

**SPEECH BY TUN DR MAHATHIR BIN MOHAMAD AT UNIVERSITY SANTO
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1. We are living in a tumultuous world, in a world of political turmoil, in a world of economic turmoil, in a world of social turmoil.
2. We are seeing the collapse of moral values and of beliefs.
3. All the things that we used to value are being questioned, scrutinised and in many cases rejected, to be replaced by what is called freedom, freedom which is enjoyed by some at the expense of others, often at the expense of the community as a whole.
4. We are seeing advances in technology, advances which bring great benefits but which are also open to abuses, negating much of the benefits. Privacy is being invaded. Secrets, including sensitive military secrets are being leaked in the name of freedom of information. The whistle-blowers are hailed as heroes. Nothing is sacred any more.
5. But like them or not we have to live with them. We have to know how to handle them, to try to maximise the benefits and build firewalls to protect us from the disasters which threaten us.
6. We applaud democracy as the best system of governance ever devised by man. But democracy works only when the people understand the limitations of democracy. When people think only of the freedoms of democracy and know nothing of the implied responsibilities, democracy will not bring the goodness that it promises. Instead it will result only in instability and instability will not permit development to take place and the people to enjoy the benefits of freedom and the rights that democracy promises.
7. I am not trying to be philosophical and erudite. I am merely trying to relate the things I observed in my country and in many other countries, particularly in the new democracies desperately trying to practise democracy only to obtain negative results.
8. One of these countries has been unable to progress because of too much democracy. No sooner is a Government elected when the losers would hold demonstrations and general strikes accusing the Government of malpractices. The Government had to deal with these disruptions and neglect the work of governing and development that it is expected to carry out. The disruption could be so serious as to force the Government to resign. Another election is held and a new Government is elected. Immediately the losers, the former Government party, would hold general strikes and violent demonstrations and prevent the

newly elected Government from carrying out the proper administration and development that it wants to do.

9. And so once again the Government is brought down and new elections would be held – only to end with the same results.

10. No doubt democracy is being practised by this country. But is it really what democracy is all about? Is democracy the end or the means?

11. If we think that democracy is the end, then well and good. But why did we change from autocracy to democracy? Wasn't it because autocracy had failed to deliver the good life that we wanted? We believed that since it is the people who disapproved of autocracy, then if the people were to rule the country, then surely they would rule themselves well. But as we have seen in the example I mentioned above, democracy or the rule of the people, by the people and for the people has not resulted in the people enjoying a better life than when they were under autocratic rule.

12. Why has democracy not delivered the good life we expected of it? Simply put, it is impossible for the people to rule themselves. There are too many of them and they cannot agree on anything. Government of the people, by the people and for the people would result in a stalemate, in no Government at all, in anarchy.

13. And so the democrats opted for Government by representatives chosen by the people. But what if the representatives cannot agree on anything, cannot achieve consensus? And so we opted for Government by the majority. To achieve this we have to form political parties so that like-minded people can be elected who hopefully, would make up the majority. There may be more than two parties. Then another system will be needed.

14. So democracy is reduced to Government not by the people but only by representatives of the majority of the people defined as 50% plus of them.

15. That may mean a substantial percentage of the people, up to 49% who would not be ruling themselves. To be fair we create minority rights. This sort of undermines Government of the majority.

16. But to make matters worse we invent human rights and freedoms, which must be upheld by the elected Government. With the passage of time we add new rights and new qualifications so that much of the authority of the elected Government is subverted. And as pointed out in the example earlier the elected Government can be so subverted that it cannot function well, it cannot develop the country and it cannot ensure the well-being and prosperity of the people.

17. So what do we do? Do we accept the failures of democracy or do we make some adjustments and sacrifice some of the liberalism of democracy so we may extract something from the system?

18. I will admit freely that Malaysia is not a liberal democracy. We see democracy principally as providing an “easy way” to change Governments. No revolution, no civil wars, no Arab spring. Just vote and the Government will be brought down or re-elected according to the wishes of the people.

19. In Malaysian elections, the candidates of the opposition parties can win. Indeed they have captured many of the State Governments, the equivalent of provincial Governments in other countries. In 2008, the opposition captured five of the 13 States and reduced much of the ruling party’s majority in the Federal Parliament. Clearly if the people so wish they can overthrow the ruling party under the present election system.

20. Generally the people gave the ruling party a good majority. This ensures a strong Government at the central level. The opposition can oppose in Parliament and in other fora but cannot disrupt and cause the Government to be brought down.

21. With strong Parliamentary support, the elected Government was able to formulate and carry out policies and develop the country for the people. The administrative machinery recognises the strength of the Government and carries out the policies and projects for the development of the country.

22. But leadership plays a crucial role. It must not be corrupt and it must have some skill and ideas about administration and the development of the country.

23. The leader in particular must be incorruptible. His being so will lessen the level of corruption among those under him. There will still be corruption but the degree would be less.

24. But power corrupts and absolute power corrupts absolutely. This is a truism. A clean person when elected to be a leader will be exposed to temptations. Resisting temptations is difficult. But if one is frequently reminded that one day one will lose power and when that happens others will hound you and make life miserable for you that might help you overcome temptations.

25. The reason why corrupt dictators try to retain their power for life and try to set up dynasties is because they fear retributions. The more corrupt they are the more they would want to hold the position for life. They fear giving up power, because they know the people would rise and seek to punish them, even killing them.

26. So the leader is very important. In every country there are great people who should lead, but seeing the filth in politics and the fears of those who come into power they are unwilling to take the risk. And so very often the leaders are mediocre people at best, present company accepted.

27. But a leader is as good as the ideas that he has. To bring prosperity to the country he must know what policies to adopt and what strategies to employ.

28. Pardon my reference to my own country. As you know Malaysia is a multi-racial country. Under the British it was not allowed to industrialise. It was an agricultural country. It was poor.

29. The first task for the independent Government of Malaysia was to minimise conflicts between the races who are divided also by religion, language, culture and economic status. The founding fathers decided to share political power by setting up a coalition of race-based political parties. The immigrant races were also given one million citizenship irrespective of legal qualification, which resulted in numerically weakening the political power of the indigenous people. The new citizens were also allowed to retain their identification with their countries of origin, their languages and their schools. These were their special rights, which no other country has given.

30. In return they recognise the special position of the indigenous people, the native born who are to be given special support by the Government. This support is meant to reduce the disparities in the ownership of wealth.

31. This sharing and recognition of each others' position reduced much of the tendency to friction between the races and ensured relative political stability – a necessity for economic development of the country. Unfortunately it makes national unity practically impossible.

32. With this stability it was possible to plan and implement the development and industrialisation of the country. Industrialisation became necessary because agriculture could not create enough jobs for the growing population. Jobless people threaten the stability of the country and undermine the very effort to create the jobs that they need.

33. But how do we industrialise when we had no technology or manufacturing knowhow, no capital, no knowledge or experience in managing big industries and no knowledge about the markets for manufactured goods.

34. We had only recently gained independence and feared foreigners coming back to control us. But we had no choice. At a time when newly independent countries were nationalising foreign-owned industries and businesses we decided to invite foreigners, including the former colonial masters to come back and invest in industries in Malaysia.

35. That was at a time when FDI or Foreign Direct Investment was quite unknown. But we had to attract FDI. To do so we decided to be friendly towards foreign investors. This was not about social friendliness. This was about changes in our nationalistic policies and doing this through laws which gave special treatment and tax incentives to foreign investors.

36. The administration and the leaders of the country had to be accessible to these investors, be willing to listen to them and to make changes in the laws and policies to meet their needs. Bureaucratic procedures had to be minimised and procedures speeded up.

37. The foreign investors did not think we were serious at first. They came in drips and drabs. Then they achieved a critical mass and suddenly factories were sprouting everywhere. Suddenly we found exports of manufactured goods outstripping commodities, and growing until they hit 82% of total exports.

38. The foreign investors paid no tax, not even after the 10-year tax holiday period. But lots of Malaysians found employment as workers and eventually as executives. The taxes these people paid and their consumption stimulated business at retail and wholesale levels. The profits made by these local businesses were taxed and Government revenue increased.

39. Now the Government had the money and the creditworthiness to borrow to finance better infrastructures. Expressways, electricity and water supply were improved, and these facilitated more investments and directly and indirectly stimulated more businesses.

40. The economy became vibrant. Transportation and insurance, ports and airports expanded in size and number. Every time the infrastructure projects were launched by Government, the contractors, sub-contractors, suppliers, building materials sales and manufacturing expanded, creating jobs and pouring money into the pockets of Malaysians at all levels. Government revenue also increased.

41. Then we thought that Government must help businesses to succeed. The Japanese were condemned for doing this. But we saw no reason why Government should not help business to make profits. Twenty-eight per cent of the profits by businesses belong to the Government anyway through the corporate tax they had to pay. Basically the Government was working for its 28% of the profit. We were not just helping the businessmen to make profits.

42. To increase the revenue of the people Government spent almost 25% of the national budget on education and training. Thus foreign as well as local investors were assured of a supply of educated and well trained staff.

43. The locals learnt about manufacturing and markets and soon they were investing and starting manufacturing industries themselves.

44. To cut a long story short the country and the people became prosperous. Government revenue increased tremendously and continuous investments were made in superior infrastructure and more educational facilities.

45. Today Malaysia's total exports exceed 100 billion US Dollars and is growing. We had adopted the classic Asian strategy of importing raw material, adding value and exporting.

46. The GDP is largely based on the export trade. Domestic business contributes just over half the GDP.

47. Obviously in a tumultuous world, when markets everywhere are collapsing, Malaysia cannot escape the impact. The solution lies in developing domestic market and finding new markets. Although Malaysia is not growing as fast as Indonesia or the Philippines, it is still growing.

48. One of the things that ASEAN does for its member countries is to enable them to learn from each other. But it is important that whatever model or strategies we adopt, they must be adapted to local conditions.

49. I believe that ASEAN is the most successful of the groupings of developing countries, But in this troubled times we need to come closer together, to cooperate more productively and to make use of our half a billion people as a market in order to gain more offsets for enlarging and diversifying our industries. We also need to cooperate with the three dynamic Northwest Asian countries. Malaysia had proposed an East Asian Economic Community to maximise the strength of our countries. Things are finally moving in that direction.

50. Really the countries of Southeast Asia have great potentials for growth, prosperity and empowerment. All we need is people and leaders who love their country and people more than they love themselves.
