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1. First of all I must thank the organisers for giving me the honour of addressing this distinguished gathering of Government and business leaders from Southern Africa. I would like to take this opportunity to convey the Government of Malaysia's appreciation to H.E. President Robert Mugabe of Zimbabwe, H.E. President Sam Nujoma of Namibia and H.E. President Sir Ketumile Masire of Botswana for gracing and actively participating in the Second Langkawi International Dialogue last year, thereby raising the Langkawi International Dialogue (LID) '96 to a higher plane.

2. At LID '96, I spoke about our national concept of Malaysia Incorporated as an embodiment of Smart Partnership that enables Malaysia to achieve an economic growth of over eight percent per annum for the past ten years. Under the Malaysia Incorporated concept, the civil service no longer regards the private sector as its natural enemy. Instead they consider the private sector as contributing towards nation-building. And consequently the privatisation of Government companies, institutions and functions in no way represents an abdication by Government of its responsibilities to the nation and the people.

3. Malaysia Incorporated, within the context of Smart Partnership implies the deliberate policy of tripartite cooperation among the civil service, the private sector and the political leaders. The partnership is smart because it yielded results -- results which are shared without exception by everyone, not only by the three partners but by the people and the nation as a whole. I am glad to report that now the unions have come on board, to be a partner within Malaysia Inc. so as to contribute towards the national agenda. It is recognised by the trade unions that their own struggle can only be successful if the nation is successful and prosperous. The failure of the nation to attain economic success cannot result in prosperity for the workers. In an economically poor country, striking and taking to the streets cannot increase your income simply because there is really no wealth to distribute or redistribute.

4. We have also extended the concept of Smart Partnership to regional cooperation. The formation of the Association of South East Asian Nations or ASEAN is one such partnership. Within ASEAN, we have devised elements of complementarity for our manufacturing industries. There are also efforts to promote joint development among member ASEAN countries through the setting up of growth triangles involving adjacent territories of neighbouring member states.

5. Smart partnerships clearly can take place between many entities. Apart from Government and the Private Sector, and nations in a region there can be smart partnerships between individuals, between companies, between twin cities and a host of others.

6. I believe the South African Development Cooperation (SADC) too will evolve into a Smart Partnership and this inaugural South African International Dialogue or SAID '97 will definitely accelerate the process. I am most happy to note that SAID '97 is the second International Dialogue to take off after the Langkawi International Dialogue launched in 1995. The first one was the Barbados International Dialogue for Small Nation States (BID 96) last year. Other regions may follow suit. When such a time comes, it will usher in a new understanding between regions and groupings which may contribute to an era of global peace and prosperity, a Commonwealth of the world where wealth would truly be common.

7. I would like to warn you however that smart partnership is just one element in the formula for success. Systems and formulae by themselves cannot guarantee success. This is because other elements play a role and can affect the success or otherwise of a formula or system. And so smart partnership depends also on the environment, not the trees and forests but the political and economic environment within the country and without, the culture and the value system of the people, and a lot of other minor elements.

8. ASEAN and SADC share many common features, one of which is that many of the member states in these two organisations were former colonies of countries from the Imperial North. Malaysia was lucky that the transition from a British colony to an independent nation was a peaceful one. Many others were not so lucky and they had to endure the traumas of bloodshed and civil strife before they could achieve independence from their colonial masters. And this invariably has a deleterious effect on their subsequent development.

9. But can we developing countries be truly independent? Undoubtedly, direct occupation and

political control has ended but this has been replaced by much more insidious forms of colonisation. Indeed many of us have found that we are more dependent than when we were colonies. Our politics, economy, social and behavioural systems are all still under the control, directly or indirectly, of the old colonial masters and the great powers. And this constitute the environment in which we have to manage ourselves. Our struggle for independence is far from over.

10. As we all know the moment the European nations realised that they were all going to lose their empires, they decided to come together in order to continue their grip on international affairs. Today the European Union is a powerful force which tries to impose its will on the rest of the world. For a time they were preoccupied with the East-West confrontation. But now that is over and a much more united Europe which includes the Eastern states and Russia will confront the rest of the world.

11. Their approach will be more subtle. Colonisation is over, but now comes globalisation. The borders which define countries will be erased and economic competition on a so-called level playing field must reign supreme. Globalisation and level playing fields have become the catchwords of a new religion and as we know, you do not challenge religious faith no matter how obviously wrong they are. You merely accept it.

12. Is it coincidental that globalisation seems to favour the rich and the powerful? We cannot protect our fledgling industries behind our borders anymore. They must compete with the giants of the world. Imagine the Malaysian car competing against cars produced by the millions by General Motors or Volkswagon or Daimler-Benz or Toyota. Malaysia has to pay a high price for a small part of the technology and buy a whole lot of overpriced components. Can Malaysia's cost of production, despite low labour cost be as low as the millions of cars coming from the robotized and automated assembly lines of the rich? And yet we are told to open up the market. Our GSP is about to be withdrawn. And all these on the alter of globalisation, transparency, borderlessness, fair wages and level playing fields.

13. Malaysia used to be the biggest producer of tin and rubber in the world. It became rich, or at least people like Mr. Guthrie, Mr. Boustead, Mr. Sime and many others became rich, because of these two commodities. About the time we became independent synthetic rubber was developed, and instead of tin cans, food and other products are packed in plastic, aluminium, paper and glass containers. The bottom was knocked off our only foreign exchange earners. Our commodities lost their

earning capacity and prices could not keep up with the ever-increasing prices of manufactured goods we have to import, some of which are made from our own raw materials. Open and free competition is great but every time we open and we compete, we lose out. How is that? Should the South confine itself to the real playing field, to soccer and cricket fields, where we stand a chance of winning and leave the economic playing fields to our betters? I think we should, but now our best players will be bought by the rich so they may get all the gold for themselves on the real playing fields too.

14. I am not saying this out of bitterness. Malaysia has done reasonably well. ASEAN has done reasonably well. But what I have mentioned are facts, hard facts, which will have a bearing on the future of all developing countries.

15. In the WTO, who comes up with new catch phrases such as globalisation, the environment, child labour, workers rights, borderless world, level playing fields etc? It is invariably the economically powerful nations of the North. And for some reason or other, all the solutions to these issues or problems will result in economic gains for the rich.

16. How our workers sweated and toiled during the colonial period was not an issue before, but it is an issue now. Millions of acres of prime forests in Malaysia were cut down and burnt in order to grow rubber and mine for tin in the colonial days, and nobody cared. Today environmentalists demonstrate against us and boycott our timber because we build a dam to provide cheap electricity for our people.

17. I appreciate the genuine concern and the cooperation on the part of many from the developed countries about developing the poor countries. But I would like to warn developing countries here and elsewhere that there will always be things that the developed will do which will not benefit us. We will face many obstacles, one of the worst is the corruption of our Governments with aid in order that we will not speak freely about what is being done against us. Very frequently developing countries are forced to support the stand of developed countries or face loss of aid or some material support. Time and time again, developing countries are divided and splintered when debating issues such as market access or GSP rights, as a result of which they all lose out.

18. Aid is welcome but aid with strings often negate the help extended. In the early years of the IMF, developing countries were persuaded to borrow money for development. This they did with a great deal of hope. But today most

developing countries which borrowed from the World Bank are deeply in debt. In some cases fully 80 percent of their meagre foreign exchange earnings go towards paying debts, leaving them totally unable even to pay the salaries of Government employees. And as is customary with banks, when you most need loans, that is when they rate you as not creditworthy and refuse to lend to you. The IMF is no different. Today the net flow has been reversed and the World Bank receives more in loan payments than the loans they give out. The world Bank is profitable for the shareholders who are almost all developed rich countries.

19. But having lent money to the poor countries, the World Bank insists on directing the management of the economy of these countries.

20. The advice they give is calculated to benefit the repayment of loans they had given out. The political effects of their directives do not bother them. Frequently countries are destabilised and Governments overthrown due to following the advice of the World Bank.

21. Now of course the obsession is with liberal democracy and the multiparty system. I am all for democracy. Malaysia has many political parties and the opposition invariably win seats in Parliament and in the legislative councils of the states. Opposition parties have formed Governments in several states and they still control one state. But the democratic system is not the easiest system to operate.

22. The present liberal democratic countries in the North have had over 200 years of experience. They became democratic slowly. Even today they are in the process of developing the system.

23. But the former colonies which gained independence in the Post World War II period had to go from autocratic government operated by the metropolitan countries to self-administered democracy, overnight literally. How do people who had never known democracy suddenly make this complex system work?

24. Many developing countries which adopted the one party system failed because they had had no experience in Government. Now they are being told to have a multiparty system, to have elections to choose a Government. Many only understand the freedom that they are entitled to, not at all the responsibility, least of all the intricate workings of a multiparty democracy. And so they take to the streets to demonstrate, they have general strikes and generally they destabilise the nation in the belief that they are exercising democratic rights. In one former

Communist European country the people exercised their so-called democratic right by continuous street demonstration. The Government was rendered helpless. Armories were raided and guns seized by rioters. Law and order broke down completely. Innocent people including children were killed. Finally, foreign troops had to be called in to forcibly return law and order. And all these because people who had never known democracy suddenly had democratic freedom thrust upon them. Can we blame them if the whole thing went to their heads somewhat?

25. It is assumed that people will know what is good for them and in a democracy they have the right to determine for themselves what the government should be doing. But in fact people can also be corrupted by the power they wield in a democracy. Their decisions are not always good for them. They are as likely to shoot themselves in the foot as anyone else in power.

26. People do choose representatives and parties not because they are capable of forming good clean Governments. They do choose people because they hate the previous government for imposing necessary taxes or for collecting taxes. Good government is very often far from their minds. Instead, they may simply hate the Government even though the Government had brought prosperity to them. Then they may allow themselves to be instigated into bringing down a Government to help achieve the narrow ambitions of politicians who are corrupt or intent to rape the nation.

27. Mass movements in a democracy can be whipped into a frenzy by irresponsible politicians. Far too many multi-party democratic countries have been quite unable to have effective Governments because no party has been able to gain a good majority. Post-election coalitions of weak parties which constantly bicker among themselves have proven to be worse than no Government. The country suffers politically and economically. Poverty spreads, infrastructure and public utilities and services collapse. And people generally suffer. The nation becomes weak and is manipulated by powerful nations. Debts mount and eventually the country becomes bankrupt.

28. All these things are actually happening. These are not hypothetical cases. They are happening not because democracy is a bad system. They are happening because people assume that systems can solve problems. Systems do not solve anything. People do. Democracy or for that matter any form of government can bring about development and a good life for the people if the people know how the system works and the limits of the system. The best political system or Government system requires discipline

from the people in order to make them work. The value system and the political understanding of the people is important. They must not expect to get everything for themselves. They must accord power to the Government i.e. they must accept unpleasant decisions made by the Government as for example imposing taxes and collecting them, limiting freedom, regulating a whole lot of things which may prevent untoward things from happening. Above all they must allow the Government to govern and not distract it by destabilising actions. If the country is to be democratic the Government should be removed only through regular elections. And of course the Government must never abuse its power.

29. A multi-party liberal democratic system is not something which everyone is familiar with, least of all a newly independent country which had been ruled autocratically by foreigners as a colony for decades or even centuries. To expect such a country, to expect its people at the midnight lowering of the imperial flag, to suddenly practise the most sophisticated form of liberal democratic Government, is insane. To expect a true and proper election even is too much.

30. We should go for democracy of course. But we should be tolerant of the fumbling attempts, the failures and the mismanagements. The world must help in the training of Government in the management of the economy. We should not expect the ultimate. We should not tolerate the dictators who emerge of course. But we should understand why they emerged. They emerge because we impose a system on people who do not understand or had no experience of working the system.

31. The old League of Nations used to set up trust territories. Unfortunately, the objective was to perpetuate colonisation. But the trusteeship could be used to provide a period of supervision which can be applied to certain countries which have no inkling about democracy. Countries like Rwanda, Burundi, Bosnia Herzegovina and a few others could benefit from the UN moving in early in order to oversee the transition from autocratic colonial rule to democracy and economic management. This way less damage would be done than waiting until hundreds of thousands are massacred, or the economy totally destroyed before the UN offers tepid help, or the World Bank begins to advise. Liberal democracy and the totally free market can do as much damage or even more damage than limited democracy and a less open market.

32. As I pointed out earlier the moment the North lost their colonies in the South, they set up the European Economic Community which today has become the European

Union, a very powerful economic entity capable of forcing its will on the South that they had raped before and impoverished through unfavourable terms of trade. But the North has not finished yet. They have formed the Group of Seven (G7) to totally dominate the world, to colonise it by other means.

33. As an example when Japan flooded the international market with their cheap yet high quality goods, the rest of the G7, pushed up the value of the Yen in order to make the Japanese less competitive and to regain their markets. For the poor in this world cheap Japanese goods enabled them to enjoy such luxuries as radios, televisions and pick-up trucks, even motorcars. But the revaluation of the Yen following the so-called Plaza Accord pushed up prices of Japanese goods out of reach of the poor in poor countries.

34. But the Japanese had already invested for production in the lower-cost countries of Southeast Asia. A campaign was mounted in the International Labour Organisation (ILO) by trade unions of the North to push up labour costs in Southeast Asia to negate the competitive advantage these countries offer to the Japanese. Workers in these countries were urged to demand high wages and to destabilise the country through industrial actions so that foreign investors would shy away. The ultimate result of the sympathy of trade unions of the North for our workers is to push cost up, reduce direct foreign investments and reduce employment opportunities for the workers. This way the workers in the North will not face unemployment, will continue to enjoy high wages, and a high standard of living.

35. I will not speak about the linking of non-trade issues with trade and the threat of sanctions because we all know that it is not because of concern for our environment or workers' rights, all of which in the end will stifle our economic development and impoverish our people. But I would like to mention about the effect of the Yen revaluation on the Yen loans to developing countries. Because the value of the Yen has increased $2\frac{1}{2}$ times the rate of exchange with the Malaysian Ringgit at the time we borrowed, our debts in Malaysian Ringgit has also increased by $2\frac{1}{2}$ times. We now have to find $2\frac{1}{2}$ RM plus interest for every 100 Yen we had borrowed when in fact 100 Yen before the Plaza Accord was equal to only 1 RM. And all because the G7 wanted to solve their deficits in trade with Japan. Japan is not paying. We of the South, the recipients of the so-called cheap Yen loans, are the ones who are paying.

36. The G7 is snooty. They will not condescend to talk with people outside their club except with Russia. We

have asked to at least be allowed to have our views heard before they decide on matters affecting us but we have been totally ignored. They refuse to talk to the Chairman of the Non-Aligned Movement (NAM). And they refuse to talk to the G15 countries or their representatives. This is of course democratic. In their democracy of old, only landlords had the right to vote. The common man had none. In modern day liberal international democracy, only the rich can have a say, the poor shall remain voiceless. And these same people preach ad nauseam about democracy to us.

37. We live in an international jungle. There is no law and order in international relations. There is very little justice. The high and the mighty rules. The weak and the poor just have to lump it.

38. With all these threats and obstructive actions we must now face the challenge of globalisation. Are we in a state to face this challenge? Quite obviously not. But no one is going to wait for us to get ready for the challenge. So whether we like it or not we have to face the challenge.

39. The only way that the weak can face any challenge is to present a united front, better still to form a smart partnership. We are here today because I believe we are interested in smart partnerships. Nations can come together to form smart partnerships. Not only will we be able to present a united front but through smart partnerships we can actually strengthen each other. We are not without assets and experience. By exchanging our experiences in economic management, we can learn to do what is right and avoid the mistakes that any one of us may have made. By sharing whatever little assets we have we can consolidate our strength.

40. Not only should the countries of Southern Africa come together but they should establish contact and cooperate with groupings such as ASEAN or the Indian Ocean Rim countries. The regional organisations too can form smart partnerships. When faced with damaging proposals from the developed North the Regional Organisations can take a common stand. This we did at the WTO meeting in Singapore. And we prevailed.

41. At home we should form smart partnerships between the Government and the private sector and also with the trade unions. We must ensure good Government dedicated to developing the country and enriching the people.

42. We must be democratic in the sense of being willing to use the ballot box to determine who forms the Government. And having elected the Government we must

allow it to govern for the duration of its term. Elected Government is not always good, but bringing it down through demonstrations and industrial actions does more harm than good. Here members of regional groupings can help supervise to ensure elections are fair. Unless the crimes committed are serious, new Governments should not take revenge on previous Governments.

43. Political stability is absolutely essential for economic development, for fending off the predators from the developed North, and for maintaining the independence, the hard-won independence of our nation. We must realise that left to them, the North that is, globalisation will become another form of colonisation. We had fought hard for independence. We had shed blood for it. But we must know that globalisation, the breaking down of national borders, will result in the loss of independence. How can we be independent nations if we have no borders.

44. The North can gain much by recolonising. But we do have the ultimate weapon. People are more mobile now. They can go anywhere. In a borderless world we can go anywhere. If we are not allowed a good life in our countries, if we are going to be global citizens, then we should migrate North. We should migrate North in our millions, legally or illegally. Masses of Asians and Africans should inundate Europe and America. If there is any strength that we have, it is in the numbers. Three-fourth of the world is either black, brown, yellow or some combination of all these. We will make all nations in the world rainbow nations.

45. This is how we will ultimately challenge globalisation. I hope we don't have to resort to this. But we will if we are not allowed a piece of the action, a piece of the cake; if we are not allowed to prosper in a borderless world.

46. We can try to learn from those from the North who have been successful a very long time. But they have forgotten how they succeeded. And they have no patience for those who do not seem to know the obvious, who seem not to want to follow advice, who tumble and stumble and keep on making mistakes.

47. We should know of course that globalisation has come. The world will be borderless. All barriers will be taken down. Everyone is free to go anywhere, to trade anywhere, to invest anywhere, to do business anywhere. We from the South, from the developing countries can now go and set up our banks and industries, our supermarket and hotel chains in the rich North even as the Northerners can come into our countries to set up banks

and industries, business chains etc. The problem is that we don't have the banks and the industries and the business chains to go North to benefit from the freedom of globalisation. We don't even have them in our own countries, how do we benefit from the right to go North? If we have they are tiny. The field will be level but we are midgets in a world of giants. The giants will come and the giants will conquer.

48. I do not want to be pessimistic, too pessimistic. There is some hope. There is hope if we can work together, if we can form smart partnerships, if we can help each other, if we can devise ways of mutual help for the benefit of partners.

49. Many of us have come a long way to attend this dialogue, the First Southern Africa International Dialogue. We are here because we are all concerned about our countries, about our people. As leaders we have responsibilities to our people. And we have to be serious, of course.

50. I hope that we can have a good dialogue so that we can go back to our own countries to apply what we have learnt, for the good of our people. That is our mission.

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