

Prime minister of Malaysia since 1981, Dr. Mahathir bin Mohamad has overseen Malaysia's transformation into one of the wealthiest nations in Southeast Asia, and has become a vocal critic of Western-style globalization.

In this interview, Dr. Mahathir discusses the growth and collapse of his own country as well as the current system of globalization, the Asian financial crisis, and the need for new rules of the game.

Capitalism's "True Self"

INTERVIEWER: I want to take you back to the end of the Cold War, [when] you said that capitalism was capitalism with a big "C," not democracy. Can you tell me what you meant by that?

DR. MAHATHIR BIN MOHAMAD: It's quite obvious that when the Eastern bloc was still there, it was a bustle between capitalism and communism. Once communism was defeated, then capitalism could expand and show its true self. It's no longer constrained by the need to be nice, so that people will choose their so-called free-market system as opposed to the centrally planned system. So because of that, nowadays there is nothing to restrain capital, and capital is demanding that it should be able to go anywhere and do whatever it likes.

INTERVIEWER: You also said that capitalism can be linked to the new imperialism; instead of bombs, instead of nuclear warheads, capital is the new weapon. Can you tell me what you mean by that?

DR. MAHATHIR BIN MOHAMAD: In the old days you needed to conquer a country with military force, and then you could control that country. Today it's not necessary at all. You can destabilize a country, make it poor, and then make it request help. And [in exchange] for the help that is given, you gain control over the policies of the country, and when you gain control over the policies of a country, effectively you have colonized that country.

INTERVIEWER: [Friedrich von] Hayek, [Milton] Friedman and others would say that free markets work. Free markets should be left alone to rule the world, and prosperity would follow. What do you think would happen if free markets are left unregulated?

DR. MAHATHIR BIN MOHAMAD: If they are left unregulated then they will profiteer, because the market is all about making profits, as much profit as possible, and they will do anything in order to increase their profits. One [thing companies will do] is to become monopolies. If they could monopolize something, they could corner the market; then they can enrich themselves. What happens to people—that is irrelevant to them. They are not in the business of attending to the social needs of people. They are only thinking about their profit, and if you allow the market to go free, unregulated, then the world will face monopolies of giants who will not care at all about what happens to people, what happens to the consumers, for example. Of course, a big company can be more efficient, probably do more R & D. But you reach the stage of a monopoly, you don't have to bother, because whatever you produce people have to buy anyway. That will lead to a deterioration in the quality of things. So it is not true at all that a free market will ensure a democracy. It doesn't. There must be a balance between a free market and some regulations which are essential in order to safeguard the interests of consumers and of people in general.

Talking with President Clinton During the Asian Crisis

INTERVIEWER: We already interviewed Robert Rubin and Larry Summers in the States, talking about the push during the '90s to get everyone, including Malaysia, to open up their markets. Can you tell us what you felt at that time in the early '90s? Did you have any meetings with Rubin and Summers or Clinton when they were talking about this need to open up your market?

DR. MAHATHIR BIN MOHAMAD: I never did talk to Rubin or Summers, but I did talk briefly with President Clinton during one of those APEC [Asia Pacific Economic Cooperation] meetings. It is quite obvious that the focus is on markets. Markets mean a place where you can sell, and when you sell you expect to make a profit. You don't talk about opening up your own market. You know, your market is actually a closed market. Malaysia, for example, is a very open market; its economy depends on trade. Its trade is more than 100 percent bigger than its actual GDP. We believe in trade, but we didn't believe in just being a market for other people. But the stress is on market opening. Even if you open your market to us, we have very little to sell other than raw material... In terms of finished product, we must sell more raw material all the time in order to buy less and less finished product. So when you talk about opening

markets, you're talking about the rich people who can manufacture goods with added value and selling it in our markets, not the other way around.

INTERVIEWER: You said you met with Bill Clinton. Did you talk about the requirements of America to open markets? Can you tell us what you said? What was the discussion about?

DR. MAHATHIR BIN MOHAMAD: Well, there were a lot of people around the table, so I didn't really have a one-on-one chat with him. I did meet with President Clinton at the APEC meeting in Vancouver. That was at the height of the currency crisis, and I pointed out to him that because of the currency crisis, East Asia had lost some \$500 billion of purchasing power, and this would mean that they would not be able to buy, say, Boeing aircraft, which we need for the long haul. Long-haul Boeings are used largely in East Asia because of a need to fly over long distances and carry a lot of passengers. All he said was, "Well, that cannot be helped." Later on, during one of his speeches, he did admit that the effect of the currency crisis was to reduce the sales of unique products which Asia needs from America.

Washington Consensus vs. World Consensus

INTERVIEWER: In the early to mid-90s, we heard of the Washington consensus. Maybe you can explain what you felt was the Washington consensus. Here in Malaysia, did you feel that there was a new policy being pushed? What for you was the Washington consensus?

DR. MAHATHIR BIN MOHAMAD: Washington itself implied that this is something out of the rich Western countries, and if they agree on something that is to be imposed on the rest of the world, it means that there is no consultation. It should be a world consensus, not a Washington consensus. Every time we are up against this understanding there, we find that they are all designed in order to be in their favor, to enrich them, in fact, and it would be at our expense. That is why we feel a need to resist the Washington consensus.

INTERVIEWER: President Clinton gave a talk a while back about agricultural subsidies, and if [the U.S.] cut them, there would be X billion dollars around the world that would go to the developing countries. People asked him, "Well, why don't you do that?," and he said, "It's not so simple." Can you explain what that means? Why isn't [it] so simple?

DR. MAHATHIR BIN MOHAMAD: We have farmers' lobbies, and if you do that, you're going to be faced with a lot of political problems domestically. What he did not see was that we face the same problem. You know, it's not so easy to make a change without reactions which are adverse to the change, and now they have realized that even the WTO, the concept of globalization is meeting resistance, not only from the developing countries, but also [from] a vested interest in the developed countries. So changing things is easy theoretically, but it is not easy to implement.

INTERVIEWER: Let's talk more about the Washington consensus and the American desire for Asia to open her markets. Was the head of the IMF coming to you and saying, "What you should do is open your capital markets—it'll make you prosperous"? Was there other talk of American free marketeers as evangelists, who were like missionaries going out to Asia and spreading the gospel of the free market? When did you sense this, and was anyone talking to you about this?

DR. MAHATHIR BIN MOHAMAD: I think it was very early on, long before globalization was being implemented or becoming a very common household word. Various delegations came from America, one of which was headed by [former Secretary of State Alexander] Haig, and they were insisting that we allow American banks to operate as national banks in this country. We pointed out that if they come in, their size would smother the Malaysian banks. But [we were told] this is good for you, because they are going to bring in their expertise [and] efficiency, and things would be stimulated by their participation. We have a responsibility to protect our local banks. We told them that we are not ready yet for that. Wait until we are big enough, and then you can come in. So very early on there has been this pressure to give national status to foreign companies. National status is what we use to protect our weak businesses, banks, and industries so that they have a chance to survive. But if you allow at that early stage for foreign companies to attain national status, then there's no way we can protect our own businesses. Of course, when globalization became a formal idea which everybody seemed to espouse, it is the same thing: the desire [to] give foreign companies national status in your country. We felt if we do that, then all our own businesses will be just swallowed up. All will just perish, so that is why we fear that globalization, as defined by the Western countries, is not going to be good for us, and we had a foretaste of that during the currency crisis.

INTERVIEWER: When you had people saying you should let in the Western banks, how did you feel emotionally? Did you feel pressured? Did you feel that this was wrong for Malaysia, that it was imperialistic?

DR. MAHATHIR BIN MOHAMAD: We had just attained independence not so very long ago, and to us independence means the right to rule our country in our own way and to be entrusted with the national policies. But what they are saying is that it is not good to be independent; you should open up and let everybody in and let them do what they like. We feel that that is not right. It always reminds me of the banana republics in Central America where the power of the estate owners exceeded that of the president. They were actually able to manipulate politics and put in a president who is favored by them. We don't want that to happen here.

INTERVIEWER: Was it difficult to resist?

DR. MAHATHIR BIN MOHAMAD: It was difficult, because they keep on coming and telling you, "You must accept this; this is the trend; this is good for you." And of course, we have within the country people who feel that to be worldly they must support these kinds of ideas.

Moving the Goalposts: New Rules of the Game

INTERVIEWER: Now, with the updating or the transformation of the old Bretton Woods institutions—the GATT into WTO, etc.—there are so-called new rules of the game. What was your perception of this changing nature of the WTO and whose interest it served?

DR. MAHATHIR BIN MOHAMAD: The new rules of the game actually implies moving the goalposts further and further away from us. That is what is meant by new rules. As soon as you show an ability to cope with the rules, they change the rules. Then you have to begin all over again, and you are constantly being destabilized. Now, if we could change the rules, then they would feel the same thing, but we are not allowed to change the rules. We have to follow the rules as they keep on changing. As they change, we have to accept them. And that is very destabilizing, very difficult for us to deal. When we could hardly deal with the old rules, now we are faced with new rules.

INTERVIEWER: Who are the people making the rules?

DR. MAHATHIR BIN MOHAMAD: They seem to come out from the rich countries, of the West, mainly.

INTERVIEWER: Developing countries, at the last WTO meeting, went to the big powers and asked for certain rights, and they were stonewalled. How does that make you feel?

DR. MAHATHIR BIN MOHAMAD: It makes me feel very bad. When developing countries go to the WTO and register their protest over things, they should be heard. Their views should be considered by the rich countries. It would not do for the rich merely to dismiss the poor countries because they are weak, [because] they are in no position to do anything anyway. That, I think, is very unfair and very undemocratic. We thought about democracy; we have to be democratic in each country, but there is no democracy at all in the management of affairs between nations. It is always the right of the mighty which prevails over the weak, and that is very primitive.

From Miracle to Crisis

INTERVIEWER: Let's go back a bit to the so-called emerging market and the emerging-market boom. What was that? What was driving the Asian emerging markets?

DR. MAHATHIR BIN MOHAMAD: Once the Asians realized that the way to grow was to do what the West was doing, to go into manufacturing and to trade with the rest of the world, once they got to know that it was easy for them to get their people to move in, to get direct training to produce all those products and because our costs [are] always low, we were able to compete on the world market. I think we—the Japanese, for example—pushed out most of the Europeans from the automotive market. There was hardly a British car left after the Japanese moved into these markets, because the Asians have a different philosophy about business. Whereas Europeans will want to make big margins, Asians want to capture the market, to have a bigger presence in the market, with small margins. And I think that strategy worked very well, and they were able to develop very quickly.

INTERVIEWER: Malaysia went from being a rubber plantation to being one of the top 20 economies in the world. This is extraordinary growth. What was it like to witness, and what do you think was responsible for that in Malaysia?

DR. MAHATHIR BIN MOHAMAD: Very early on we discovered that there is no future in the kind of culture that was suitable during the colonial days, simply because our population was growing. On an acre of land, one farmer could hardly make any living. But on the same acre, if we put in a factory, we can have 500 people working. And because we have a big number of workers and they are largely unemployed, we decided that we should move into industry and create jobs. That's the main thing that we wanted to see, to create jobs for our people. And in this we succeeded so well that eventually we find that we don't have enough labor, and we have to accept foreign labor.

INTERVIEWER: We filmed in Bangkok; we saw the skyscrapers all over the place. Malaysia, Kuala Lumpur, has developed extraordinarily. Did you think that this boom would go on, and could it have gone on?

DR. MAHATHIR BIN MOHAMAD: It could have gone on. The boom in East Asia would have gone on had there been no financial crisis. Of course, there are weaknesses in the system. There may be abuses of the system, but the way to improve things is to go about it slowly—not to destroy the economy in order that it should become better. I don't think that is the way to do things. I admit that we need to change some of our ways, but it could have been changed without having to have an economic turmoil which is artificially created.

INTERVIEWER: The Asian crisis first hits Thailand. When you were watching from Malaysia, what was your first impression of it, and did you think it was going to expand? Did you have any idea it was going to reach this contagion level?

DR. MAHATHIR BIN MOHAMAD: No, I thought that this is something that can happen to Thailand, but cannot happen to Malaysia. We have a very sound economy; we have good reserves; we have been very conservative in the management of our finances. And we have this currency that has been able to pull us through even in the worst times, so I did not think

that it would come to Malaysia, certainly not on the scale that would eventually be experienced.

INTERVIEWER: Did the head of the IMF come here before the crisis and praise Malaysia on its extremely strong fundamentals?

DR. MAHATHIR BIN MOHAMAD: Yes, the IMF praised the governor of the Central Bank for his very good management of the finances of this country, the policies that we follow. The praise was quite different from the [response] that we got later on. You see, we really believed and we knew we had sufficient strength to weather any downturn.

The American Worldview

INTERVIEWER: In the '90s, the Mexican crisis blows up, and America decides to go in and save it to stop the spillover. What was your sense of the crisis at the time and the American reaction to it?

DR. MAHATHIR BIN MOHAMAD: I felt that the Americans were not actually helping Mexico. It was because there was so much American investment in Mexico, and it forced the American government to move in and very quickly put up the money to stabilize the situation, so it actually saved the American investments there. Of course, at the same time Mexicans benefited. But I don't [think] that benefit goes down to the ordinary Mexican.

INTERVIEWER: So in Mexico, the crisis hits; America goes in to help. In Thailand, crisis hits; they ask America to help; nothing happened. What's your feeling about that?

DR. MAHATHIR BIN MOHAMAD: Maybe Thailand's economy is not so closely interlinked with that of America. The amount of American investments there may not be as big, so the interests are less as compared to Mexico.

INTERVIEWER: Did America have any understanding of East Asia? Did they have any awareness of the market here in terms of the damage they could cause? America has interests in Mexico, so it must look after its interests. Did America think that East Asia was irrelevant to them?

DR. MAHATHIR BIN MOHAMAD: Most Americans, I think, know very little about East Asia or Southeast Asia. American businesspeople who have been here, they are very knowledgeable about this area, but the average American? No. We are horrified to find most Americans do not know the capitals of foreign countries or even the capitals of American states. I mean, our education system emphasizes knowledge of the outside world. The American education system apparently stresses knowledge of the United States. An American [baseball] tournament, for example, is called a world series, but is confined only to America. It's not a world series at all.

INTERVIEWER: So how does that impact globalism and globalization? America is pushing globalization and a free-market system, but as you say, America knows very little about the outside world.

DR. MAHATHIR BIN MOHAMAD: No, the American view of globalization is colored by its inward-looking view of everything. In this, what happens to America, that is of interest and concern. If American globalists, or whatever you may call them, decide to look at the effect on other countries, then they would realize that the effect would not be the same as in America. It will not bring about the kind of prosperity. Theoretically, of course, an inflow of capital will bring about prosperity. We do not argue against that, because we have experienced that inflow, but when capital is pulled out, it can cause a country to collapse completely. In a free-market system, in a borderless world, money cannot only come in, but it can be pulled out even more rapidly, and that will, in fact, cause a collapse.

The Cause of Contagion: Speculation, Not Corruption

INTERVIEWER: When [the crisis] happened to Malaysia, you had overseen a lot of the great development in Malaysia, 40 years of economic growth, extremely high growth. You then have tens of billions rushing out, and the economy collapses. What was that like to witness?

DR. MAHATHIR BIN MOHAMAD: It was frightening. We really could not make out what was happening. We didn't foresee this thing. We saw fluctuations in the value of the ringgit [Malaysia's currency], but over a very narrow spectrum. But here we have the currency going down and down and down, and we have the stock market doing the same. The index kept on

going down, no matter what we do. And we felt totally helpless. We felt that there was no way we could recover. So the feeling was really very bad, very frightening.

INTERVIEWER: Do you still [have] the feeling that you cannot recover? Do you still feel fearful?

DR. MAHATHIR BIN MOHAMAD: No, at the moment I am not fearful. Now we have recovered. We have truly recovered. But we worry that there may be other ways of destroying a country's economy which might be tried against our country again.

INTERVIEWER: After the crisis in Thailand, why was Malaysia, Indonesia, Korea—why were not they not able to stop it [from] spreading to them?

DR. MAHATHIR BIN MOHAMAD: Because we have no say in controlling currency speculation. They can speculate with any currency, and their speculation is so designed that they can either revalue a currency or devalue a currency to any level. They hold this power, and they can literally make or break you by just by doing that. It has nothing to do with bad government or corruption or not being transparent, because if we were a bad government, then long ago our currency would have collapsed. Long ago we would not have been able to build up the country. But [it] is the same government, exactly the same government which has built up the economy of this country, and yet suddenly we are being told that is due to our bad government that the currency is collapsing. We don't believe that. We believe that it was due to people just selling off our currency, selling down our currencies. That's why it was devalued, not otherwise.

INTERVIEWER: After the crisis, Al Gore, vice president of America, said the reason there is a financial crisis is ... the lack of democracy—corruption, collusion, nepotism, and lack of democracy in the East Asian countries. How did that make you feel?

DR. MAHATHIR BIN MOHAMAD: Very bad indeed. I don't think it's due to corruption, collusion, etc., as voiced by Al Gore. He has practically no understanding, no knowledge about this area at all. I don't think he has delved into Malaysia's economy with any degree of seriousness for him to make that comment. I would say that if we have been like that, we would never have

grown; we would never have developed into one of the East Asian tigers. But the idea that it is corruption which is pulled us down is just to defend the currency traders, who are the principal culprits which have caused the economy to collapse.

Corporate Governments

INTERVIEWER: You've said that there are more cronies and corruption in the rich countries.

DR. MAHATHIR BIN MOHAMAD: That is very true. In the rich countries, as you know, the top businesspeople and the financiers, they are very close with the government. They have a big influence over the government because the government knows that what they do is going to affect the economy of the country. That is why when the LTCM [Long Term Capital Management] collapsed, they were able to get the government to take action to have the banks support the LTCM. If the government had done nothing, then the LTCM would have collapsed, and the whole financial system would have collapsed. But then they know that they have to get political action to help them out. So that is collusion. That is very definite linkage between the top businesspeople and the government.

INTERVIEWER: You've talked about corporate governments. Bill Crist, who's the head of the California state pension fund, CalPERS [California Public Employees' Retirement System], has billions at his disposal. He advocates that developing countries must be transparent; they must have corporate governments. In effect, is he saying that developing countries must be more like America and the American way?

DR. MAHATHIR BIN MOHAMAD: The American way is also not transparent. The activities of the pension funds are not actually that well known to the public. We know that pension funds, for example, [do] not invest in order to get a return by way of dividends. They are investing in order to have capital gains, and in order to achieve capital gains you need to invest and invest and invest to push up the value of the shares. That has no relation with either the assets or the potential of the company. Then, when the shares are high enough, they just dump the shares, take big capital gains, and they go away to another country. That is what they do. Even in America they do this. They never ask to be represented on the boards of the companies—they are not interested in that. Whether the company is doing well or not, it doesn't matter. But if you buy shares, repeatedly, it is going to escalate in price, so then you

can sell off. So what they are doing is also not very transparent. They should be telling [the companies] that we [are] buying shares now and we are about to sell off the shares. See what happens if they do that. They expect us to reveal everything, but they are not revealing things about themselves.

Malaysia's Recovery

INTERVIEWER: After the crisis of September, you brought in patrols to try to stop this happening again. People have accused you of closing down the Malaysian economy, cutting it off from globalization as a result of that. How would you respond?

DR. MAHATHIR BIN MOHAMAD: I think the perception is all wrong, and the reasoning behind it is also wrong. Just because you control the exchange rate of your country doesn't mean we are closing off our country from outside participation. As you can see, they are still here. They are still investing in this country, despite the fixed exchange rate. In fact, they find it very comfortable knowing exactly what they would earn, whether they would get back their budget or not, go according to their budget. You can actually plan for the future. That is what a fixed exchange rate means.

As far as the stock market is concerned, we know that players in the stock market can also destroy the stock market simply by short selling. And to short sell you don't even need to have the shares. That is why we decided that we would stop that, and as a result, the market has recovered.

INTERVIEWER: You said that Malaysia and developing countries must stand up; they must not bow down to the globalization extremists. Who are the globalization extremists, or the theologians of globalization?

DR. MAHATHIR BIN MOHAMAD: The globalization extremists are the people coming from the very rich countries who see in the form of globalization that they propose opportunities for making huge sums of money for themselves. They are not doing this for charity. Although they say this will benefit the developing countries, really they don't care. Since currency trading is part of globalization, we have seen them destroy 100 times the amount of money that they make. In the case of Malaysia, we lost US\$250 billion, and I think the currency

traders could not have made more than \$5 billion out of destroying \$250 billion. We cannot be convinced that this is good for us, losing \$250 billion, so that somebody can make \$5 billion for themselves. It is destructive of wealth, wealth we have taken a lot of trouble to accumulate over decades. Because of this, we don't see why we should open our arms and embrace globalization.

INTERVIEWER: But you've also said that you support free markets. I think you said you supported globalization. You realize that capitalism, free markets have the potential of doing tremendous good in the world. Do you think that's still true? Does capitalism and the free market still exist and still have the potential to do tremendous good?

DR. MAHATHIR BIN MOHAMAD: Yes. If we have proper regulation and proper structure, it is possible. We have welcomed foreign capital a long time ago, and they came in, they built factories, and they exported goods from our country, creating jobs for our people, improving our economy. Yes, that is the kind of globalization that we want. At the same time, of course, they respected our laws and our policies and allowed our own companies to be protected until such time when they were able to compete with the foreign countries. That kind of globalization, yes. But the sudden inflow and outflow of currency is too destabilizing: That we cannot accept as a part of globalization.

If, on the other hand, you say that there must be freedom of movement across borders, it should be a borderless world. Whereas the capital in the rich countries is in the form of money, our capital is in the form of people. Are you willing to allow our people to migrate your countries in great numbers? Say 300 million Chinese, 200 million Indians should migrate to Europe. Immediately you are going to say, "No, that is not what is meant by globalization." But you talk about a borderless world, about free movement of capital and not anything else. Why should there be such a difference? Since you would like to regulate the migration of people into your own country, we should be allowed to regulate the inflow of capital and the outflow of capital from our country.

Globalization: Backlash from Both Sides

INTERVIEWER: You've seen on the news bulletins the riots in Seattle, in Quebec—any great economic summit meeting now is full of protests against a whole variety of things, but it's

moving this great army against globalization. What do you think when you see these protests on the streets, and do you support them?

DR. MAHATHIR BIN MOHAMAD: Well, these protests are not carried out by people with the same intention. Each has got his own agenda. The protests coming from the rich countries is because of the fear that it may cost a lot of jobs, because companies might migrate to cheaper countries, produce goods which are much more marketable. The people in the developing countries protest because they fear domination. So the reason for doing this is different, but there is a common desire not to accept globalization and the ideas that created the World Trade Organization.

INTERVIEWER: Globalization, deregulation is supposed to enrich the world. But at the moment, is it one-sided? Are most of the riches going to the rich countries? What will happen if this divide is not closed?

DR. MAHATHIR BIN MOHAMAD: In the first place, what we see is that globalization is only benefiting the rich. A good example of that is currency trading. It mainly enriches the rich at the expense of the poor, so that is something that we cannot accept. But if it is going to be beneficial, then there must be some regulation. You cannot suddenly be free—any sudden change would be disruptive. Even if it is a change for the good, it would be disruptive. Now, the whole process should be slowed down in order to allow for countries to adjust to globalization and the effects of globalization. If that is done, and if the views of the poorer countries are given serious consideration, then we can have globalization without the disruption. It may take a little bit longer, but it will not involve the destruction of so many economies as has happened now.

"Gobbledygook, Globaloney, and Gobblization": The IMF and Its Remedies

INTERVIEWER: People have described the IMF as being far from impartial. They're Euro-biased, American-biased. They came in after the crisis, and they prescribed a certain medicine. Was it the right kind of medicine, and was the IMF the right [group of] people to be prescribing it?

DR. MAHATHIR BIN MOHAMAD: It wasn't the right kind of medicine. That is why we refused from the very beginning to go to the IMF in order to ask for their help, because we know it's not going to be helpful at all. We studied the line that they were taking, and this emphasis on surplus budget, on increasing the interest rate, this increase in the percentage of non-performing loans and all that, these are not for any economy. Because of that we refused to accept the IMF remedy, and we were observing what happened in other countries when they applied the remedy. There was no improvement. The only thing that happens is that these countries have now become more in debt to the IMF, and that is not going to be very good for the future. It is going to take a long time for them to pay off their debts. We think that each country should be studied in depth to find out what are the true weaknesses and not just make a sweeping statement that this is due to bad governments, corruption, etc., which is also found in European countries and in America. You should not make a generalized statement like that. What you should do is to study what makes the economy work and how do you remedy the situation. That would be the right thing. We felt, right from the word go, that the [head of the] IMF did not know what he was talking about when he talks about bad governance. He was merely trying to ride on the currency crisis because the country, he said, [had] become weakened, they had become poor. The IMF is in a position to extend financial help, and for that financial help [to be given] it was expecting certain obedience, certain submission to its way of doing things.

INTERVIEWER: In a recent speech about the potential new world order, you created a lovely phrase about globalization: "gobbledygook, globaloney, and goblization." What were you thinking when you said that?

DR. MAHATHIR BIN MOHAMAD: Well, obviously "globaloney" referred to an American [phrase referring to] something that is stupid and silly. It's a lot of baloney. That's what I mean. I mean the whole idea of globalization as it is depicted now has got no basis in fact or even a basis in assessing or understanding how the economies of the countries were. So it was all baloney, as far as we are concerned.

Why Are Some Countries Rich and Others Poor?

INTERVIEWER: Big-picture question: Why are some countries rich and some poor? What role do culture and legal institutions have?

DR. MAHATHIR BIN MOHAMAD: Basically, it is culture. A country may be rich in resources, but if the people do not know how to exploit those resources, how to add value to those resources, then they are going to remain poor. And to add value to resources, there must be a government that is conscious of its duty to develop the country and that is knowledgeable about how to develop the country. A prerequisite would be a stable and peaceful condition within the country. No government can have a richer country if the country is continuously facing turmoil. So some countries have governments which are able to ensure peace and stability and to utilize human resources in order to enrich not only what it has in the country, but also to bring in the raw material in order to add value. That's how countries become rich. It's not due to having rich resources.

Criticism of the West Does Not Equal Anti-Westernism

INTERVIEWER: You have millions of people around the world watching. What would you like to say?

DR. MAHATHIR BIN MOHAMAD: I would like to say this: There is a tendency among the people in the West that when you criticize an idea coming from the West, it is because you are anti-Western and, therefore, Western people should not have anything to do with us. Their businesses shouldn't invest in our countries because we are being anti-Western. But we criticize ideas. If the ideas are good and they come from the West, we will support them, because it's not a question of being anti-Western but a question of being against certain ideas coming out of the West. It should not be assumed that it is because we are anti-Western. Anybody at all who criticizes the West is considered anti-Western. But we are criticizing the ideas, not the West.

I think it is good for Western people to try and understand that anything that comes from them is not always perfect. Nobody has any perfect ideas. If you look back in history, ideas like socialism, communism came out of the West. And now the West has rejected those same ideas. When they were moot, they were regarded as perfect, but over the times, they practice these ideas, they find that they were far from perfect. In fact, they were actually very bad, and they were discarded! How can we be sure that today's ideas coming out from the West are perfect when in the past they have been imperfect over a period of time? So people should

tolerate criticism. They ask us to be tolerant of the opposition. But when we oppose anything, there is no tolerance shown to us.

I'm regarded as being anti-Western. I am not against them. They are normal people like everybody else, but if you come up with an idea that is damaging to us, we have to criticize [it]. This is something that the West has not yet understood. The West assumes that any idea coming out from them is perfect and must be accepted by the whole world. And yet they must know that ideas like socialism, communism, republicanism, and all kinds of -isms, came out from the West, and today the West rejects this as wrong. How do we know their ideas about democracy, about human rights, will not be rejected in the future?

INTERVIEWER: In this globalized world, is it possible for a country, especially a developing country, to opt out?

DR. MAHATHIR BIN MOHAMAD: No, there's no question of opting out. The fact that you don't accept certain ideas doesn't mean that you step off the world. You are still there. In our case, we rejected ideas which have been accepted by the whole world because we think that our ideas could solve our problems, not other people's problems—our ideas are better—but without damaging our economy, because we are so dependent upon the rest of the world. Our trade is 140 percent of our GDP, so we need the world. We cannot step off the world.