

SPEECH BY
YAB TAN SRI MUHYIDDIN MOHD YASSIN, DEPUTY PRIME MINISTER OF MALAYSIA
AT THE 23rd ASIA PACIFIC ROUNDTABLE, SHERATON IMPERIAL, KUALA LUMPUR
TUESDAY, 2 JUNE 2009, 9.00AM

Excellency Mr. Simon Tay,
Chair of ASEAN ISIS;

YBhg. Tan Sri Jawhar Hassan,
Chairman and CEO of ISIS Malaysia;

Excellencies;
Distiguished guests;
Ladies and gentlemen.

I would like to thank ASEAN-ISIS and ISIS Malaysia for inviting me to address you this morning. It is indeed a pleasure to speak at this regional forum, which is now convening for the twenty-third year.

So much has happened since the Roundtable, dedicated to the promotion of understanding and peace through dialogue in the region, was launched in 1987. The Roundtable and other processes like it that have emerged, continue to remain as relevant as ever, as new issues and challenges emerge that demand frank and candid discourse in an informal and congenial atmosphere. In this regard, I believe the Roundtable has developed a unique reputation of its own and has few equals.

This year we meet amidst some of the most compelling challenges yet to confront the world. When one surveys the situation, there appears little to cheer. The globe is shrouded in an economic gloom the likes of which have not been seen in decades. Many of our largest economies are contracting. The US economy declined by 6.1 percent in the first quarter of this year. Japan's contracted 15.2 percent on an annualised basis in the same period, its severest contraction in more than half a century. Malaysia itself estimates that growth this year will be between -4 and -5 percent.

Even the economies that are not contracting, are not growing anywhere near as well as they did last year. Many banks and financial institutions have had to be rescued and re-capitalised especially in the industrialised nations. Reputable companies that are household names are reporting billions of dollars in losses. Hundreds of millions of workers are being laid off. The ranks of the jobless and the poor are increasing in nearly all countries. In the past twelve months, the number of unemployed in the United States has risen by 6 million. The unemployment rate in Europe in April was almost 9 percent.

Our economic woes are being compounded by health scares. The World Health Organisation just reported over 10,000 H1N1 flu cases world-wide. International travel is down and with it the tourism industry that is so important to so many local and national economies.

The Middle East, Central Asia and parts of Africa are still trapped in the quagmire of violence and conflict. America and Europe are at war too. Tens of thousands of their men and women are fighting, and many of them dying, on foreign soil. While governments and the media often focus on successes and losses among combatants, we overlook the fact that the most critical casualties of all are the millions of innocent women, children and men that are the hapless victims of violent conflict. Last year there were at least 12 million refugees and 26 million internally displaced persons that were victims of conflicts worldwide. The latest tragedy is in Pakistan, where the campaign against the Taliban in the northwest has driven one and a half million people away from their homes. In Sri Lanka, the story is the same – agony on an unbearable scale for the population caught in conflict zones.

Whether it is economics, health or violence, the biggest casualties are the people, and the final outcome abject human insecurity.

The region and the world are also vulnerable to the gathering spectre of climate change and its profound consequences upon ecological, human, social, economic and security life. Food and energy security remain on top of the global agenda, and violent conflict in its many forms – militancy, terrorism, invasion and occupation – continue to plague the countries and peoples least able to cope with them.

Let me return to the financial and economic crisis. Here in the Asia Pacific region, the situation is perhaps not as bad as in some other parts of the world. We do have countries that have been severely affected, but the financial crisis that crippled some of the economies of East Asia a decade ago has proved something of a blessing this time around. We learned our lesson well. We took rigorous measures to improve the governance of our financial systems. This has helped us cushion ourselves from the financial contagion, by and large.

Nevertheless, our real economies have been severely affected by the financial and economic woes of our major trading and investment partners. Export and trade dependent economies like Malaysia, Singapore, Japan and China are seriously affected. Unlike the last crisis, we are not able to export our way out of the present situation.

All of us, I think, will agree that we need to fix this severely recurrent problem on a more sustainable basis. Though we still debate the causes, some of the remedies appear clear. The so-called “Anglo-Saxon model” of minimum financial regulation and maximum leverage needs to be made more robust by better regulation and more stringent governance. This was what the East Asian economies that suffered from the last financial crisis did. This is what the industrialised nations that criticised and counseled us then must now do. The unhealthy and uncritical belief in *laissez faire* and the wisdom of the market must be tempered by pragmatic regulation for the public good. I hope that as the worst of

the financial crisis begins to recede, we retain the political will to introduce the necessary reforms to our domestic financial markets. If we abdicate from our responsibility, another calamity awaits.

Regulations, of course, do not hold answers to all our present and future financial problems. We cannot regulate ourselves to prosperity and higher standards of living. However, the presence of properly-functioning governance structures is essential, if the kinds of problems encountered in the course of this crisis are not to be repeated.

This fact is clearly understood in Europe. In the aftermath of September 15, 2008 the leaders of the United Kingdom, France and Germany called for greater international financial supervision. I hope this clarity and strength of purpose is shared in other countries as well, including in global financial hubs such as the United States. I hope too that this can be a prelude to the review of the dated Washington consensus and the reform of the global banking system and international financial institutions. We cannot be in denial. The problem is nothing less than systemic.

I would like to turn now to what I consider another great challenge to comprehensive well-being, stability and peace, specifically in the Asia Pacific region. This is the increasing apprehensions and rivalry among major powers that is manifesting itself in rising military expenditures and the strengthening of military coalitions and alliances. Much of this is linked to responses to the shift in the balance of strategic and economic power, from the West to the East, following upon the economic resurgence of China and other countries in Asia. The erosion of established strategic preponderance is understandably being resisted, and old animosities from past conflicts are being rekindled. The rivalry is also unfortunately intruding into institutions created for regional cooperation for mutual benefit and well-being, and is stressing their effective functioning.

I think it is of vital importance to regional peace and stability that the countries concerned and the security community in general address this development seriously. They must clarify the issues and alleviate the concerns. This is particularly important, since competitive military acquisitions and defence strategies can lead to dangerous excesses and spark a spiral of mutually provocative measures that aggravate the situation.

I am pleased to note therefore that military enhancement in the Asia Pacific region is among the topics that will be discussed at this forum, and that another is the all-important triangular relations between Japan, the United States and China.

In this regard, several countries have identified, in their official documents and statements, China as the reason why they are enhancing their military capacity and strengthening alliances and defence cooperation with allies. They explicitly point to China's potential to challenge their position in the

region, its rising military expenditure, its alleged lack of transparency, and its increasing strategic presence and reach, as reasons why they have to take precautions and respond.

I think that while some of these concerns are indeed legitimate and understandable, much of it is built on unfounded premises and assumptions. In my view, China is unlikely to be as powerful or as threatening as it is sometimes depicted to be. Economic power is not going to be concentrated in China as much as it was in the United States after the Second World War, when as much as half the global wealth resided in that country. Economic power is going to be much more dispersed as the century unfolds. China will also remain well behind many developed Western nations and Japan in terms of per capita income. Despite very significant increases in military expenditure especially in the last fifteen years, China is also clearly still at best a second-tier military power, inferior in many respects to other major powers. For the foreseeable future, the United States will remain the only real and comprehensive superpower. It will reign unrivalled especially in the military sphere, an advantage that is further reinforced by a formidable constellation of alliance partners in the region and around the globe.

As our economies become ever more interdependent, our prosperity increasingly mutual and our well-being common and indivisible, the logic for offensive war and exclusive and hostile coalitions becomes less tenable. Sustainable security can only be built by working with one another, not against each other. Defence alliances and security arrangements must be increasingly inclusive, promoting common security, and not exclusive, generating mutual hostility. Conflicting claims over territory and resources are best addressed through peaceful negotiation or adjudication. It would also be only for mutual good if joint exploitation of resources could be considered, pending settlement of disputes, where feasible. A culture of peace that abhors and rejects wanton war must be cultivated.

I believe that we in the Asia Pacific are better placed to achieve this goal than many other regions. Although we have some exclusive military alliances, they are essentially defensive in nature. Our objective should be to make these alliances as inclusive as possible. More importantly, we also have inclusive processes for security cooperation, such as the ASEAN Regional Forum. The ARF can be further developed and made more substantive. Among the measures that could be considered are scheduled informal discussions on the margins of the Forum, as well as on other occasions that are issue-driven and engage the relevant players only.

I am particularly pleased, as I believe we all are, that the new US administration has signaled in this regard, a new United States that will be more engaging, more multilateral and more conciliatory, if the gesture is reciprocated. If other states in the region, including those involved in the Six Party Talks, are similarly willing to be less hard-line and more ready to compromise, it would augur well for more fruitful dialogue and productive negotiations.

Unfortunately, it seems that every time a step in the right direction is signaled by one party, another party does something that harms the fragile prospects. The decision to carry out the underground nuclear test last week is one such action. The test has further destabilised the situation on the Korean peninsula and will affect the whole East Asian region, and it further complicates efforts to secure lasting peace. The action has also violated UN Security Council resolutions and is deplored by the international community. We strongly urge North Korea to end nuclear testing, stop launching missiles and return to the Six Party Talks to seek a peaceful solution to the crisis.

Unless all parties desist from belligerent and provocative action and become less hard-line and more accommodative, I see little prospect of progress on the Korean peninsula. The minimum conditions for predictability and trust must exist before meaningful negotiations can proceed. Our efforts have failed us for nearly sixty years because these conditions were not allowed to develop. When such conditions are fostered, negotiations can be conducted in earnest. Our guide could then be the “mutual interest and mutual respect” that President Barack Hussein Obama spoke about in his inaugural address.

If there is greater willingness to recognise the hopes and fears and the legitimate interests of all parties, and if there is genuine mutual restraint, there can be more tangible prospects for peace.

An enduring resolution to the strains and tensions in the wider Northeast Asian region and among the major powers however, will not be possible until painful historical legacies are laid to rest and genuine reconciliation takes place. In this regard, the improvement in the relations between China and Japan under Prime Minister Taro Aso are truly remarkable. It is beneficial not only for the two countries, but for the entire region. Similarly, the warming of relations and breakthroughs in economic and communication ties between China and Chinese Taipei have significantly improved the prospects for friendship and reconciliation across the Taiwan Straits. We hope these policies will be sustained and will not suffer from periodic changes as have happened in the past.

The third and final challenge I would like to discuss is remnant insurgency, militancy and terrorism in the region. Southeast Asia has charted tremendous progress in this sphere since colonialism profoundly altered its political and demographic landscape, and the new states emerging from ancient kingdoms struggled to restore unity and foster nationhood. There is much less violent political contestation now. The peace that prevails in Southeast Asia today is a far cry from the Southeast Asia of communist, Hukbalahap, Darul Islam and other sundry insurgencies, that infested the body politic of countries in the region in their early decades.

This situation is not unique to Asia. It is in fact often the norm in history and around the world. Many a nation bleeds, and bleeds again, at its birth, re-birth and adolescence. Reflecting on our own histories will be revealing. These nations though are now largely at peace with themselves. So too the nations in this region.

Residual problems however persist in Myanmar, southern Thailand and the Philippines. The remaining insurgent groups in Myanmar have been fighting for half a century, those in Thailand off and on for one hundred years, and the Moros in the Philippines for 400 years against different political regimes. Insurgent or terrorist groups are also found in China. International terrorism linked to the Al-Qaeda in the form of the Jemaah Islamiyah was also a significant threat in the region, but it has been largely eliminated at present though continued vigilance is essential.

Each nation is unique, and each country must find its own way and plot its own path towards peaceful and mature nationhood. There is little one country can “teach” another. We can speak though, of our own experience, should it be of some relevance.

Independent Malaya, the precursor of Malaysia, was conceived and born in the crucible of violence and conflict. An insurgency mounted by the Communist Party of Malaya and the North Kalimantan Communist Party raged across the country. It engaged in terrorist acts against civilians as well, and it had strong ethnic undertones. Most of its members were of the Chinese community. As immigrants with no citizenship status they felt politically marginalised and disempowered. They therefore fought the system. The CPM also had some Malay members. They were citizens, but they as well as their Chinese comrades took up arms because they wanted to liberate the country from colonial rule.

A concerted and relentless punitive campaign within the framework of an Emergency was launched against the insurgent groups. It was successful to a certain extent, but it could not vanquish the insurgency and defeat the terrorists because it did not deal with the powerful underlying causes. It was only when the political roots of the conflict were addressed did the insurgency wither away. When the colonial power departed and Chinese who qualified were granted citizenship status, the insurgency lost its appeal and disintegrated.

The Malaysian Government gives zero tolerance for terrorist acts. Perhaps the Malaysian experience could be of some relevance to countering insurgencies and terrorism not only in this region, but in other parts of the world too.

I now have pleasure in declaring this conference open, and I wish each and every distinguished participant a fruitful and rewarding conference.

Thank you.