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THE MALAYSIAN SYSTEM OF GOVERNMENT

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CHAPTER 1

A Government for Malaysia

When the Federation of Malaya achieved independence in 1957, the form of Government chosen was that of a Parliamentary Democracy with a Constitutional Monarchy. This of course was not the traditional form of Government which existed previously in the Malay states of the Malay Peninsular. The Malay States were feudal monarchies in which the hereditary rulers ruled as feudal lords over a people who owed loyalty by virtue of tradition and also from fear of the absolute authority of the rajas.

Obviously, the rulers would have opted for a return to absolute monarchy when independence was achieved. But their position was weakened when they were forced to cede the Malay states to the British through the infamous MacMichael treaties. The struggle to regain and liberate the Malay states and the so-called colonies of the Straits Settlements was mounted largely by the people and their political party, the United Malays National Organisation (UMNO).

The British were forced by the agitations of the UMNO to rescind the Malayan Union and replace it with the Federation of Malaya or the Persekutuan Tanah Melayu. For the first time the British accepted the participation of popular leaders in the Government, although they were still nominated.

This only whetted the appetite of the Malays for greater control over their own country. They wanted nothing less than full independence. Sensing that the British would not grant independence without some participation of the non-Malays, UMNO under the leadership of Tunku Abdul Rahman set out to have some working relations with the major Chinese organisation, the Malayan Chinese Association (MCA). An alliance was formed for the purpose of contesting the Kuala Lumpur Municipal elections in 1952.

The alliance did extremely well, defeating the multi-racial Independence of Malaya Party (IMP) led by Dato Onn Jaafar, the former President of the UMNO. This success resulted in a consolidation of the Alliance Party, with the Malayan Indian Congress (MIC) joining in to represent effectively the majority of the Indians.

In 1955 the first Peninsular-wide election to the Federal Legislative Council was held. The Alliance made independence from British rule their principal platform. Dato Onn's IMP and the Pan Malayan Islamic Party (PMIP) clearly did not favour independence. Other parties were equally non-committal.

The result was a clear-cut victory for the UMNO, MCA, MIC alliance which contested under one symbol, that of a sailing ship. The Alliance won 51 of 52 seats contested. The remaining one seat went to the PMIP.

The stage was thus set for a serious negotiation for full independence. Urged on by the UMNO Youth, the hesitant leaders, who initially wanted some kind of interim arrangement, demanded full independence in 1957 instead of 1959.

To cut a long story short, Malaya became independent in 1957. In 1963 when Singapore, British North Borneo and Sarawak opted for independence through joining the Peninsular States to form Malaysia, the Alliance Party was enlarged to cater for the Sabah, Sarawak and those Singapore parties which wanted to join. This

enlarged coalition became loosely known as the Grand Alliance.

The Alliance Party won the first post-independence general elections in 1959 but with a reduced majority. Not only were some PMIP, Labour Party, and Perak Progressive Party members elected but Kelantan and Terengganu were lost to the PMIP. Still the Alliance had a strong two-thirds plus majority in the central Government. This enabled it to change the Constitution in order to admit Singapore, Sarawak and Sabah in 1963. Terengganu was returned to the Alliance fold through defection of PMIP members to UMNO.

The 1964 elections again saw the Alliance winning a two-thirds majority in the Federal Parliament, now enlarged to include members from Sabah and Sarawak. Singapore was represented wholly by the People's Action Party, a party that was opposed to the Alliance although it was supportive of the inclusion of Singapore in Malaysia.

The strength of the Alliance Government both at the centre and in the states, with the exception of Singapore and Kelantan, appeared to

have made the leaders complacent. Suggestions that neither the Malays nor the Chinese were happy, particularly with regard to the security of their positions and the sharing of the wealth of the nation, were ignored or dismissed. The largely Chinese opposition stirred up Chinese and Indian racial sentiments while the younger Malays in the Government party were restless. The Malays felt that the Government was not paying attention to their needs, despite an extensive rural development programme.

The Government's view was that the Malays should be happy because the administration was dominated by them, that they really had no aptitude for business and should leave this field to the Chinese. This Government's thinking was reflected in the composition of the Cabinet. The Minister of Finance and the Minister of Commerce were both Chinese. The Malays filled the Agriculture portfolio and the Ministry of Rural Development along with other non-economic Ministries.

The effect of racial politics was to weaken the support for the Alliance. In the 1969 elections the Alliance won again but with less than two-thirds of the seats in Parliament. Kelantan went again to the PMIP. But it was the loss of Penang to the

Chinese-dominated Gerakan Party, and the inability to form Governments in the state of Perak and Selangor, which caused the Malays to feel completely insecure.

The non-Malay opposition Parties were elated and celebrated what they deemed to be their victory in a most provocative way in Kuala Lumpur. The result was the first and hopefully the last race riots which erupted almost exclusively in the capital. Some two hundred people were killed and a number of cars and houses were burnt and destroyed. Although the Emergency Regulations were in force because the Communist insurgency was still widespread, another Emergency Declaration was made. Parliament was suspended and the nation placed under the National Operations Council.

Law and order was restored relatively quickly. Within a few days the rioting was stopped. Within about two months there was peace, although the different races regarded each other with suspicion and distrust. It was felt that there will always be antagonism between the different races. The concept of the Alliance coalition was under tremendous strain. The MCA voiced a desire to leave the Coalition and the Government.

This view was welcomed by many "young" voices in the UMNO.

It would be reasonable to assume that the Alliance would collapse eventually. At best, it could only be a shadow of its former self. There could be no real trust between the component parties and the different races they represent.

But in fact the very opposite happened. The Tunku was disillusioned and resigned as Prime Minister after Parliament was reconvened. Tun Razak took over and began a remarkable programme of reconciliation between political parties and between the races. The net result was an enlarged coalition party which admitted the most bitter opposition parties as full partners.

The National Front or Barisan Nasional formed by Tun Razak had as its components all the previous members of the "Grand" Alliance as well as the all-Malay Pan Malaysian Islamic Party, the Chinese-dominated Gerakan Party and the Ceylon-Tamil led People's Progressive Party (formerly the Perak Progressive Party).

Clearly, the May 13th 1969 riots had shocked the leaders at least into retreating from

blatant racial politics. All parties supported an amendment to the Constitution which proscribed racial agitation of the kind that could lead to public disorder and riots. The position of the Rulers, the rights of the indigenous people and the freedom of the non-indigenous people to learn their own languages, practise their own customs and profess their own religions were all enshrined and entrenched in the Constitution. So was the right of the non-Malays to have primary schools teaching in Chinese or Tamil, aided financially by the Government. Confidence in the system of Parliamentary democracy was rapidly restored. The anniversary of May 13 went by without any untoward incident. And when the next elections were held in 1974, well within the five year term of the 1969 Parliament, the Barisan National coalition won with an overwhelming majority.

Despite the Pan Malaysian Islamic Party quitting the Barisan Nasional, in successive elections in 1978, 1982, 1986, 1990, the Coalition won comfortably, invariably with more than two-thirds majority. Thus, throughout 37 years of independence the Federation of Malaya and the enlarged Malaysia came to be ruled effectively by the same political parties.

A Government which rules a country for 37 continuous years must understand something of the art and science of Government. A Government which has been elected for eight times consecutively must know something about democracy and how it can be made to work for itself and for the people.

Democracy is not the easiest way to govern a country. More often than not it fails to bring about stability, much less prosperity. It is disruptive because it tends to encourage sudden changes in policies and directions with each change in Government. While a change of Government may be for the better, it may also be for the worse, or at the very least it will require wholesale adjustments by the people and the administrative machinery, in other words disruptions in the life of almost all.

Consistency, even if it involves a bad policy, can be adjusted to. Within the limits of a consistent policy, people and business can function. Of course a bad Government will be bad for the country but, at least the people will know whether to do something, for example to invest, or not. A good Government which is not certain of remaining in power does not encourage long term planning on the part of its people, particularly business people.

Fanatical democrats do not care whether change is for better or for worse, as long as there is a right to change and changes actually do take place. Even when a good Government is in place, diehard democrats will not be happy if an election does not bring about a change in Government. In their view there is no democracy unless the incumbent, even when perfectly good, is not thrown out. Democracy to them is not a means to an end, i.e. the installation of a good Government. To them democracy is an end in itself, regardless as to whether the result is good Government or bad Government.

The Barisan Nasional Government is democratic but does not belong to that group that worships democracy as an end in itself. The Barisan Nasional Government regards democracy as a means to choose a Government. The people can choose to return the same Government repeatedly if they want. But they must have that right of choice. They must have elections at stated intervals or earlier. Whom they choose to represent them and to form the government is their right. If they choose the same party eight times consecutively it is their democratic right to do so.

As for the Government, it is its duty and right to govern in a way which pleases the people and to persuade them to continue placing their faith in the Government party. It would be wrong for the Government and the governing party to, deliberately or through some misguided interpretation of democracy, cause the people to throw it out and install a new party as Government merely to prove that democracy is being practised.

As much as the people must know how to use democracy to get the best Government for themselves, the Government must know how to govern so as to retain and promote democratic support by the people for the continuation of its right to rule.

After 37 years of continuously ruling Malaya and Malaysia the Alliance/Barisan Nasional Government should have learnt something about what constitute good Government and what a good Government should do for the nation and the people.

Experience is the best teacher. Thirty seven years of experience should have taught the Alliance/National Front party a whole lot of things about Government; the administration and the

policies that Government should follow at least in Malaysia, a multi-racial country where the races do not share the wealth equitably.

If experience is a good teacher, it is also a dangerous teacher. One can learn from mistakes but then mistakes can be as fatal for the Government as it is for the individual. A mistake by the Government may result in its being thrown out. It may never return to power after that to benefit from its "better" experience.

The Barisan Nasional must therefore rely not just on experience but also on the assiduous study of the history of other Governments in Malaysia and in other countries of the world throughout history.

But first, the history of the National Front and the Alliance Party which preceded it. Is there much to learn from their history? Most certainly there is. A political party that has ruled continuously for 37 years must have quite a lot of lessons for those interested in the art of Government. It should certainly be studied by those in the Malaysian Government, presently and in the future.

CHAPTER 2

Pragmatism versus Ideology

To begin with, the Alliance and its principal member, the UMNO, has no ideology to speak of. At least they cannot be identified with Capitalism, Socialism or Communism, the three major ideologies during the existence of the Alliance/National Front.

The only word to describe the political philosophy of the Alliance/National Front is pragmatism. They are always prepared and willing to borrow the differing elements of the current ideologies which in their estimation can help them and the nation they rule.

Malaysia has always been a capitalist free-market economy. It has never been communist or socialist. People who wish to earn a living by doing business, whether as a roadside occasional food hawker or a multi-million ringgit industrialist or trader, have always been free to do so.

The Malays and other indigenous people have in the past never been good at business.

Even as hawkers they had never been very good. Their business never grew. Consequently, they almost never grow rich doing business. They have always preferred salaried jobs, especially with the Government where there is usually job security. Here they can never become rich even though they may be promoted to the highest post. Highly paid government jobs are not numerous. And so very few can be in the group of higher middle class. The vast majority would be in lowly paid jobs.

Those unable to get salaried jobs either in the Government or in the private sector would become small-time farmers, earning a pittance by comparison to the business people in the same class.

With the indigenous people generally poor and those of immigrant-origin being rich, the situation was perfect for communist or socialist ideologies to spread. The fact that the indigenous people were also in the majority and had political power makes the socialist and even communist principle of equal distribution of wealth and authoritarian rule associated with the Communist very attractive to them. But at no time was there support among the Malays, in particular the people who really had political clout in the Government, for

either Communism or even Socialism. Generally, they believe in continuing with the free-market capitalist system and trying to upgrade their participation in this very competitive type of economic system.

The rejection of the Malays for Communism was partly due to their belief that it was an atheistic ideology and therefore against the teachings of Islam. The fact that the Malaysian Communists were mainly Chinese and that they had mounted an armed insurrection to overthrow the Government the Malays lead, convinced them that Communism was not an acceptable ideology.

What about Socialism? Some Malays saw merit in the principle of wealth redistribution and the equitability of socialism. But they were never convinced that they should accept socialism in toto. They were, however, willing to use some of the methods of the socialists in order to correct the more blatant inequities in the Malaysian society.

And so the Malay-dominated Governments at the centre and in the states legalised the formation of state - owned enterprises to hold shares on behalf of the Malays and other Bumiputras. Some activities such as the

exploitation of the oil reserves were to be state monopolies. Most utilities were to be state-owned. Trust agencies were set up in which the Government advanced the capital through grants or soft loans for the Malays and Bumiputras. These trust agencies bought foreign-owned estates and some land suitable for development owned by both Bumiputra and non-Bumiputra alike.

But the Malays never advocated socialistic nationalisation as a policy for achieving equity among citizens of all races. This is despite the fact that such nationalisation would benefit the Malays largely.

Since the Malays dominate Malaysian politics and the majority of them support the UMNO, the main component of the Alliance/National Front coalition, their attitudes towards the current ideologies affect the policies and the course of the Governments. Communism as an ideology was totally rejected. But, as has been pointed out, some elements of the socialist methods were adopted and adapted to the needs of Malaysia's unequally developed multi-racial society.

Otherwise, the free market economy was not tampered with. What the Malays and other indigenous people wanted was to acquire skills and the means to participate in the market economy and to achieve equitable wealth through the system. For the largely peasant Malays this was not easy. But through education and specific training and through specially created opportunities they have fairly succeeded. Indeed such is their success that they are quite ready to jettison the few socialist methods their leaders in Government had adopted. And so they welcome generally the privatisation of a large number of Government monopolies and agencies. As it turned out, they were able to seize the opportunity afforded by privatisation to advance their position in the economic field.

Obviously, the word to describe the non-ideological attitude of the Malaysian Governments since independence is pragmatism. Unfettered by any kind of ideological dogmatism they were free to adopt what will work and discard what seems to be unsuitable. In the process they made a number of mistakes. But correcting these mistakes posed no problem since they were not fanatical adherents of the ideology which advocated the method. Thus, they were able to adopt what looked like a variation

of nationalisation. Later when it seemed that privatisation would yield better results, the same Government was able to adopt this approach with no real objection from anyone.

It would seem that having no ideology is beneficial to the governing of a nation. Capitalism, socialism and communism all have their good points. But they also have their bad points.

In the contest between the major world ideologies it would seem that capitalism has triumphed. But this is not really true. The capitalism we see today is much modified. Elements of the socialistic welfare states are very much in evidence in capitalist countries. Unemployment benefits, old age and disability pensions, union rights, minimum wages and limits on exploitation of labour all serve to modify the extremely exploitative and oppressive capitalism of the early industrial age. Indeed the serfdoms of the age of large landed proprietors too have been abolished. Large farms and estates have largely been broken up or if they still exist the work on these estates is subject to more humane labour laws.

But when capitalist free markets adopted elements of the welfare state there is evidence to show that they have actually gone too far. The dole system for example has reduced the desire to work. Minimum wages were set so high that they affect competitiveness in the global market. Yet they may not be reduced as the workers have come to consider any reduction as a denial of their rights. Instead they prefer to force the wages in the developing countries to go up in order to reduce competition from them.

The current recession in Europe and America, the high unemployment rate, the reliance on low-wage but diligent non-European immigrants, are largely due to the adoption of socialistic ideas in the capitalist free-market economies of these developed countries.

Capitalism has not triumphed over Communism and Socialism. What has apparently, and only apparently, triumphed is an adulterated version of Capitalism, in which are to be found many features of Socialism and even some Communist flavour. There is, therefore, no such thing as true Capitalism being practised in modern times. The capitalists too have had to be pragmatic in order to succeed.

The Malaysian Government is, therefore, right in being pragmatic. Its acceptance of the capitalist free-market system is not total. It is conditional; an adaptation of the system to suit local conditions. In the event it has worked rather well. Still, it continues to be flexible, modifying its practices as it goes along. The absence of rigid ideological tenets frees the Government to do what is practical and beneficial rather than what is ideologically proper. And this it does in the political, economic and social fields.

Of course it is not just a question of the people rejecting ideologies only. The Government has to constantly defend and sell to the people its unique policies and methods. This is essential and this must be done with some degree of skill if it wishes to have the continued support of the people and to remain in power. It can be said that to the Malaysian Government, i.e. the Alliance/National Front Government, no ideology is good ideology.

CHAPTER 3

A Unique Political System

Having rejected the current ideologies, what is the politics of the Malaysian Government? Although it does not believe in Capitalism, Socialism or Communism, this does not mean that it is absolutely free to do what it likes. In accord with modern ideas of Government, the Malaysian Government subscribes to the concept of democracy, i.e. government by the people, for the people and of the people. This is a very simple definition of democracy. But it is impossible to have the people governing themselves when there are millions of citizens. Even in the Greek city-states only a few people, roughly 10 percent, actually participated in governing. The rest were women, children, old people and slaves. They were not eligible to participate.

If the millions of citizens are to govern themselves then they can only do so through representatives, the number of whom must be limited yet would roughly represent the different segments of the people.

Malaysians and the Malaysian Government subscribe to a system of representative government by elected legislators. To lead, the legislators have to choose a smaller group from among themselves to form a Cabinet headed by a Prime Minister.

While the Prime Minister and his Cabinet are actually legislators, they must hold some executive authority over the administrative machinery. Here the separation of the Legislative from the Executive becomes slightly hazy. It is impossible to have a total separation between the Legislative and the Executive wings of the Government. The Cabinet must have control over the administration or else the latter would simply ignore the wishes of the people as spelt out by the elected Government.

The Judiciary constitutes the third wing of the Government. Again the Judiciary has to be separated from the Legislative and the Executive. But the elected Government must have a say in at least the choice and appointment of the members of the Judiciary. It is not a full say since the head of the Judiciary has a right to nominate judges and confirmation of the appointment is by the Yang di Pertuan Agong. Once appointed the judges of the High Courts and Supreme Courts cannot be

removed except by their peers through a tribunal set up in accordance with the provisions of the Federal Constitution. Judicial review cannot be unlimited. If it is, then again it will not be the elected representatives who will govern, but the Judiciary. Since the Judiciary is not chosen by the people, then Government by the Judiciary will negate the democratic concept of Government by the People.

It is sufficient for the courts and the judges to be free from interference by the Executive or the Legislative bodies. Pressure, in the form of threats to remove them, cannot be applied in order to influence their decisions. In Malaysia in several cases, the courts judged against the Government or the Government Party.

Briefly, this is the system of Government of the people as practised in Malaysia. This of course is not the only way to have a Government of the People. In some countries legislators are elected separately from the head of Government. The head of Government appoints whoever he deems fit to be members of his Cabinet and to head various ministries or departments. These Cabinet members are not elected legislators. They are of

course not really concerned about support by their constituents. They do not represent the people.

In the presidential system of Government, the members of the courts are appointed by the President. In other systems the judges may be elected. In some cases the candidates chosen by the President are subjected to scrutiny by members of the legislative body.

The merits and demerits of other systems of Government by the people need not be discussed here. Suffice to say that in the Malaysian system membership of the Cabinet by elected representatives ensures that at all times they will be concerned with public opinion, and certainly the opinion of their own constituents. To the extent possible they represent the wishes of the people. If their interpretations of the wishes of the people are wrong, the people may reject them at the next election.

The Malaysian political system allows for direct representation of the people at the highest level of Government. Whenever elections are held the members of the Government or the whole Government may be brought down. Obviously, this is the most important feature of a democracy.

There cannot be democracy if the people cannot change their Government. However, if they choose not to change this is also their democratic right.

The superiority of democracy over all other systems or forms of government is the right and the ability of the people to choose the Government they want. And because they can do this, the Government has to be responsible in the eyes of the majority of the people.

Still for democracy to really work the people must know the limitations of the system. Since an effective Government can only function if the majority can overrule the minority, it is important that the people choose a sufficient member of like-minded legislators to make up the majority. This is best done through the formation of parties of like-minded people.

But if there is a big number of political parties with none big enough to field a sufficient number of candidates to make up the majority, or if none of the big parties win a majority of seats, a majority Government cannot be formed.

In such a case there may have to be a minority Government or a coalition Government. Such hasty post-election coalition parties cannot form strong Governments. If a minority Government is formed, it can be defeated any time in Parliament. In the case of a weak coalition, defection even by a junior partner may bring about its downfall. Clearly, a nation with a minority or coalition Government can seldom be governed properly.

In order to ensure that a majority Government can be formed following elections, some countries have a two-party system. It is almost certain that one of the parties will win a majority of the seats contested and so form a majority Government. But if the majority is very small, it is again possible for a few members, or even one member to bring down the Government through defection. A Government threatened by defection of a few cannot be strong and decisive. Such Governments cannot be effective. Besides, a two-party system denies the rights of those people whose opinions and interests differ from the two parties concerned. Their views, however logical or good, cannot be heard in the legislative chambers.

In order to be even more democratic the number of elected legislators in some countries are made proportional to the number of votes won by the contesting parties. Again if there are many parties contesting it is possible for none of them getting a majority of the votes cast. Weak minority or coalition governments will result. Again a strong Government cannot result from proportional democratic elections.

When voting is not compulsory the chances are that only a minority of the citizens will be represented in the Legislature and in the Government. Effectively, a minority of the people govern and decide policies, etc., for the majority. This is hardly democratic. But in most cases this is still considered as democratic and compulsory voting is avoided. It is said that in the United States of America, a vaunted democracy, only 25 percent of the voters cast their votes. Effectively, the United States has a minority Government.

It is clear that the democratic system of Government is far from perfect. Indeed, it is entirely possible for a minority to rule the majority. In Malaysia this imperfection is recognised. Without proportionate representation the Malaysian Government could well be a minority Government.

But practically all the systems of elections in the democratic countries present this possibility. Indeed, as has been pointed out, some of the biggest and most established democracies in the West are actually ruled by Governments elected by the minority. Strictly speaking, these countries are not real democracies.

So far, despite the multiplicity of parties in Malaysia, coalition Governments, supported by a majority of citizens, have been in place. Voter turnout in Malaysia is particularly high, being as high as 80 percent most of the time. Besides, the Malaysian National Front Coalition is a coalition before election and contests as one party with only one symbol even though the candidates are from different component parties.

The Alliance Party which contested the election in 1955, i.e. before independence, was made up of three national parties, the UMNO, MCA and MIC. The three parties formed a pre-election coalition which contested under the coalition flag and platform. They did not contest against each other. Effectively, they formed one party. Their affairs were directed by a High Council where each party was equally represented. But there was a

tacit acceptance that UMNO was first among equals.

Theirs is not a coalition of convenience formed after an election in which no party wins a majority. Although in theory UMNO can field and presumably win a sufficient number of seats in order to form a Government by itself, it invariably fielded less than half the total number of candidates for Parliament. Even if it won all it still could not form a Government by itself. UMNO actually gave up many Malay majority constituencies in order to help the MIC because there has never been a constituency in which the majority of the voters are Indians.

The enlarged Grand Alliance following the inclusion of Sabah and Sarawak parties and the National Front had an even smaller proportion of UMNO candidates. However, with the recent establishment of UMNO in Sabah, it may be possible for UMNO to field more than half the candidates for Parliament.

If the National Front is, to all effect and purpose, a single party, why should it not form a pure multiracial party? The thirteen party coalition seems unwieldy.

But the fact remains that throughout 37 years of independence the Coalition has worked and apparently worked well. There is more unity and harmony in the Alliance/National Front than there is in most unitary parties in Malaysia and indeed in other democracies. The question that begs to be asked is why this unique Coalition is able to survive some 42 years since the first alliance of UMNO and MCA contested the K.L. Municipal Elections in 1952.

There can be no denying that the strength and size of the UMNO plays a major role in keeping the Alliance/National Front parties together. A weak UMNO would not have succeeded in attracting partners. If UMNO has only one partner, defection by the partner would bring the UMNO-led Government down. But there are many partners and the majority is considerable. Defection by any one partner would not affect the Government's majority. This deter parties from defecting as their joining the Opposition would not give the latter a majority to form a Government. If they defect they will be in the opposition, i.e. outside the Government and not inside a new Government formed by the Opposition.

Malaysians seem to be pragmatists by nature. The UMNO, when it was formed in 1946, was an exclusively Malay party set up to oppose the dual citizenship provisions in the British-initiated Malayan Union; a provision which would benefit non-Malays. The Chinese MCA was pro-Malayan Union because of this provision. It would be in favour of all the Chinese in Malaya getting Malayan citizenship privileges while still remaining citizens of China. China at that time advocated *jus sanguines* i.e. citizenship by virtue of being born of Chinese parentage or of Chinese blood.

The stage was, therefore, set for direct confrontation between the Malays and the Chinese; between the biggest Malay party and the biggest Chinese organisation. It was unthinkable that after their bitter confrontation over the Malayan Union that the two parties would become reconciled to each other, much less work and support each other.

But in any event they did. The manner whereby they came to cooperate with each other was quite unique. It was rendered even more unlikely because UMNO had only just rejected Dato Onn's proposal to open UMNO to the non-Malays despite the UMNO's stand against the Malayan

Union. Such was the objection of some of the UMNO leaders and supporters against opening UMNO to the non-Malays that Dato Onn had to resign as Yang di-Pertua (President) of UMNO and to form a multiracial party together with a few UMNO leaders loyal to him. The Presidency of the UMNO was offered to Tunku Abdul Rahman by the remaining leaders of UMNO led by Tun Abdul Razak bin Hussain (then Dato).

It was UMNO under Tunku Abdul Rahman which found a modus vivendi with the Chinese without actually negating the Malayness of UMNO. A coalition is not a union. The UMNO and the MCA were still able to identify themselves with their respective communities while being members of the Alliance. They felt safe and their members felt safe that their communal interest would not be neglected in favour of a non-racial policy.

Later when the much smaller MIC joined the Alliance, it was given equal representation in the High Council of the Coalition thus reducing the fear of the Indians of being a minority in a single non-coalition party.

But equal representation in the Council does not mean equal allocation of seats. The realities of

the composition of the electorate was recognised and the seats were allocated roughly in proportion and in accord with the domination of the constituencies by the different racial groups.

As has been pointed out, the Indians, who made up 10 percent of the citizens of Malaya, had no constituency in which they made up the majority. To give them 10 percent of the seat would mean that UMNO or the MCA have to give up some of the constituencies in which their communities dominate. This they were prepared to do because the minority Indian voters could still play a decisive role.

This is because the opposition parties are also communal even if they claim to be non-racial. In order to win they have to field candidates of the same race as the majority of the voters in a constituency. Thus, in a majority Malay constituency the Alliance/National Front would field a Malay candidate from UMNO. The Opposition candidate would usually be a Malay from PAS.

The Malay votes would be roughly split into two. The determining votes would be from the Chinese and the Indians. Similarly, in Chinese majority constituencies the Chinese voters would

be divided between an Alliance/National Front Chinese candidate and the Democratic Action Party (DAP) Chinese candidate. Again the Malays and the Indians determine who gets the majority.

Since the Alliance/National Front gets the support of all the racial component parties, where there are substantial minority communities in a constituency, the chances for Alliance/National Front candidate from the majority race in the particular constituency to win with the support of voters from other races are better. The Indian voters, thus, contribute substantially to the chances of Chinese or Malay candidates winning in constituencies where their own communities make up the majority. For this support the Malay and Chinese-based parties are willing to sacrifice a sufficient number of constituencies to the MIC and to give their support to the MIC candidates. Thus, membership of the MIC in the Alliance/National Front is beneficial both to the MIC and to the UMNO, MCA and Gerakan.

Of course this arrangement is blatantly racial. But the reality is that the average Malaysian still cannot overcome his race loyalties and his fears of not being represented in Parliament, and more importantly, in the Government. The coalition

arrangement has enabled all the major races to be in every Alliance/National Front Government which has been formed since independence.

CHAPTER 4

Racial Politics

The "racial" politics of the Alliance/National Front may be condemned by people who insist that it is not right and democratic. Racism is a bad word. It is associated with racial intolerance which can be very extreme. We see this in Bosnia-Herzegovina and, until recently, in South Africa. We see the horrors of ethnic cleansing and the unbelievable massacres in Rwanda. It is right that these manifestations of racialism must be condemned.

But that does not mean that those who condemn racialism are themselves free from racial sentiments. Those who condemn Malaysia's open acceptance of racially-based political accomodation should look at themselves first. The Europeans in particular (and they include all those of European origins wherever they are) should have a closer look at themselves. They are all racist, if not racist. Worse still they are colour-conscious.

It is well-known that while white immigrants are easily accepted and accorded citizenship, non-

whites may not easily pass the immigration barrier in European countries. They are often harassed. Non-white Muslims are particularly unwelcome. Thus, while Haitians and Cubans and Chinese and Indians are prevented from entering certain countries, whites continue to be welcomed even as Cubans and Haitians drowned in the open sea trying to reach the land of the free (sic). On the other hand, the Malays had accepted the massive influx and presence of non-Malays in Malaysia. By comparison a mere 5 percent presence of non-whites in the population of any European country results in all kinds of discriminatory practices.

Western Governments usually make a great show of being racially tolerant but the people are not so subtle. Non-whites are murdered, their houses burnt, frequently with the occupants still inside, and in many ways the populace make it known that the non-whites are a race apart and not welcome.

In Malaysia with less than 10 percent of the population made up of Indians, they are well represented in Parliament and in the Cabinets. In European countries with a fair percentage of Indians in the population the Indians are not represented at all as Indians. Occasionally, after

culturally rejecting their roots they may be elected as legislators.

The excuse is that the members are chosen without regard to racial origins. Scattered as they are over the whole country it is not likely that they will be nominated, much less elected. This is considered a virtue as it disregards the existence of race. But the fact is that when the non-whites are discriminated against they have to depend on the charity of white representatives to have their case heard in Parliament.

Admittedly, white representatives do try to take up the complaints of the non-whites. But they can never be as vehement as non-whites representing non-whites.

The ongoing attempt to introduce social clauses into international trade is yet another manifestation of racialism. It may be a coincidence that all the developing countries who would have to submit to the restrictions resulting from the enforcement of the social clauses are non-European. But such coincidences are too frequent to be regarded as coincidence.

Whether coincidence or not the social clauses would definitely affect adversely the economic development of non-European countries. It may be argued that it is in the interest of the workers in the non-European countries to raise their social standards. But this is negated when the immediate result is to stop foreign investments and indeed to pull out European investment in countries which, for example, employ child labour. Such action will reduce employment opportunities and the income of the family of the children. If the child supports a divorced or widowed mother of many smaller children, the loss of income will be quite unbearable, if not quite inhuman. Remember, poor Asian countries have no old-age pensions or unemployment benefits. They just cannot afford. The social clauses would not better the lot of non-European workers. They would impoverish them.

The better thing to do if the Europeans are appalled at the use of child labour is for them to invest more and to pay higher wages. But by stopping or pulling out the Europeans would merely worsen the situation and make the people and the countries poorer.

It is argued that the world is different now. Investments by the developed countries should be

used as an instrument for social reforms in the developing countries. The Europeans had no leverage before and, therefore, they could not do the humane thing.

The fact is that in the past practically all the present developing countries were colonies of the European powers. And they know very well that they exploited the cheap labour in these countries in order to develop their own countries. European countries are developed today because they benefitted from their former lack of social conscience which enabled them to derive the maximum advantage from the misery of the people in their colonies. If they had had the conscience that they profess today, they would have paid the same wages to the workers in their colonies as they paid their workers during the corresponding period. To say that the situation now gives them leverage and so differ from the old days is quite untenable. If at all, they were in a better position to practise social justice in the colonial period than they are now.

Examine the background and the practices of those who claim not to be racialist and who condemn Malaysian race politics, in particular the European press. Invariably, one finds that beneath

the sophisticated veneer of racial tolerance, there is a very high degree of racism. Indeed, the tendency to criticise Malaysia and other non-white countries for being racially biased is in itself a manifestation of deep-rooted racism. It gives expression to their assumption that non-whites cannot be as tolerant as the whites, that all non-white races are incapable of understanding the higher human values which they, the Europeans, have. In other words, Europeans, by assuming that they are always right and that they know the right values and standards, are in fact being racist.

Malaysians are merely being realistic when they recognise the role of the different races in Malaysia and the need to provide for them in managing the affairs of the country. By having a coalition of basically racial parties and by the races helping each other they have been able to minimise racial animosities. No one, admittedly, is fully satisfied with the arrangements made. But then, this in itself, is indicative of the correctness and the fairness of the approach. In a multiracial country, there is no way to satisfy everyone. If, on the other hand, any one race is completely satisfied then one can be sure that the others are not getting a fair deal. You cannot fully satisfy one race without denying something to the other races. And when

one race is fully satisfied and the others feel deprived, the seeds of tension will be there. And eventually this tension will lead to racial clashes.

It is when every race is equally dissatisfied that one can be sure that every one is having a fair deal. Then there will be relative harmony. As has been noted it is quite impossible to ensure that every race will be satisfied. If this can be made to happen then race becomes irrelevant. At this stage racial politics would become superfluous. Until then it is far better to recognise the fact of race and to provide for as much fairness as possible for all. This is what Malaysia has done. And if we compare Malaysia's record of long periods without racial clashes, if we acknowledge that the races actually work together in the work place and in politics, we must admit that Malaysia is far better off where race relations are concerned than most other multi-racial nations in the world. Only the blind and the bias would insist that Malaysians are worse off than other multi-racial countries. Indeed they are better off than even the so-called developed and mature European countries where Asian and African racial minorities have often been the target of violence by street gangs and at times by ordinary citizens. The Government may sound

fair and non-discriminatory but that is only a facade.

Except for the peculiarity in the treatment of racial problems, Malaysia is as democratic as can be. Admittedly, it is not a slavish copy of the kind of liberal democracy that has developed in the West in recent years. Whereas the West worships individual and personal freedom as a fetish, Malaysia believes in the rights and freedom of the community and the people as a whole.

Is it true that if there is no absolute personal freedom then there is no democracy and indeed no freedom for anyone? Actually, if personal freedom becomes absolute it will result in denial of personal freedom itself.

Take the exercise of free speech by an individual. What one person says may hurt another person. The victim may not be able to do the same to the person who has vilified him. He may seek redress through the courts but this is both costly and uncertain. In other words he has lost his freedom to defend himself because someone else has exercised his own freedom of speech to attack him.

If freedom of the individual is sacrosanct, then surely the victim, too, must have his freedom from unjustified attacks on his own person. But it is clear that the attacker has his rights but the victim has none.

Freedom of the press, an article of faith with the liberal democrats, is even less democratic. It subjects people to vilification without any hope for real redress. Lately, the liberal democratic Governments actually defended the right of the press to tell lies. Indeed, the press insists that it has a right to deny space for the victim to defend.

Legal redress is much touted by the liberal democrats. In actual fact legal redress is not within the reach of most people. The cost is prohibitive and there is no guarantee that justice will be done. Much depends upon the personal beliefs and values of the judges.

A very liberal judge will permit a lot of things as a matter of right. Where before a judge would uphold the right of an individual from being vilified by the press, now the judge might believe in the right of the public to be informed, especially if the complainant is a public figure. As to the press telling lies, the judge may feel that it is justified or

it is difficult to determine if they can be considered lies or not. In which case the defendants, the press that is, should be given the benefit of the doubt. The right of the individual may be sacrosanct, especially when it comes to the individual against the government, but the right of the press, even to tell lies is superior. Knowing the degree of uncertainty when seeking legal redress, it would be a brave person indeed who will try to seek this solution. The court proceedings can in fact be a forum for more painful and inaccurate exposes. For most people there is no legal redress in a liberal democratic society.

In Malaysia we choose to place the rights of the people above those of the individual. The exercise of personal freedom under our democratic concept is possible but it must not result in the loss of the freedom of other members of the community or the community as a whole. Certainly where the exercise of individual personal freedom endangers the security of the nation then freedom to do so may be denied.

In a landmark case in the United States a man put up a cinema in suburban community with the express purpose of showing pornographic films. This outraged the sensitivity of the community.

They felt that their values are being undermined. They felt that their children would be corrupted. Accordingly they protested. But a court decided that it is the right of the individual to operate his cinema and show whatever film he likes.

In Malaysia the case would never reach the court at all. Our democracy does not permit the individual to go against the general values of the nation. This nation still regards pornography as undesirable and must be proscribed. And nobody, individual or group, may go against this rule. They will just not be given permission. If they transgress they will be arrested and their premises closed. If they go to court they can expect little sympathy from the judge. If the judge tries to be liberal and to accept western standards of behaviour, he will find himself in hot water. Indeed he faces the likelihood of being removed, even though the process is subjected to complicated constitutional provisions.

Malaysian democracy accords the freedom to choose representatives of the people, and by extension, the Government. But it is not a liberal democracy. Certainly, it does not hold itself bound to accept every new interpretation of democracy that comes out of the West.

In the Malaysian democracy the checks and balances are maintained as between individual rights and public good. The Government of the moment determines what constitutes public good. If the people thinks the Government is wrong in its interpretation, then they can change the Government. If the people choose to return the same Government then it must be assumed that they endorse the Government's views.

It may be that the people support, for example, the economic policy but not the moral values of the Government. But having chosen the Government they have, colloquially, to lump it. If they really feel strongly that the interpretation of public good by the Government is wrong then they must be prepared to forego the good economic policies and throw out the Government. You just cannot have your cake and eat it as well.

The Government's attitude to the press is predicated by the same concern for public good. The press is free but that freedom may not be abused. Certainly telling lies by the press will not be tolerated. Because the courts cannot be resorted to by the average person, the Government must oversee the behaviour of the press.

In Malaysia race is a very sensitive issue. In 1969 the open and provocative discussion of racial problems led to race riots in which about 200 people were killed. In addition the nation and the people lost billions of dollars because of disruptions to the economic activities and the loss of confidence by investors. The losses were borne both by the rich and the poor. Jobs were not available and even hawkers lost their means of livelihood.

Two hundred people died who would not have died but for the riots. These people had a right to live. Why should they be made to pay the supreme price? Why should their loved ones and their families be made to pay a price? Riots and the killings incidental to riots benefit no one. The instigators may achieve their objective but why should they have this freedom to sacrifice other people's properties and well-being, indeed other people's lives, in the interest of the freedom of the instigators to achieve their objectives?

Clearly, the cost to the nation and the people of this kind of freedom for the instigators is too high. No one should have the right to bring about economic disruptions, loss of property and lives in the pursuit of their personal or even group

objectives. A responsible government cannot allow this. It has to protect the public and the nation. And so it must deny the right of anyone, individual or group, to instigate, to agitate and to disrupt.

But how is this to be done? Normally due legal process takes place only after the event. But can the government knowingly allow properties to be destroyed, lives to be lost and the national economy to suffer before it acts? A responsible government cannot. In truth, even the public does not want disasters to befall them before the Government acts. And so in Malaysia we have the controversial Internal Security Act, the ISA, which allows for preventive detention, for arrest and detention before a "crime" is committed.

The ISA is a powerful instrument and the Government can very well abuse its use. Also the Government may be genuinely wrong in its assumptions and assessment of the situation. It may act too precipitately. It may in fact be unintentionally oppressive.

Despite the ISA there are still means and opportunities for genuine grouses to be aired. The news and the readers' letter columns in the local press will attest to this. The television channels

frequently conduct investigative reporting about the complaints of people. Again, some of these reports are genuine, some not quite. Sensationalism is common with media reports. It is a means to get attention and to make money.

A totally repressive government would allow no criticism of itself at all. They are wont to allow only praise from the media and from everyone. In fact in their elections, if they are to go through with the charade 99.9 percent would vote for the Government.

But in Malaysia the ISA is used only very infrequently. At this moment there are no political detainees and there has not been for quite some time. The only people under detention are drug traffickers who, for one reason or another, cannot be brought to court.

The fact is that the ISA cannot prevent the people from voting the Government out of office. Government candidates can lose elections. Indeed, whole states have been lost by the Government party. At no time is there no Opposition members in Parliament. And Opposition members elected by the people are not hounded so

that they become unable to serve their electorate or to pursue their crusade.

If in fact the people feel that the ISA is oppressive and undemocratic, they can always vote the Government out of power. The Opposition can always make abolition of the ISA as a part of their platform in any election. But they have never really done so. They have never really campaigned for its abolition.

A curious thing about Malaysia is that people who have been detained under the ISA by the Government have joined the Government. They did not make the abolition of the ISA as a precondition for their joining the Government. They are happy to be in the Government and to accept the continued enforcement of the ISA.

Democracy is not diminished by having the ISA. Indeed, it is rendered more workable. In many liberal democratic countries people and even leaders fear the extremist agitators who make use of democratic freedom to undermine the well-being of the society and nation. They feel helpless to stop the extremists and the terrorists. Frequently, these people are allowed to threaten and harm other individuals before some legal action is taken.

Frequently no action is taken at all as there is insufficient evidence that is admissable in courts.

There must be a limit to any kind of freedom. And there must be someone to determine when the limit has been reached and to take action to stop it. What better authority than an elected Government to determine and to enforce the limit.

The Government is not above the law. And it can always be brought down by the people. There are, therefore, sufficient safeguards against abuses by the Government. It is not perfect but no one, not even the liberal democrats, have invented the perfect system which can ensure freedom for all and a perfect democracy.

The western liberal democratic system has not worked really well. Governments have fallen without being able to improve the lot of the people, to be replaced by new governments which are equally powerless to help the people or the nation. Some western countries have had fifty Governments in as many years. Others have had Governments which are completely powerless to do anything. In effect anarchy prevails. Why a

country should spend so much money to elect a non-government is a mystery.

The Malaysian system of Government is not perfect. But it has served the nation well. The leader of the party with the biggest number of seats following an election is asked by the Yang di Pertuan Agong to form a Government. He can only pick elected members for his Cabinet, not some cronies. He may, when necessary, have a potential Cabinet member appointed to the Senate before making him a minister. But a senator can serve only for six years in his lifetime. Obviously, if he is to continue as a Cabinet member, he has to contest for a seat in the Lower House. The people can then decide whether he is a suitable candidate or not.

Clearly, it is the people in Malaysia who determine who governs them. And this is what democracy really means: government by the people through their elected representatives. In the final analysis it is the understanding of the people of the workings of the government that counts. No system is perfect. Every system can be abused. Every system can fail. It is up to the people to ensure that the system works at its maximum efficiency.

Systems have been changed and governments have been changed but the problems of governing a country and its people have not been eliminated even in the most sophisticated of western democracies. We would do well not to fall too easily for the kind of propaganda about liberal democracy that is being touted by the West. We should have sufficient belief and confidence in our system to sustain it and to educate our own people about how to make it work.

CHAPTER 5

Workers' Rights

How about our social creed? Is it compatible with democracy, with the universal values of this age? Here again it is important to remember that no one has a monopoly of human virtues. Values differ as between societies and peoples, as between religions and creeds and even between individuals.

The obvious is only obvious because we are brought-up to think it is so. Thus, in the days before Islam the Arabs killed their female children. It is unthinkable for modern-day Malaysians. It is inhuman. It is not right. But in the days of the pre-Islamic Arab society the killing of a female child was accepted as normal. At any time a human society could accept certain values which at a later period it rejects totally even with a degree of horror at the wrongness of that value. The fact is that values change with time and values differ between societies at any given time.

Today there is such a hue and cry about child labour in Bangladesh. But when the industrial

revolution was taking place in Britain, i.e. when Britain was at the level of Bangladesh in terms of development, child labour was common. It was accepted and tolerated. There was nothing wrong with it, nothing wrong in paying hardly anything for it, while the employers, the lordly capitalists made huge profits, wallow in luxury, built stately homes and expanded their industry. Oliver Twist was the child who contributed to the industrialisation of Britain until it became the most advanced industrial nation in the world. Dickens took a long time to change this abominable aspect of British industrialisation.

Slave labour helped to make the United States the greatest cotton producer and, eventually, a great industrial power. In the colonies indentured labour was transported from India in order to open up rubber estates and sugar plantations in the other colonies. Huge numbers died of malaria and other diseases.

In the Malay states Chinese coolies were imported to work the tin mines. Their employers, both European and Chinese, exploited them shamelessly. To keep them docile and to add to the coffers of the Government, an opium monopoly was set up by the Government and the coolies

used up what little they earned in the unsavoury opium dens.

All these and more contributed towards the wealth of the West. There was no Amnesty International, no ILO and other do-gooders. There was no media campaign against the inhuman treatment of the people in the colonies. There was no report of the thousands of Indians who died of malaria clearing up Malaysian jungles for rubber plantations. There was absolutely no conscience and no conscientious objectors.

This was, in part, at least how the developed countries came to be developed. All those palatial buildings and wide streets, those beautifully manicured lawns and picturesque countryside were the results partly of the blood, sweat and toil of the labourers in the colonies.

We are not suggesting that the developing countries should apply these methods in order to develop. What we are saying is that they should not be forced to suddenly pay the current wages of developed countries together with the considerable social benefits to the workers in their countries. We are saying that the process should be gradual. No child labour, no slave labour, no indentured and

convict labour and no opium-drugged coolies. Decent pay by local standards must be given which will ensure a reasonable livelihood for the workers.

Where during the colonial days estate workers were paid \$12/- a month or less, today their wages are more than \$400/- per month. They have holidays, decent quarters and overtime pay. Even with the inflation, \$400/- in Malaysia still go much further than the paltry \$12/- in colonial times.

Today we have unions. During the colonial days unions of workers were not permitted. There was no means of redress. There was no avenue for agitation. As the saying goes if you cannot take it you can lump it.

Malaysian Labour Unions of today are active. Unfortunately, through their contacts with foreign unions, they are sometimes persuaded to work against their own interest. In fact, they may, inadvertently, be working for the western workers, as their forefathers did during the colonial days.

Lower wages in Malaysia is about the only comparative advantage that we have in order to attract investments, particularly foreign investments. With a rapidly growing population, job creation

becomes critical. Failure to create employment can mean political instability and other disruptive activities. These will make the country even less attractive to investors.

Do lower wages mean exploitation of workers? It does not in Malaysia. This is because the cost of living is about one-third that in most developed countries. Also, of course, the expectations of the workers are less. Still in Malaysia the wages are far higher than in many other developing countries. That is why out of a population of 19 million there are 1 million foreign workers, legal as well as illegal.

What is clear in Malaysia is that wages and working conditions can improve without resort to industrial action. Merely by making conditions attractive to investments, it is possible to create a labour shortage which in turn will force employers to offer better wages and working conditions. In Malaysia the shortage has forced Government and manufacturing companies to upgrade the skills of their workforce so as to fit in with more technology-intensive production methods. Theoretically, new technologies and investments in better production engineering should reduce the need for labour and cause redundancy. But in Malaysia this has not

happened. It has not simply because industrial peace continues to attract more job-creating investments.

Workers have not been displaced and sacked. Instead after being trained for higher skills they operate the new production lines which produce multiples of their previous production quotas. All that happens is that the same labour force produces many times more in quantity or value than what they used to produce prior to upgrading. There is in fact a labour shortage still, but the skills and wages are higher.

In Penang wages of workers increase by 10 percent to 15 percent a year in the past five years because of the demand for workers. This is far higher than any wage demand by organised workers. Not only have working conditions improved but periodical training and upgrading enable even workers with low academic qualification to do very sophisticated work. Naturally their wages go up with the higher skills that they acquire through training and working experience.

In the meantime there is industrial peace. Investors, whether domestic or foreign, feel reassured that their investments will not suffer because of unexpected and unwarranted wage demands accompanied by threats of industrial action and, more disruptively, actual strikes and loss of man hours, as well as at times, possible damage to their production facilities.

As has been pointed out more investments mean more demand for workers and consequently improved wages and working conditions.

Industrial action is an outdated concept. At best it is an instrument of last resort. At its worst it becomes a political weapon, quite unconnected with the rights and the welfare of the workers. Labour parties merely make use of workers in order to gain power. But as Governments, they have not been able to do anything for the workers. That is why there are as many strikes under a Labour Government as there were under other Governments.

In a world which believes in the settlement of disputes between nations, between groups and between individuals through negotiations or through arbitrations and judgements in courts which involve

third parties, it is strange to see the continued advocacy of settlement by confrontation and tests of strength in cases of disputes between employers and employees.

In the early years of the industrial revolution there was ground for settlement of labour disputes through tests of strength. Then the laws were discriminatory, favouring the employers. Exploitation of workers was rife. Unions were in most instances illegal, as were any form of industrial action. There was literally no avenue for legal redress.

But we have come a long way from the practices of those days. Liberal views on the rights of all citizens now prevail. The numerous laws which have been enacted protect the rights of the workers. Governments in the West guarantee job security and numerous unemployment benefits. An unemployed worker need not starve although his lot may not be as good as the employed worker. In some western countries unemployed wage and salary earners have to be paid by the state almost as much as when they were employed.

This concern for workers is laudable. But in order for the state to be able to finance the huge

unemployment benefits, it has to raise money from the people. The price of goods and services has to be high in order to include taxes required to finance unemployment benefits. The cost of living goes up and wages cannot pay for the goods and services.

The high cost of services and goods increase the cost of goods and services needed to produce goods. Exported goods become uncompetitive. Inflation becomes impossible to curb. While incomes may appear to be high, the cost of services and benefits (entitlements) gobble away most of the earnings. Do-it-yourself is glorified as a way to overcome high costs. But what it means is that the middle-classes and below have to service themselves. They have to do their own repairs and attend to all their personal and family needs. They are in fact spending their valuable time doing work for which their qualifications are wasted, and do this without pay. If they have to pay the people whose job it is to do all these chores they would really be less well-off than they are classified, i.e. their standard of living would really not be high. They may have the high income but that income is the result not just of the pay for the work they are employed for but the work they have to do for themselves. If you add all the work they have to do, their wages are not really

high. Their pay is as low as that in less developed countries.

It is a mistake to think that all the social benefits which every citizen is entitled to are being paid by the Government. They are being paid by the people including the highly-paid workers.

Despite all the benefits, it takes only a minor ailment to impoverish a man. The free health service is a casual service devoid of the human touch. Health insurance has to be paid for. Even then if he needs special treatment his insurance would be inadequate.

The reason for the high unemployment rates in Europe is the very high salaries and perks that employees are entitled to. The law insists on this high salaries and wages irrespective of productivity. Italian industrialists know that the workers in Southern Italy are less productive than those in the North. They are prepared to invest in the South if wages can be related to productivity in some way. But the law does not permit them. And so they site all their manufacturing facilities in the North where the productivity is higher. Even then they are not quite able to compete in the world market. In the

meantime the workers in the South remain unemployed.

The average unemployment rate in Italy is about 11 percent. But the rate in southern Italy is about 20 percent. And this rate will remain high for as long as employers have to pay the same wages as in the North.

Malaysia cannot afford to get into this situation. We have no unemployment benefits. We expect families to look after their unemployed members. When they think they should not burden their family, then they should quickly find work. We do not have to tax the people so much to finance the dole and other perks for the unemployed. Certainly, workers get to keep practically all that they earn. The low wages not only help to make our goods competitive, but it keeps the cost of living low. Low wages go a longer way in a low cost of living environment than high wages and high taxes in a high-cost environment. Because services cost little, people do not have to do things for themselves. They can afford to pay for repair work, etc., and not use up their leisure trying to save money by doing work best done by other professionals.

The cost of health treatment remains low and affordable to most. The low income people get free or subsidised medical treatment. Doctors and other professionals are highly paid but only relative to the incomes of the people. Generally, the average incomes are low, in fact the professional fees are low and affordable to those who expect to be catered to by them.

Unemployment benefits seem a very charitable solution to the problem of the unemployed. The unfortunate thing is that more money is needed when the economy is not doing well because at such times more people are unemployed. When the economy is doing well and the Government is flushed with revenues, unemployment is low and the amount of dole required to be paid out is less.

It is in a recession that Government revenues are low and yet it is then that more money is needed to pay the bigger number of unemployed. It is also at this time that Government has to expend more money in order to stimulate the economy and to create jobs while reducing taxes. How can a Government pay out more unemployment benefits as well as stimulate the

economy through expansionary budgetting when a recession adversely affect its revenue?

At the best of times unemployment benefits tend to reduce the incentive to work. No one will work if the pay is not sufficiently higher than the unemployment pay. For the lazy and the indolent living on the dole seems very attractive. They become hard-core unemployment, a heavy burden to society.

A developing country cannot afford this kind of luxury. It will impoverish the country and impose a burden beyond the capacity of the people to pay. It will make the country a perpetual debtor and totally dependent on aid.

Even though Malaysia is better off than most developing countries, it is still not able to afford this kind of treatment for its workers. In fact Malaysia should not adopt the Western welfare-state approach even when it becomes a developed country. It is already obvious that this 'security from the cradle to the grave' philosophy is debilitating and tends to destroy the society and economy of even the strongest nation.

For Malaysia the philosophy should always be fair reward for fair work. Fair here relates to the situation in the country. Fixed minimum wages, employment benefits and a multiplicity of entitlements may sound fair, but in the long run they will prove not only unfair to the people as a whole, but to the workers in particular.

Worker wage rise must be linked with productivity. This will reduce the tendency for the cost of living and inflation to rise. The duty of Government is to create a climate that is conducive to investment by domestic as well as foreign investors. The incentives should be such that in the end a situation of total or near total employment would prevail. Everyone should then be able to earn a fair living. Wages would go up simply because there is a shortage of labour. The use of automation and robots at this stage would enhance the productivity of workers, as is the switch to higher technology and greater value-added industries. Workers will not really be replaced by machines but instead would become supervisors and maintainers of production machinery. Because of this new role they would be given higher pay.

And so the process will go on, with the workers earning progressively more and more,

without the strains and disruptions caused by labour disputes, confrontations and disruptions in productivity, with the consequent inflation.

This may sound a bit idealistic. Total harmony in the relations between employers and employees cannot be truly achieved. But if disputes are settled through negotiations, arbitrations and court decisions, there will be less loss of productivity as compared to the settlement of disputes through industrial action. Cost and the consequent inflation will not go up so much, and the competition edge will be retained.

Workers' rights is fine and should be protected but workers and their unions must be able to evaluate accurately whether they achieve more through industrial action or without it. Workers must realise that when they stop work, the loss caused by it is borne as much by them as it is by the employers. The idea that they lose nothing or less than their employers is erroneous.

Stoppages of work and higher salaries as well as working benefits without a compensatory increase in productivity will contribute to an increase in the cost of living. An increase in the cost of living will negate the increase in income

gained through industrial action: in other words the workers have not really improved their purchasing power. After a short period of time demands for an increase in wages will have to be made again. Even if it is not accompanied by industrial action, it will cause yet another bout of inflation.

If the numerous industries are faced with some kind of demand at different times of the year, and the industries concede to the demand, then the pressure on prices would be continuous. Inflation would therefore be a continuous process. And this in turn will cause more demands, more industrial action and of course more inflation. Nothing has been gained or resolved.

Truly, the settlement of disputes between workers and employers through industrial confrontation, is not a solution to the problem of the workers. Differences between workers and the unions with their employers should be settled by negotiation or arbitration or by a third party making the judgement as to the demand being justified or not. The courts must take into consideration the numerous factors which have been referred to and not just the rights and wrongs of the workers' demand. The courts must also weigh carefully the effects on the employers and the nation.

The worst thing that can happen is dogmatic pandering to the so-called workers' rights and misplaced sympathy. Such pandering will not help the workers in the long run. But the damage it can do to the economy of the nation is immeasurable. The third party arbitrating or judging must not look at the easy way out. The common view is that the workers are the underdogs every time and that they are more numerous. It is easier to submit to them than to the employers or owners.

If we all remember that the nation's prosperity will benefit everyone then this would get the necessary weightage in all judgements. It has been amply demonstrated in European countries that upholding the so-called workers' rights has resulted in their economic decline and to a large percentage of the workers becoming unemployed. It should be noted that the biggest and the most intractable problem facing the European Union today is high unemployment.

The communists and the socialists have now discovered that their egalitarian ideologies did not work. Indeed their blind adherence to their ideologies had resulted not in a workers' paradise but a workers' hell. The environmental and other diseases that workers and their children suffer in

the Eastern European countries are ample testimony to the misplaced egalitarian principles in their system and the blind adherence to their dogmas.

The liberal ideologists of the West who are so faithful to their so-called human rights, including workers' rights, should cease to be fanatics. As the communists and socialists are wrong, the western liberals can be equally wrong. The damage that their liberalism has caused may not be as horrendous as that in the communist/socialist countries, but the damage is there for everyone to see.

To preach and force the acceptance of western liberalism on the rest of the world is no better than the attempt to forcibly spread the Communist ideology. Had the Communist succeeded in shaping the whole world in their mould there would be nothing to compare between its results and those of the free market system. All would be equally miserable and would assume that that is the normal state of human affairs.

Similarly, if the whole world is forced to convert to western liberalism then when the faults and the disastrous results of these liberalism show

up, it would be assumed that these are the normal state of affairs. There would be nothing to compare with to show whether the philosophy is good or bad.

When values are accepted they evolve eventually into articles of faith. To challenge articles of faith is heretical. In these days heretics may not be burned at the stake, but there are other ways of 'burning' them. Heretics are vilified and crucified in the media, the most powerful of the four estates, if it can be said that there are still four estates. Sanctions can be applied to whole nations. Various methods of arm twisting including starving the recalcitrant people, can and have been used. No gunboats are needed simply because the threat can be made from thousands of miles away. Might is still very much right.

CHAPTER 6

Malaysian Values System

Malaysia does not wish to accept western ideas about workers and their rights or for that matter human rights as interpreted by the West. This does not mean that we reject human rights altogether. It simply means that we do not agree to the western interpretation of human rights.

Where do we differ? Simply put, we believe in the well-being of the majority while respecting the rights of the minority or the individual to do as they wish as long as they do not negate the rights of the majority. The West believes in the rights of the individuals, even if in the exercise of these rights they negate the rights of others.

In the West, the individual's right to free speech is exemplified by the famous saying, "I disagree with what you say but I will defend your right to say it." This sounds very noble. At the time this statement was made the difference was about minor political beliefs. No real harm was done simply because one differed from the other.

But what if individuals instigate violence through inflammatory speeches? What if these individuals destabilise society? What if these individuals subvert segments of the community? What if these people act in concert to violently overthrow legitimate Governments?

They can be tolerated as long as they are mostly rejected by the people. But, human nature being such, they can, and do, gain influence among the gullible. In a democracy, the majority does not always determine the outcome of an election. They are often divided and fragmented. And frequently, it is the organised minority which determines the outcome of election, throwing their votes behind those willing to pander to their wishes for the sake of nominal power.

Whole nations can go astray, and the political, social and economic fabric destroyed by the activity of one or two or a small group of scheming criminals who intend to seize power. Hitler, Mussolini, Lenin, Stalin and a lot of South American dictators achieved power that way. Because of them millions were killed and the economies and the well-being of most countries totally wrecked.

To defend the right of an individual to speak his mind is generous, tolerant and noble. But to allow an individual to seize power and destroy a country is a different matter. It is not noble, nor is it an expression of generosity and tolerance. It is sheer irresponsibility on the part of a Government. It is not easy of course to foresee what an agitator has in mind. But Governments must try to read the signs even if inaccurately.

In Malaysia we do not intend to allow people to seize power through manipulation of the democratic process. There is a good chance that such people do not care for democracy. That is why we have never allowed the Communist Party of Malaya to participate in democratic elections. We have not yet had the occasion to act against other fanatical subversive groups in this manner but we will certainly act if the need arises. In the meantime we intend to nip in the bud such possibilities by acting against individuals suspected of having such intentions. We are not going to allow the well-being of the majority, the people, to be endangered by individuals who see in democracy a way to seize power and impose authoritarian rule. Individual freedom has its limits. Governments have a serious responsibility to protect the majority. The Government may be

wrong sometimes. The Government may even abuse its power. But then the people, if they really so wish, can throw out the Government. Even before that, there are ample means in Malaysia to make their displeasure with the Government known. There are adequate safeguards for the people and for democracy. But the interest of the people, the nation, of democracy itself demands that individual freedom should not be absolute. The kind of unlimited liberal democracy preached by the West now is not for us. They only preach unlimited democracy because they do not think they will be threatened by it. But when threatened they will do exactly what they tell others not to do. Thus, they condemned Malaysian action to discourage Vietnamese refugees. When the Haitian blacks and the Cuban Hispanics began to land on their shores, they pushed these poor people back into the sea.

We in Malaysia have nothing to be ashamed of. Our democracy and our concepts of human rights and freedoms are as honourable as any. Indeed in many ways we are more liberal. For example we allow the setting up of schools using other than the national language and we finance them even. But in practically all these liberal democracies of the West other languages and

other religions are effectively obstructed. In one 'liberal' country even wearing a head scarf by Muslim girls in school is forbidden.

Malaysia not only puts the welfare of the majority above that of individual freedom, but it also believes in the institutions of the family, of marriage and of conservative moral values.

As a result of pandering absolutely to individual freedom the West permitted attacks by these individualists on established institutions. It was once regarded as immoral for men and women to have sexual relations outside marriage. But then they felt that the demand for sexual satisfaction by men should be met. And so prostitution was legalised or at least tolerated.

Then came the pill and the women of the West felt they had been truly liberated. Now they could behave exactly as the men behaved, i.e. enjoy sexual life outside marriage.

But it did not stop there. They wanted to be totally free. They wanted to be everything that they considered men were. A 'Women's Liberation' campaign was launched. They must no longer be regarded as the wives of men. They discarded the

term 'Mrs' or 'Missus'. They did not want to be 'Miss' either. This might suggest they were unmarried and therefore available for marriage. They invented the term 'Miz' or 'Ms', to be used both by married or unmarried women. With this they destroyed the bonds and the oath of marriage.

Once launched on this course there is no stopping them. At whatever cost they must establish equality with men. They must do all jobs hitherto done by men. They must look like men. As men assuage their lusts with professional sexual partners, they too must do the same.

Why is it necessary to have men as companions? Women should partner women, live together and be husbands and wives to each other. But what about children? Lately, lesbian couples seem to yearn for children of their own. This is simply solved. The 'wife' sleeps with just about any male and got a child that way. Who the father is is not relevant. The child need not know. The child is to be fatherless, a bastard. But then there is no more dishonour in being a bastard. So the bastard is brought up by the lesbian couple as their very own. One day the grown up child may marry. There is a possibility of 'marrying' another child

'sired' by the same father or even the father himself. That is alright. Incest is 'normal' and acceptable too.

Of course it is not only the women who 'marry' each other. Just as the women were getting 'liberated' the men too wanted to be liberated. They want to break away from all the codes of behaviour governing their lives. Why should only women have long hair, wear a bun or pony-tail, and wear earrings? So the men keep long hair, tie it up in a pony-tail or bun and pierce their ears for earrings.

And of course they must exhibit their preference for each other. They pair off as loving couples and 'marry' (legally in some countries) with each other. Having children is a little bit more difficult as few women, however promiscuous, are willing to part with their own children. But there are sufficient mindless and insensitive women with wombs for hire. They are hardly human. They are always prepared to sell themselves.

But why be confined only to each other? Heterosexual married couples have for a long time been exchanging partners and having group sex. So the homosexuals of both sexes have group sex

and orgies. If the woman gets pregnant and does not know who impregnated her that is alright. Who the father is is not important anymore.

Marriage and the 'family' as we have always known have lost their places as society's institutions. The 'family', as is generally accepted, is no longer the basic unit of society. To accommodate the new mores the family in the permissive society can be made up of single parents of either sex, or lesbian couples with a fatherless child or children by different but unacknowledged fathers or male couples with adopted or self-sired children.

In a situation where fathers or even mothers may not be known the chances of incestuous relations among the grown-up children are of course high. But then this does not matter because the permissive society accepts incest as normal.

If homosexuality becomes rampant the birth rate will be drastically lowered. This does not matter. Raising children is a chore and should be avoided as much as possible. The most important thing is the right to enjoy life, particularly sexual life. Nothing should be allowed to stand in the way

of life's pleasures. There seems to be widespread confusion in the West between happiness and pleasure. Satisfying the senses is equated with happiness.

It is true that there are still many 'normal' people in these permissive societies who get married and raise families. But even among these people pre-marital sex and occasional extra-marital sex are very common. Tolerance towards these practices is general. Legally married mothers supply condoms and contraceptive pills to unmarried daughters as a sign of their understanding and acceptance of modern mores.

The use of drugs has become almost universal. 'Pot' or marijuana must be smoked by everyone at some stage in his/her life. Valium and other synthetic chemicals tranquilise whole societies. The use of hard drugs is quite widespread.

The liberal Governments are very understanding. The criminal smugglers and pushers are given light sentences if they are caught. The addicts are humanely treated, i.e. they are supplied with needle and syringes, and in some cases, get free drug injections at clinics.

The spread of AIDS has only resulted in a campaign to use condoms and fresh needles, often supplied by the Government. Sexual freedom must not be curbed in any way.

All these have not reduced the abuse of drugs. Families lose their children who join groups of addicts, indulging in drugs and group sex. The need for drugs has pushed many into petty crimes and major crimes. The towns and cities have become unsafe. To wander around at night in the deserted business districts or parks in the big cities in America or Europe is to court assaults and sometimes death. Killing for fun is carried out by thrill-seeking teenagers.

It is true that not all the people in the liberal permissive societies are unmarried, have no orthodox families and indulge in homosexual relation and take drugs. But by being permissive or just tolerant and accepting aberrant practices, they actually encourage these practices to the point where they become widespread. These aberrations then become the norms of society. They are now no longer aberrations but a part of the moral standard of the society. Bad is now good and good has become quaint, square. To be 'normal' requires acceptance and practice of the

very things that were once regarded as morally wrong.

The paradox is that in these societies the elected leaders are expected to be free from having previously indulged in what are accepted values and practices. Thus, the press would rake up the past of a leader and expose him for having had sexual relations premaritally or extramaritally or having taken 'pot'. How any leader could be expected to be free from these common and accepted practices of the society he lives in is quite incomprehensible. He would be considered a 'square' if he had practised the old and discarded values. And 'squares' cannot be popular and chosen to lead even a small community, much less a whole nation.

Should the Malaysian society, the Malaysian people accept these social values of the developed nations of the West since it aspires to be a developed nation too? Can the developed Malaysian nation avoid what Malaysians still think of as moral degradation? Are the moral values of the West a form of decadence or modern sophistication? If the Malaysian nation is to be modern and sophisticated, should it not accept the 'decadent' values and cease to regard them as

decadent? More important still should Malaysians accept the seemingly noble values and practices which have led to or at least contributed towards the current moral decay?

There can be no doubt that what started the process of moral decay is the glorifying of freedom within a society: absolute freedom. When men live in the company of his fellow-men, he has to observe certain codes of behaviour which would enable the society to achieve at least a tolerable degree of harmony. If individual members of a human society are totally unrestrained in their behaviour the society would be chaotic and would break up.

Even the most primitive of human societies have codes of behaviour. And, almost invariably, they develop a system of enforcing the codes. It may be the strongest or the cleverest member who is accorded the right to decide and enforce by himself or through his cohorts. From this, chiefs and the system of chiefs emerged which eventually graduated to kings and emperors and presidents and dictators.

All these hierarchical systems develop and exist because human society needs law and order

in order to exist as such. And law and order must necessarily restrict the freedom of the members of the society to do what he likes to do or to follow his own selfish and base desires.

There is no doubt that in some societies the laws became very restrictive and served only the people entrusted with law enforcements. In many instances the power of life and death rests with kings or dictators. They built enforcement machines which were very oppressive. Instead of law and order protecting the people and enabling them to exist as a society, law and order in fact endangered the life and well-being of the people. When law and order becomes instruments of oppression the members of society lose their means of redress or protection.

The fact that this could happen and has often happened does not mean that law and order are bad for human society. They are still essential and good. It is the abuse of the power to enforce law and order which is bad. The answer is to provide the people with means to curb abuses of the law, and eventually the removal of these entrusted with the power to enforce.

The swing to the other extreme to remove all restrictions imposed by the law, or to blunt totally the enforcement function of the people vested with the authority to exercise the power of enforcement is to create anarchy. And anarchy, even in a limited area of human activity, is bad for the society and members of the society.

The liberal democrats advocate an extreme degree of freedom in social behaviour which has led to social anarchy. Beginning with the idea of freedom it has extended to individual freedom to go against all accepted mores. Then came the total liberation from sex-based restrictions for both males and females. Freedom of speech extended to unlimited freedom of the press even to tell lies. Everything and anything done in the name of freedom has now become sacrosanct.

The collapse of the institution of marriage and the family, the widespread practice of homosexual relations and marriages, incest, pornography in magazines, television and cinemas, group sex and a host of other 'deviant' practices can be directly attributed to the excessive veneration of freedom. No law which restricts freedom even slightly may be enacted or enforced. Indeed in some cases new laws are enacted in

order to permit what was before not permissible. Thus, in some countries, homosexual marriages have been legalised and lesbian and homosexual 'families' accepted.

CHAPTER 7

Freedom and Democracy

Moral decay in the West is a direct result of the total worship of the notion of absolute freedom. It began innocently enough with the desire not to discriminate against women as voters and in certain types of work. But then there followed a host of campaigns to stop any differentiation between men and women. Women's liberation was perceived as a quest for freedom from traditional values. Soon all traditional values were attacked by both men and women. Then the laws that seem to restrain or restrict the 'freedom' of any member of society became the target and were discarded or not enforced. And so we come to the present state of affairs in the West which amounts almost to anarchy. Governments become hamstrung and are quite unable to enforce any law. Indeed governments become weak and unstable and exist in fear of the 'liberated' public and public institutions.

For a time, the courts appear to be above criticism. They can still hand out judgements. But,

they too, are under attack now. Retrials and reversal of judgements are getting more frequent.

The problem with trends in human society is that once a momentum is achieved, it cannot be easily stopped. And so what began with the legitimate and the fair has deteriorated into a swing towards anarchy.

The problem is to know how far to go, when to stop; indeed when to swing the pendulum back. We do not even really know where the midpoint is. In other words we do not know the true ideals. It is only when the situation has deteriorated almost irreparably that the realisation comes that the trend has to be stopped.

But communities which are not yet involved have the advantage of being able to observe, to analyse and to act. Malaysia and Malaysians are fortunate in that they are not fully involved. They subscribe to the move towards greater freedom, even towards the equality of the sexes and the need to be fair in the treatment of women. But, having seen the collapse of morality in the societies which have pioneered uninhibited freedom in all forms, Malaysians should be able to tell how far they should go and how to balance freedom with

responsibility for the true well-being of the Malaysian society.

We have indeed treaded very carefully. No one can deny that we are a free people. The greatest freedom in a democracy is the freedom to elect the legislators and thus the Government of choice, i.e. the Government which is supported by the majority. This, as has been pointed out, will enable the abusers of power to be dealt with.

Governments perform a vast variety of functions. It would be a mistake to judge government only on one function. It would be a big mistake to assess solely the degree of freedom granted by that government and ignore its achievements in other fields.

In Malaysia we frankly do not believe in absolute and irresponsible freedom. Freedom must be predicated on the need to avoid denying the freedom of others within society. Thus while workers must have the freedom to strike against their employers, their action should not result in a high degree of discomfort for the general public. Similarly employers cannot threaten the public in order to retaliate against their workers. This is in contrast to some countries when the public is made

to suffer in order for it to force the employers or employees to submit to the demands.

Similarly, while a citizen is free, the exercise of his freedom should not be at the expense of other members of the society. Just as society is given the right to object to the noise of construction or the development in its neighbourhood, the society must have the right to object to individuals who offend the sensitivities of the society.

And so the practice of blatant homosexuality or nudity or vandalism will not be permitted in Malaysia. The press is free to report and to express an opinion but the reports must at least be true and the opinion should not be libellous or subversive or tending to instigate racial or any other cause of violence, etc.

It is right for the people to criticise or even attack the Government on whatever issues but violent attempts to topple the Government or instigating violence against the Government will not be permitted in Malaysia. If the Government is unpopular or oppressive, the election process can be used to unseat it.

By comparison to many developing countries, Malaysia is politically liberal but its liberalism does not extend to a licence to abuse freedom at the expense of the people and the nation. Freedom has to be exercised with responsibility.

It may seem old-fashioned for the Government to be the guardian of the people's morality. The liberals would like to think that the people know what is good for them and Government supervision is superfluous. But an elected Government is more representative of the people's viewpoint than the intellectually progressive liberals. The liberals really represent only themselves, a minority. If they wish to represent the people, they can set up their own political party and contest in the elections.

If the people know fully their platform and still elect them to form the Government, then it can be assumed that they truly represent the majority view of the people. But to agitate and to threaten the Government with censure, especially by foreigners and other Non-Governmental Organisations (NGO), is no way to force their views on the elected Government.

The media is an institution in a democratic society. There is no doubt that it plays a very important role in the democratic process. It informs the people about what is happening so that the people may be able to make informed judgements about events around them, and in particular the activities of the Government they had elected. In fact, it can help in deciding the people's choice of their representatives during an election.

Because of its ability to influence the choice of Government the media has become a power which must be reckoned with by everyone, including the Government of the day. Over time media support has become crucial to the future of the Governments.

Strictly speaking, a "good" Government should get the support of the media. But unfortunately this is not always so. The people who actually control the news contents of the various organs of the media, and they may be the owner, or the editor and sub-editors, or the reporters or sometimes the big advertisers, have their own political views and agenda. Far from being impartial certain sections of the media have a blatant tendency to be biased in their reports, leaders and articles. Obviously, they want to

shape the opinion of the public so as to be consistent with their views and beliefs.

Thus, some papers are socialists while others are capitalists while yet others are just pro their own views on whatever subject. Because of their access to the public their views and bias tend to influence the people's thinking. The media of today has become extremely adroit in the manipulation of their influence.

There is another factor which influences the exercise of freedom by the media. As more and more of the media come under private control their commercial interests have relegated to the background any allegiance to good journalism that they might have. In the effort to increase their circulation or their listeners and viewers they have begun to appeal to the basest of human instincts. And so now sex, violence, racial prejudices are promoted. If there is not enough material of this nature, they can always be invented. And so lies and innuendos have become the common fare for those who control the contents of the media.

Media tycoons have now emerged who want to control the media worldwide. These tycoons buy up newspapers, radio stations and television

networks throughout the world. The satellite has expanded their area of control until all the world news and views can be manipulated by just one man.

If the man is a Government man he would have been condemned thoroughly. But he is an independent entrepreneur and is therefore above censure. That he may have personal crusades and support certain Governments and their ideologies are regarded as a part of his personal freedom in a democracy.

The effect of this ownership of the world media is to give a few people who are responsible to no one but themselves the opportunity and the right to influence world opinion on just about anything. Through slanted reporting, which includes censorship of news, these people can distort the minds of millions of readers, listeners and viewers.

They may claim that it is not their intention to abuse their power over the media. But since they are almost always Westerners, and they employ mostly Westerners, it is the Westerners views and angles that are aired. Asian and African views are

not given any space. Even if there are Asians or Africans on the staff, they are 'Westernised' people.

As a result, stereotyping of Asians, Africans and Muslims has become the norm for the world media. These people have done and can do nothing good. They are incompetent, corrupt, cruel and given to unmitigated terrorism.

Since the world media is powerful and controls all the news which the world has access to, their owners have become very powerful. No one dares to criticise them. Other views will either be totally blacked out or will be twisted and counter-opinions spread.

In the age of feudalism the power of feudal hereditary kings was strengthened and perpetuated not only by legitimacy in a feudal society but also by invoking divine blessing. Thus, the idea of the divine rights of kings was invented and spread throughout the kingdom. The king was the defender of the faith and was above man-made laws and above criticism. The kings and their successors were sacrosanct.

Naturally, having risen above the law, kings ignored the law and the rights of the people under

the law. Even when the kings were decent individuals, the power they wielded corrupted them and, almost without exception, they oppressed the people.

Because of the aura of kingly rights and the acceptance of society that these rights were divine and proper, it was almost impossible to correct improper behaviour by the kings. It was even more difficult to dethrone tyrant kings. Even if they were removed through assassination, usually by other pretenders to the throne, the institution of kingly rule remained, together with the traditionally accepted authority. Naturally the succeeding kings within a short space of time began to abuse their position in the same way and to the same degree.

Attempts to curb the abuses of power such as forcing the British king to sign the Magna Carta and the execution of King Charles failed to debunk the idea of kingly rights and the unwritten constitution under which they had absolute authority. It was not until the French Revolution that the feudal authority of kings was finally debunked and discarded, and kings, if they exist, were regarded as neither divine nor above the laws of the land.

Clearly, when an institution is established and subscribed to by society, it is difficult to remove it no matter how bad or how deleterious it has proven to be. In modern democracy many new institutions have been established and have been accepted as basic and essential to the democratic system. And as such they may not be trifled with. Indeed many have become sacrosanct and quite 'divine'. They may not be criticised and certainly they may not be done away with. Even when they prove to be somewhat harmful to society, they are still vigorously upheld because that is the price that has to be paid for democracy. And among these institutions of democracy is the free press. No one may question the abuses of press freedom, just as no one may question the divine rights of kings in the heyday of feudalism.

CHAPTER 8

Cost of Living

There was a time not so long ago when inflation was practically unknown in Malaysia. In the Malay States about 60 years ago this was the situation. The same amount of money was used to buy the same amount of goods year in and year out. Salaries were fixed except for the yearly increments paid because it was assumed that workers' performance improve with experience. After some years of employment in the same position no more increments were given, as it was also assumed that there was a limit to increasing the productivity of employees. Fixed pensions were paid which did not increase with time. If the pensioners wished to take a part of their pensions as gratuity, the sum was simply deducted from total pensions expected to be paid to him for the rest of his natural life.

The exchange rate, at least with the British pound was fixed at \$8.30 (Straits Dollars) and this too was constant. The Malay States and the Straits Settlements were completely insulated against the currencies of other countries principally

because trade was conducted largely by British firms. Imperial preference ensured that trade was confined to countries within the British Empire, the so-called Sterling Area. The massive inflation in the Weimar Republic (Germany) was of no concern to the Malaysians.

Perhaps it could be said that commerce was simple then and inflation was avoidable. But even today there are situations where inflation does not take place or negative inflation occurs. On the other hand there are countries where massive inflations take place year in and year out, inflations of the order of 1000 percent per annum.

It is clear that inflation is reversible and that it can be negative as much as it can be extremely high. It is clear also that very high rates of inflation result from the acceptance by everyone that inflation is unavoidable, a fact of life. And since it is a fact of life it has to be accepted and adjustments made in order to live with it.

In Malaysia, inflation did reach absurd figures once. This happened during the period of Japanese Occupation. It ran into more than 100 percent per year. People generally lived at subsistence level during the Japanese period. The

wage earners had great difficulty in adjusting. They had to moonlight in order to supplement their income. But even small-time traders waxed "rich" through profiteering.

The collapse of the Japanese banana currency was due to two factors; lack of public confidence and gross profiteering in a situation of a shortage of supply of everything.

Whereas the "legal tender" as represented by the dollar issued by the Board of Currency of the Straits Settlements and the Federated Malay States had clearly written on it a guarantee of its value by the British Colonial Government, the Japanese Banana Currency merely stated the face value of the notes. The quality of the paper was very poor and it was generally believed by the people that the Japanese Military Administration printed the money whenever they were short. There was, therefore, no backing and consequently no confidence in the paper money.

The second factor was brought about by a real shortage of food and other material needs of the people. Slowly at first, but gaining momentum as the shortages became widespread, the profiteers raised their prices. As the shortage

problem did not resolve itself through price increases, the rate of price increase accelerated. Soon there was galloping inflation.

The profiteers may earn a lot of money but what they could buy in a situation of shortage was no more than what they did before their prices and profits increased. They may be richer than the wage-earners but they were no richer than before the prices went up. The more they try to increase their profits, the more they had to pay for supplies to replace what they had sold. The figures they dealt in increased tremendously but the volume of goods they dealt in remained practically the same or, in many instances, actually decreased.

By the time it became obvious that the war was nearing its end and the Japanese were going to lose, the inflation had reached such high levels that money had to be carried in gunny sacks. The demand for more money was so urgent that at times the Japanese Administration merely overprinted the new value on the old notes.

At that stage the old Malayan dollar note surreptitiously reappeared on the black market. Huge amounts of Japanese banana notes were exchanged for each British Malayan dollar. But

actually only a few people managed to buy these, and that too in very limited amounts.

The war ended and the British returned to set up the British Military Administration. The old pre-invasion Malay States dollar was again recognised as legal tender and new currency notes were issued by the Board of Currencies of Malaya. The value of the old and the new currency was the same. To get the new currency into circulation, the British Military Administration paid back-pay to all Government servants.

Magically, the prices of goods still in short supply plummeted. The banana money was not convertible to British currency and banana billionaires suddenly found themselves as poor as everyone else. Those who had goods to sell were able to earn the new currency.

This phenomenon deserves to be studied extensively in order to understand the phenomena of inflation and disinflation. If we can understand how a galloping inflation can suddenly be stopped and replaced by what amounts to disinflation, as happened when the Japanese money was replaced by the Malay States British- issued money, we may be able to control inflation. Of course the

'disinflation' during the British Military Administration involved the resurrection and issuance of a new currency. But it could well be without changes of currency notes, because these were mere tokens. It is what is perceived by the public that counts.

If we take the last exchange rate at say 10,000 Japanese Malayan dollar to one British Malayan dollar then the percentage of shrinkage would be $\frac{100 \times 10,000}{1} = 1,000,000$ percent. But

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the more important thing to note is that the BMA \$1 bought as much as the Japanese \$10,000. Effectively there was disinflation at a very high rate. There was some disruption in the life and the economic activities within the Malayan population. But it was so insignificant that people who went through that period, including this writer, really cannot remember any panic or economic disaster. It would seem that the British Malayan dollar came back as if there had been no interregnum due to Japanese Occupation. The economy seemed to have resumed almost without a pause.

Wage earners went back to work on their pre-occupation pay. About one and a half years after the end of the Japanese Occupation (1945)

the writer was engaged as a clerk in the office of the Custodian of Enemy Property at \$80 per month. Since this was a temporary job the pay was higher. Other clerks who resumed work after the war or who were newly engaged on a permanent basis were paid at the rate of \$60 Malayan as was the scale before the Occupation. Economic life seemed to have gone on quite smoothly even one and a half years after the Japanese had left. There appeared to have been no inflation over that period at least or for that matter between the pre-Japanese occupation period and the post-occupation period, i.e. some four years. Pre-occupation and pre-War prices appeared to have returned despite the experience of high inflation rates during the Occupation. Confidence seemed to have returned completely; confidence in the currency and the economy.

In effect, as has been pointed out there was a million percent disinflation. Yet people did not feel any pain and did not complain. In numerical terms everyone was having one million percent less money to spend than what they had during the Japanese period, yet they were no poorer. They were able to buy as much as they used to buy with the huge amount of Japanese currency. In other words, the amount of money does not mean

anything. What mattered was the amount of goods or services that could be bought with it.

The switch from Japanese to British Malayan currency amply illustrates that it is purchasing power that counts, not sums of money.

It has been pointed out that we have presently countries with very high rates of inflation and others with low rates of inflation. Indeed at certain times negative inflation rates have been experienced by some countries. Noting this phenomena can we not manipulate inflation so as to achieve negative inflation or disinflation?

It was suggested that disinflation can be brought about by a deliberate general reduction in the cost and prices of everything, i.e. wages, prices of goods and services, taxes and everything that has a monetary value including loans, etc. It has also been pointed out that this reduction in numerical value has actually happened during recessions. Even in Malaysia it has happened. The question is can we deliberately make it happen?

But before contemplating reducing the costs of everything, i.e. disinflating, let us study whether it is beneficial or not. It would be pointless if it is not economically beneficial. After all in some countries where the unit value of their money is low, all prices are high in numerical amounts, e.g. in Italy where $\text{US\$1} = \text{Lira } 1412$. Thus, the per capita income of Italy is said to be $\text{US\$17,500}$ or $\text{Lira } 24,710,000$. But because the purchasing power of the Lira is $\frac{1}{1412}$ of a U.S. dollar the

24,710,000 Lira will buy goods and services valued at approximately $\text{US\$17,500}$. Or Lira 1412 will buy $\text{US\$1}$ worth of goods. If 1 Lira is increased by 1412 times, then 1 Lira would be equal to $\text{US\$1}$. Incomes and prices could then be reduced by 1412 times without affecting the per capita income in U.S. dollar or the purchasing power.

However, the purchasing power of the Malaysian Ringgit in Malaysia is very much higher. One Malaysian Ringgit is equal to $\text{US\$0.36 cent}$. Or $\text{US\$1}$ is equal to RM2.57 . But the purchasing power in Malaysia of RM1 or $\text{US\$0.36 cent}$ is much more than the purchasing power of $\text{US\$0.36 cent}$ in the United States. This is because the cost of living in Malaysia is much lower than the cost of living in the United States. Indeed although the per

capita income in Malaysia is US\$3,230, in terms of the purchasing power of goods and services, the per capita income is equal to US\$8,050.

What does this mean to a Malaysian worker for example? If he earns RM400 per month his income is actually worth more than the US\$155.64 which is the exchange rate equivalent of RM400. In terms of purchasing power the worker's pay is about US\$390, which makes RM1 almost equal to US\$1. If the cost of living in Malaysia is the same as that of the United States then the Malaysian worker would be very badly off indeed by comparison to the American worker. But because the cost of living in Malaysia is low, the Malaysian worker is much better off than the US\$ equivalent (US\$155.64 cent) of his income would seem to imply. It is still low of course, but not as low as the actual exchange rate seems to indicate. The advantage to Malaysia of its low cost of living is that labour cost can give it comparative advantage without unduly exploiting Malaysian labour.

A developed Malaysia should pay its workers enough pay to sustain a life-style that is comparable to the average standard found in the developed countries at the time. If the cost of living

in Malaysia remains lower than that in developed countries, the wages of the Malaysian worker could still remain low and give Malaysian products a competitive edge. If, for example, the cost of living in Malaysia is half that in developed countries, then wages in Malaysia should be only half the exchange rate equivalent of wages in developed countries. The Malaysian worker would be as well off in Malaysia as his counterpart in the developed countries.

However, if the Malaysian worker were to travel or spend his holiday in the developed countries he would be able to afford only half his home standards in terms of goods and services. The opposite is true of the worker from the developed countries spending a holiday in Malaysia. He is going to be 100 percent richer. But in effect this will not happen. This is because only a small percentage of low income workers will travel either way.

Although the cost of living index already includes the cost of imported goods, a worker in Malaysia with low wages would find imported goods more costly. On the other hand a worker with higher wages in a high cost of living country would find goods from Malaysia cheap.

Now Malaysia is a trading nation. Obviously if its goods are cheaper than equivalent goods in the international market place, it is going to be more competitive. It will be able to export more, earn more foreign exchange, attract more investments both by locals and by foreign investors. All these must help healthy economic growth. This in fact is what is happening now.

The opposite is happening in the developed countries. Their costs are higher and they are less able to compete in the international market. They are attracting comparatively less investments and earning less foreign exchange. Their economic growth is sluggish, or even negative at times. However, their inflation rate is usually lower.

If the Malaysian inflation rate is always higher than the inflation rate in the developed countries, and if the exchange rate remains constant, theoretically, a time will come when the cost of living will achieve the same level. But such is the disparity in cost of living between Malaysia and the developed countries that it will take a very long period of continuously high inflation before the cost of living will reach that of developed countries. Although Malaysia's inflation rate is higher than that in some developed countries, it is not much higher.

The cost of living in Malaysia is not likely to be as high as that in any of the developed countries.

What should be the economic strategy of Malaysia? Obviously it has to sustain its competitive edge when producing goods for the international market. As a country which lags behind the developed countries in terms of technological know-how, capital, worldwide business network, management skills and a big domestic market, the only real comparative advantage it has presently is lower wages.

If we are to depend entirely on lower wages to be competitive it means that we are making our workers pay to remain competitive. This is obviously unfair to the poorer segment of Malaysian society. However if the cost of living remains low, the smaller wages of the Malaysian worker (by comparison to the exchange rate equivalent of the worker in developed countries) would actually support a standard of living not much different from the workers in developed countries. We have shown that although a Malaysian worker earns only RM400 per month, his purchasing power is actually equal to about US\$390 per month.

If we can sustain the present low cost of living we should be able to remain competitive without penalising our workers. Their income should, of course, increase gradually. This can be done by improving on productivity either through their improved efficiency or through new technology. Even if the improved earnings of the business is due to capital investments in new technologies, a part at least of that increase in earnings must be given to the workers. This is only fair as the increase in productivity and profits due to improved worker efficiency is also shared by the enterprise.

But eventually, greater earnings for the workers must come from new higher value-added industries. Labour intensive industries which initially created jobs in a situation where labour is plentiful are usually unable to afford higher wages. As industries become more and more sophisticated as a result of new capital investments and technologies the labour contents of the cost become proportionately lower. Technology and capital-intensive industries need only a small labour content.

However, workers must accept to be retrained in new skills for high-tech jobs. Perhaps

workers above the age of 40 might find it difficult to adjust to new jobs and new ways of working. But younger workers should find no difficulty if they are willing to learn and to be trained all over again. The reward must be better wages and benefits.

In Europe workers and their unions object to changing jobs. Whether their skills are relevant or not they want to continue doing the same things, and they want to have ever-increasing pay for doing these irrelevant work. This is a sure way to disaster in a world where technological changes take place by the hour almost. For as long as European workers and their unions refuse to accept the need to change their work, for so long will they be unable to compete in the market.

Malaysian workers and thus unions must be prepared to accept changes. They must learn new skills all the time and they must try to excel at them in the shortest possible time. By doing so they will ensure that Malaysia produces the right kind of products for the market at all times.

Assuming that the cost of living in Malaysia remains lower than the cost of living in developed countries, the increase in the wages for high-tech and highly skilled workers need not be as high as

wages of workers with similar jobs in developed countries. Malaysia would still remain a relatively low-cost producer and Malaysian goods will always remain competitive. In time Malaysia will become a developed country where workers have a fair living standard, comparable with living standards in developed countries elsewhere, although their wages would remain low.
