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" MALAYSIA IN THE NEW MILLENNIUM "

Firstly I would like to thank the organisers, the Cambridge University Malaysia Society (CUMAS), for inviting me to this conference on "Malaysia in the New Millennium". I hope that some of the glory of this centre of learning will rub off on me, as I could never aspire to be a graduate of Cambridge with the coveted B.A. Cantab.

2. I do not know whether I can set much light on what Malaysia would be like in this new millennium. I am not so presumptive as to think that I can predict anything over such a long period; 1000 years to be precise. But I will try to draw several possible scenarios of Malaysia in the next few decades which can emerge based on what is happening now in our country and in the world.

3. All things being equal a country's development is dependent on the quality of its people. That is why some countries and some people do well while others despite their rich resources fail.

4. As a developing country Malaysia has done quite well. Actually it shouldn't. We are not particularly rich in resources and we have a multiracial population divided and divided again by our differences in language, culture and religion. It is a perfect mixture for racial confrontation and violence, for political instability and stunted economic growth.

5. But Allah be praised, race relations in the country for the past 30 years have been quite good. Not perfect of course, but good enough for the stability and development of the country. It has therefore been possible for the country to be stable and to develop strongly.

6. I will not be apologetic or unduly modest, but I believe that in Malaysia the politicians set the tone in terms of race relations. When Tunku Abdul Rahman decided that UMNO should downplay its antagonism towards the Chinese over the Malayan Union affair, and should instead work together to contest the crucial 1955 election, he initiated a unique kind of inter-racial cooperation that

has continued to this day. The Barisan Nasional politicians are likely to continue with this cooperation and will try to ensure stability and prosperity in the years to come if the people keep them in power.

7. What is so unique about the Tunku's formula? Dato' Onn, the first President of UMNO, had wanted to open UMNO to non-Malays and make it a multiracial party. The Tunku sensed that neither the Malays nor the other races were ready to ignore their ethnic and cultural origins and accept the leadership of anyone not from their own race. And so he proposed a coalition in which race-based parties could come together to struggle for common causes. This way the bigger race or party would not be able to dominate absolutely. The identity of the minority race or party would not be lost. And if the minority felt that their interests were not being attended to, they could raise the issues in a council where they have the same number of representatives. They felt safer and so they can accommodate the views of other parties and races without fear of losing much of their racial identity and interest. And they could accept the leadership of someone from another race because he is only the first among equals.

8. On the ground the undertaking to help each other during elections meant that the minority race in a given constituency would be able to tilt in favour of the coalition candidate from a component party and race because in a constituency where the minority race now forms the majority, its candidate could expect support from the other coalition members. It was a neat arrangement and it worked well until the opposition got wise to it and set up their own coalition and supported each other's candidate in the same way.

9. I will not elaborate more on this but suffice to say that the continued functioning of the coalition depended on the coalition Government promoting the interests of all the races more evenly. It would not do for the coalition Government to neglect any of the races because this would result in a breakdown in the coalition party. Failure of the races and parties to support each other would result in the coalition losing the election.

10. This principle of sharing is reflected in the management of the economic and social affairs as well. When dealing with race relations the coalition Government never fails to consider the views of all races rather than the majority race only as would happen in a multi-racial party where one race dominates. The Robin Hood approach of robbing the rich to give to the poor is rejected by the coalition. Instead it tends to nurture the rich so they will contribute to the welfare of the poor through fair taxes. In fact we sometimes reduce taxes if we think that by doing so we can persuade the goose that laid the golden eggs to lay more and bigger eggs. And it worked. In Malaysia today the Chinese are richer than they were

before, but the Malays also get a reasonable share of the wealth.

11. This is the way Malaysia deals with its multi-ethnic citizens. Of course some will complain and insist that they are getting less than their due. But the majority are quite satisfied and keep on returning the Barisan Nasional coalition to power at every election.

12. Having dealt with equitable sharing and achieved political stability Malaysia and the Malaysian people are able to press on with developing the country. I think we have done quite well there too. No extreme or radical approaches or policies were adopted. We could have nationalised everything, but we did not. We could have allowed for rampant capitalism but we did not. Instead we tried an odd-mixture of state enterprises and free marketeering. When state enterprises failed we easily privatised them. There was no ideological baggage to hamper us.

13. Despite accusations that the Malaysian Government had indulged in wasteful projects to satisfy the Prime Minister's monumental ego, the fact is that we had managed our finances rather well. That is why when our Ringgit was devalued we were still able to carry on. We had no foreign debts to pay. Indeed when Malaysia was down-rated by International Rating Agencies to prevent us from borrowing money, we simply used the vast amount of savings that we had in the country. Malaysia has perhaps the highest savings rate in the world -- amounting to 38 per cent of the GNP.

14. If we had mismanaged the country's finances we would not be able to recover so quickly from the turmoil even if we impose exchange rate and capital flow controls.

15. Under the New Economic Policy we had restructured the economy so as to give a fair share to everyone without having to sacrifice growth. Between 1987-1996 we actually grew by eight per cent plus every year, an achievement that few can equal.

16. And so when disaster struck in 1997 and our currency was devalued we did not have to rush for foreign help.

17. The accusation that the turmoil was caused by the Government being corrupt and practised cronyism etc did not hold water. If we were it could not have been only in 1997. We must have been corrupt etc for a long time. Yet our economy grew at a high rate and our development was rapid for years and years. It was not corruption etc, but it was due to the currency traders selling down our Ringgit in order to make money for themselves. When we condemned the currency traders for their greed, we were roundly castigated by the whole world.

18. To cut a long story short, today the world admits that we were right about the rogue traders and we were right too in handling the crisis by imposing exchange rate control and regulating short-term capital flows. Now our economy is back on track and growing much faster than the countries supposedly helped by the IMF and other international agencies.

19. I have spoken at length on what we have been doing in our country and how it has performed in the political, economic and social fields. But I am here to talk on "Malaysia in the New Millennium", on the future. The fact is that in order to forecast the future we have to look into the past. Not only will the past influence the future but what happens in the past will help indicate the possible trend of events in the future.

20. As a result of what we have done so far, Malaysia is a politically stable, relatively harmonious country where economic growth has been quite fast. We have developed a set of ethics and policies which have served us well. We have a vision -- Vision 2020. We want to be a fully developed country by the year 2020, developed in our own mould, not a fair copy of the developed countries of today.

21. Given all this it is fair to expect that at least in the first few decades of the millennium, Malaysia would continue to remain peaceful and stable, that it would continue to grow economically, that it would be able to apply I.T. in order to maximise the benefits to be derived, that it would remain fiercely independent and outspoken.

22. Malaysia will remain democratic but will not become a liberal democracy where anything done in the name of democracy will be accepted unquestioningly. Malaysia is more interested in the results. Democracy is meant to serve us not we to serve democracy. We would be condemned of course but we won't care because we will continue to know what is good for us. We would continue to believe that the West does not have a monopoly of wisdom.

23. As a result of the continuation of the present policy, Malaysia is likely to achieve Vision 2020 and to remain a free and independent nation which would take its proper place in the world community. Its voice will be heard. It would still not get a good image in the West and with the Western media. The developed countries will continue to say that Malaysia is undemocratic, that the Government is not transparent, that it interferes with the judiciary etc. But despite all these baseless criticisms the country would still remain stable, would still grow and become an even bigger trading nation.

24. But supposing Malaysia decides to take an about turn, to dump the ruling party and the policies that we had

followed which had served us so well; supposing the campaign of hate against the Government and its leaders succeeds, and the Malays decide that they want a change and so voted the so-called Islamic Party into power, what then would the future hold for Malaysia?

25. Many Malays believe that there is really no difference between PAS and UMNO. Many declare that whereas UMNO has no choice but to depend on the Malays, the Malays are not so constrained. They have a choice between UMNO and PAS. If they choose PAS nothing bad would really happen to them. In fact PAS is likely to be more Islamic and this would fit with the religious aspirations of the Malay Muslims.

26. As they see it they have nothing to lose. I don't agree with them. But more importantly will the country lose? Will the other races lose? So far PAS has ruled Kelantan and Terengganu. Is there anything wrong with these states which indicate that the party will mess up the whole country?

27. PAS claims and many Malays believe that anything that UMNO had done for the Malays and the country any Government could do. PAS as the Central Government of Malaysia would be able to protect Malay special privileges and carry out the same affirmative action by giving the Malays special preference for scholarships, business licences and opportunities, preserve Malay reserves etc.

28. It is possible that PAS can do all these but special privileges are of little use if you have no idea how to make use of them. UMNO had devised many strategies to take advantage of the special privileges in order to enhance the position of the Malays. It was UMNO which came up with the New Economic Policy (NEP), a policy to restructure the economy so as to give the Malays and other Bumiputeras a fair share of the economic cake. Where others would have played Robin Hood and expropriated the wealth of the Chinese in order to distribute to the Malays, UMNO decided that the enhancing of the wealth of the Malays must come through enlarging the economic cake and distributing the enlarged portion more to the Malays while apportioning some also to the Chinese and Indians.

29. The UMNO-led Government came up with the Permodalan Nasional Berhad (National Equity Corporation) to take up the shares apportioned to the Malays so that they would not be sold back to the Chinese and so cause the NEP to fail. Numerous other solutions have been put up by the UMNO-dominated Government which were designed to promote the Malays without discriminating too much against the non-Malays.

30. Growth with equity was invented and developed by UMNO. Would PAS have come up with this approach and implemented it?

31. How would PAS have handled the economic crisis recently? The leaders of PAS had advocated going to the IMF and we all know what happened to countries which went to the IMF.

32. How would PAS handle race relations if it is in power? PAS had initially condemned UMNO for working with non-Malays. According to PAS, Muslims working with non-Muslims will become apostates. But now of course PAS is willing to work with DAP. It has always been ready to trot out religious arguments for whatever it does. Would a PAS Government break its promise and try to grab everything in the furtherance of its idea of an Islamic state? Or would it really work with the DAP and the others? PAS records of making and breaking promises are not reassuring.

33. If I may hazard a guess, Malaysia under PAS rule is not going to be politically stable and will not develop. Malaysia will probably regress. Its domestic policies and its relations with other countries would not work. Despite claiming that any Government can do what the Barisan Nasional Government has done, it cannot even supply water to Kelantan. Although the developed countries are against the present Barisan Nasional Government and would like to see a change of Government in Malaysia, I suspect that they are not going to like a PAS Government anymore than they do the present Government. They will continue to be busy trying to undermine this so-called Muslim Government.

34. What about the other races in Malaysia? Will they be better off? Will they be given fair treatment and consideration by PAS Government? I don't think so. PAS has made promises to the Malay electorate to set up what they described as an Islamic Government which will implement PAS's own interpretations of Islamic laws. PAS rejects the present laws as un-Islamic. Will PAS do away with the present laws? If it does not then it will stand accused of not honouring a promise. If it does then the non-Muslims may not like it. This may destabilise the country.

35. Presently PAS interpretation of an Islamic country is one where the Hudud Laws and executions of apostates are carried out. By this interpretation there are no Islamic countries in the world, because there is really no Islamic country which implements these laws. What will happen to the country when PAS tries to make good its promises?

36. Frankly I don't think PAS is going to win enough seats to set up a PAS Government in the near future. But it can weaken the UMNO-led Government. What would happen in Malaysia if the Government is weak and the UMNO leadership is ineffective? All along the Barisan Nasional had asked the electorate to return a strong Government,

one with a two-thirds majority.

37. In other countries the electorate usually give a simple majority. A Government with a simple majority is forever under threat. Defection by a member or two could bring the Government down. Instead of governing and developing the country the Government would always be looking back to ensure that its members continue to give support. Intraparty politics would be the priority not governing and developing the country.

38. Such a Government cannot function properly. Governments must do unpopular things. New taxes have to be introduced and old taxes collected. Disruptive activities have to be curbed. In a multiracial country like Malaysia, it is difficult to avoid displeasing one race or another at any one time. With a weak Government minor issues can take on serious proportion. The country and the people must suffer because of this.

39. If PAS through its campaign of hate, and DAP with its racialism were to undermine the Barisan Nasional Government and cause the Barisan Nasional's majority to be greatly reduced, then Malaysia would have such an ineffective Government that it will be unstable and incapable of progressing economically.

40. Let us look at the building of Penang Bridge for example. When it was being built there were accusations that the Government was wasting money. With a small majority the Government might have abandoned the project for fear of defection by a few of its Parliamentary members and the consequent fall of the Government. The result would be no Penang Bridge today. Can we imagine what it would be like to have no Penang Bridge today. Can we imagine what the cost would be if we have to build the Penang Bridge now. But because the Government had such a big majority it was able to ignore the criticisms and build the bridge.

41. The same can be said of the National Car project. We would be happily assembling foreign cars and have no knowledge about automobiles, engineering and the production of cars.

42. With a small majority it is likely that there would be no industrialisation of Malaysia, no NEP, no equitable distributions of wealth and opportunities. A weak Government for Malaysia would just be unable to develop the country. Probably the Malays, Chinese and Indians would be at each other's throats. There would be mass emigrations.

43. But the people of Malaysia had always given a big majority to the party which formed the Government. And so unpopular decisions could be made and Malaysia is able to go ahead with seemingly wasteful projects which in the end

prove to be wise undertakings.

44. Is it democratic to have the same party returned time and time again? Some say it is not democratic. They say a democratic country must see frequent changes of Government. Will the future see such changes? It is possible of course. Many are already saying that we need a change, we need a new Government merely for the sake of change. That the present Government performs well is no reason for not changing.

45. Assuming that a new party is elected to form the Government, it must change most of the plans and policies of the previous Government. Perhaps the changes would be good for the country. But changes must create uncertainties and uncertainties are disruptive.

46. The present Malaysian Government is business-friendly. It encourages the private sector including foreigners to invest and act as the engine of growth. But a new Government might not think that being business-friendly and giving the private sector a major role in the economy is a good thing. Promises and agreements made by the present Government will accordingly be dumped. This will hurt investors, both local and foreign. They will take their business elsewhere.

47. The growth of the country's economy cannot possibly go on at the same rate. There will be shrinkage, loss of jobs, loss of income etc. Jobless people can become unruly. There will be instability which would affect investments further.

48. Changing Government may be considered democratic but it is very disruptive. It affects a country's development adversely. Again we have to consider whether we want democracy for its sake or we want democracy for the good that it can deliver.

49. In 1969 we saw what could happen when we allowed our emotions to take over from our common sense. Fortunately we very quickly retreated from the brink and worked out a formula which has served us well over the past 30 years. I don't think Malaysians, the majority of them at least, would want to play around with racialism again. But we might forget as we take our present stability for granted. Will another May 13 occur when the Government becomes weak or a new Government is put in place? I am not trying to threaten but the possibility is very real.

50. Recently we had the Al-Ma'unah, a deviant Islamic group which tried to use violence to realise their so-called Islamic state. The Government acted quickly in order to protect the people and the country from what was planned to be religious violence. Members of this group have been arrested and charged in court under the relevant laws.

51. The question that arises in everyone's mind is whether there could be more such incidents, probably bigger and more difficult to handle. No one can guarantee that this kind of irrationality would not recur. But it would certainly recur if people think it was a "sandiwara" or "stage-play" and do not take it seriously. It would certainly recur if the campaign of hate promoted by certain so-called religious groups do not stop.

52. The Al-Ma'unah group was formed because of the perception and even belief that the Malaysian Government is un-Islamic and should be hated and overthrown by whatever means. They were quite ordinary people and must know the serious nature of their plan and the possible consequences if they were apprehended. But such was their hatred that they were prepared to kill, despite knowing that murder attracts the death sentence.

53. Hate is a powerful emotion. It can move people to do the unthinkable. Nations use hatred of other nations in order to get their people to fight and kill and be killed. In Malaysia today hate is being used extensively by PAS in order to gain fanatical support for themselves. Inculcations of hate begin in the kindergarten where little children were taught to hate the Government and its leaders. In schools certain teachers, religious and non-religious, amplify this hatred by spreading all kinds of lies. In the universities, at home and abroad, more hatred is sown among the students.

54. By the time these people mature, the feeling of hatred is so deeply ingrained that it cannot be changed. It can only get worse. And at this stage acting the way the Al-Ma'unah Group did is entirely possible.

55. The correct thing to do is for the Government to put a stop to this hate campaign. But there will be quite a few who would regard any action taken by the Government as undemocratic, oppressive, and a denial of the rights of the citizens. These people will of course gain the support of human rights and democratic groups outside the country. After all these outsiders are not going to suffer in any way if the country goes up in flames. Some of them would quite enjoy it.

56. Will there be more 'Sauk' incidents in Malaysia in the new millennium? It is up to us to determine. We dealt very firmly with the Communist uprising. Shall we wait until a full-scale so-called Muslim uprising take place before we act or do we act now? If we act now we may save the future. But of course we will be condemned by the liberals in the world.

57. These are some of the scenarios which Malaysia may see and experience in the new millennium. There may be others of course. It all depends on what we will do in

the future. If we have not learnt from the past, if the future generations are so anxious to try new things to change, then any of the given scenarios may become reality. If we have learnt from the past then it is likely that we will continue to progress to become a developed country by 2020.

58. I believe that Malaysians by and large are reasonable and moderate people. Whether they are Malays or Chinese or Indians or Ibans or Kadazans or whatever, they would not want to do anything which may plunge the country into a state of uncertainty and turmoil and destroy the Vision that they had planned for.

59. No one can be certain of what the future will bring. We can hazard a guess. We can make deductions based on an analysis of what had happened in the past, on the character and psyche of the people, on the trends and developments in the world outside. But we can never be absolute certain.

60. I have tried to give several possible scenarios. To a certain extent we can influence events so that the best scenario would materialise.

61. At the moment I am hopeful that Malaysians would make every effort to bring about the best scenario, that of a stable, rapidly growing country which will become developed by the year 2020. The present Government is dedicated to achieving this Vision. I believe most Malaysians are similarly dedicated. And so it is quite likely that Malaysia in the new millennium will be a developed nation of 30 million plus hard working, peace-loving people, respected and trusted by the rest of the world.

62. I am a bad futurologist. I hope that others are better and will tell you precisely what the new millennium would bring for Malaysia. I hope you will be able to discuss and make up your minds as to the roles you would want to play. I wish you the best of luck.