else they will lose the support of their members. If no new demands are being made, then the whole union will become quite irrelevant. Certainly the leaders will find no justification for their leadership. The relation between workers unions and the employers is certainly not one of a smart partnership. It is because of this that despite the tremendous success achieved by trade unions in the West in terms of workers rights and benefits there has never been any permanent satisfaction on the part of workers and their unions. Trade disputes have become a permanent feature in these societies.

35. In fact despite the successes of the trade unions in the west, the workforce has never been well-off. The current high unemployment rate in the developed countries can be attributed directly to the absence of smart partnership between workers and employers. Even the better wages and perks received by the workers as a result of industrial action have become quite meaningless, simply because much of the gain is eroded by higher living costs, taxes and statutory contributions for the workers' own old age and medical welfare. The higher costs due to higher labour costs have rendered the products of the developed countries uncompetitive. They now have to resort to pressures against the poor countries in order to sustain the high standards of living for their workers. And as we have noted, this is not the smart thing for them to do.

36. Politics is an essential element in human Society. Politics really means conferring authority on someone or some group to maintain law and order for the well-being of society. Through the ages human society has tried to develop a political system which would confer the power without

too much risk of abuse. But none of the systems developed has resulted in a smart partnership between those in authority and those who have to submit to authority.

37. During the period of colonial rule there was no smart partnership. Malaysians as a colonised people simply accepted whatever was decided by those in authority. Naively we believed that a democratic system would result in a smart partnership between the people and those they put in authority. But democracy does not deliver simply because the system is capable of delivering. Within the Government and between the Government and the people, the sharing' can be very unfair and far from being smart.

38. There is really no smart system of politics which is so smart that it will deliver irrespective of who applies the system. When I speak of smart partnership in Malaysian politics I am not trying to imply that that is the only way politics should be managed. Nor do I think that our system is perfect and should therefore be used by everyone. I am simply saying that our way of applying democracy has resulted in a smart partnership and that in turn has contributed to Malaysia's stability and whatever economic growth it has achieved.

39. We in Malaysia are great believers in sharing information and exchanging ideas. What we have devised for ourselves is not all due to original thinking. Much of it is due to observing what others do and adapting the methods others to our own needs and situation. For us learning from others has worked. I do hope that there is something in what we do here which may be of interest to the participants at this dialogue. I am also looking forward to hearing about what you have been doing in the hope that we can learn from you and your experience.

40. A dialogue is not a soliloquy. It involves exchanges of views, ideas and experience. The LID is not a talk shop. It is a process in educating ourselves. We all have responsibilities and we all want to discharge our responsibilities well. This dialogue can help us in doing what is expected of us.

41. I hope we will all follow up on this dialogue with action and I hope we can help monitor each other's action. Hopefully we, our countries and our peoples, will make tangible gains from our sojourn in this resort islands of many legends.

42. It is with pleasure that I declare open this Langkawi International Dialogue 1997 and wish you a fruitful dialogue.

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