TRANSCRIPT OF SPEECH BY THE

PRIME MINISTER, MR. LEE KUAN YEW,

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Mr. Chairman, Ladies and Gentlemen,

When I arrived in Vancouver a few days ago, I discovered that I was supposed to talk on "Southeast Asia Today". This is not an easy subject for any member of a government in Southeast Asia to talk about in public. First, as a practitioner, although one has some knowledge of the subject including the principal personalities who determine policies in the region, one is at the same time too close to the subject and too involved to discourse dispassionately on it. Next, whilst intellectual integrity demands that the untruth should never be uttered, active political involvement requires tact and diplomacy. Hence an inclination to suppress or gloss over the truth and thereby to suggest the false.

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First, let me define “Southeast Asia”. It comprises those new nation-states which emerged from American, British, Dutch and French empires, all in alphabetical order, on the southeastern rim of the continent of Asia and the archipelago surrounding it. By common usage, it is now taken to include Burma, Thailand, Cambodia, Laos, Vietnam, Malaysia, Singapore, Indonesia and the Philippines.

To understand Southeast Asia today one must refer to its previous history, its peoples and civilizations before the European colonial era, the impact of European colonial administrations on the economy and culture, and the demographic alterations through migration often encouraged by the administering power. What the different countries are today depends first on what the political leaderships have inherited from colonial administrations and next what they have done with their countries since; the result varies from country to country.

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I have little scholastic qualification to embark on the subject. My formal schooling was in the law; it did not include history, anthropology, sociology, geography, political science and economics, all of them necessary for a comprehensive understanding of how and why the total performance is what it is. Those of you, either students or teachers in these disciplines, should treat

with indulgence the inexact terminology and treatment a layman brings to a subject he is not tutored in.

Broadly speaking, these are warm and humid tropical and equatorial regions. Until the advent of modern medicine, improved environmental health and new drugs, life-expectancy was extremely low. Even today for some parts of the area, insurance companies base their actuarial computations on a life-span as low as 33 to 37 years, although for some urban centres as high as 60 to 66 years. Until the introduction of effective climate control through air-conditioning in factories, offices, homes, cars and buses, the effective part of the working day was the cooler hours of the morning. By way of illustration, for over 300 years of Dutch rule in what is now known as Indonesia, all work and business stopped between just afternoon till well after 4 in the evening. And I am happy to say that this wise habit, though tainted by colonialism, has not been abandoned by successor nationalist governments.

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The effects of climate and environment on the physical characteristics and culture of the peoples have been unavoidable. Because it is more or less summer the whole year around, there has not been the same necessity to harvest and put something by for the winter. And this may be one of the factors which explain the discrepancy between prodigality and thrift between

the indigenous and the immigrants who came in under the aegis of European empires, principally from India and China. However, unlike Africa, there are great monuments in stone to bear witness to civilizations which flourished over centuries in spite of adverse climatic conditions. The whole complex of ruins of Angkor Wat in Cambodia built over five to six centuries from 700 to 1200 A.D. and the temples and monuments at Borobudur in Central Java bear witness to societies whose economies were sufficiently organised and prosperous to allow a surplus for religious devotion and artistry in architecture. True, both were the result of the impetus of Hindu civilizations stretching eastward towards the Indo-Chinese Peninsula and southeastward towards Sumatra in the Sri Vijaya Period (7th to the 13th century A.D.) and later in Java into Majapahit Period (13th to 16th century A.D.).

Southeast Asia can be divided broadly into three main divisions: (1) Buddhist, stretching from Burma to Thailand, Laos, Cambodia and Vietnam; the other Muslim, comprising the Malay Peninsula, Indonesia, and a part of the southern Philippines. There are wide variations in the ethnic classifications of these two broad religious groupings. And these ethnic groups have themselves undergone changes to produce, for instance, in the Philippines in more than 300 years of Spanish and about 50 years of American colonization where the people

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of the main islands today are Catholic, of mixed Malay Spanish origin, which explains some of the names that you may have read in today's newspapers.

Then into each of these countries there were several waves of migration: Indians to Burma, Indians and Ceylonese into Western Malaysia and Singapore and Chinese into the main urban centres of all the countries in the region. Some of these emigrant groups predated the arrival of the Europeans. More were encouraged to move in by the Europeans as with the Indians in East Africa because they assisted the exploitation of the natural resources of these territories. They provided administrative, technical and commercial expertise at a secondary level to assist the Europeans. In some cases, they were the only source of disciplined and reliable labour for the opening of plantations and mines, the building of roads and railways and also the running of the retail trade. Often they became the shopkeepers after coming in as labourers. And the shopkeeper was often the village banker who knew who was creditworthy, how he could pay in crops and fish for the things he needed which the shopkeeper could buy, sometimes import and store, and when you get rid of him it is not possible to replace him with the Peace Corps!

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I would now like to read excerpts of the economic performance of these various countries from a United Nations publication in 1966 entitled "An Economic Survey of Asia and the Far East". This is the latest copy I could find in the library. It was issued in March 1967 and gives the performance as of 1965. There was probably a 1968 issue giving the performance as of 1966. The performance which shows some improvement in some of the countries where the economies are largely agricultural as a result of better harvest in 1967. But with these reservations, the excerpts I will read from page 99 to 103 of this publication will be more or less still valid. It begins in Chapter 1 on "Economic Growth":

> " During the period 1960-65 not only did the economic growth of the developing ECAFE region lag behind that of Latin America and West Asia but also its rate of growth tended to decline as evidenced by the fact that its annual growth rate of 3.9% in 1965-66 was slightly below its annual growth rate in 1955-60. This situation was brought about in particular by the slow growth of Ceylon, India and Indonesia and also by the decline in the annual growth rate of Burma, Cambodia and Iran during 1960-65 as compared with the preceding five years. Despite this dismal note, however, there is

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some cause for optimism if growth possibilities are judged from the past performances of the individual countries mentioned."

It goes on to say that

" In 1961 and '62 the value of the exports and the terms of trade dropped sharply from the preceding years thereby decreasing significantly the developing ECAFE region's capacity to import. "

This is, you know, one of the problems of countries dependent on the export of raw commodities. They are caught in the dilemma of either high prices in which case the advanced and developed countries learn to produce substitutes or otherwise new methods to do away with this user or minimise this user or the prices are low in which case they are unable to buy the equipment they require for economic modernisation.

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On page 100 under the caption "Recent Developments in Selected Countries". I like to preface my excerpts by reminding everybody that I am reading from a United Nations report and this is not my value judgement:

" In Burma the economy was passing through a difficult transition period brought in by the programme of nationalisation. Agricultural production in 1965-66 generally decreased, resulting in a rise in the index of wholesale prices of farm products. In April 1966, production of paddy fell short," and so the dismal story goes on.

" In Cambodia (page 101) it appears that the performance of the economy in 1966 was not as good as in the preceding year. There was a general shortfall at agricultural production, particularly in paddy, rubber and maize. Because of the reduced harvest of paddy it was estimated that the rice exports would not exceed 150,000 tons in 1966" and so it goes on.

" In Ceylon, the year 1966 ended with an intensified crisis in the supply of foreign exchange and rice. There was a shortfall in the production of paddy on account of floods and also a slight decrease in the production of tea and natural rubber. The increase in the foreign exchange allocation for the purchase of imported raw materials indicates a slight increase in industrial activity."

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" In China (Taiwan) there was buoyant growth of production in 1966."

" In India, economic conditions continued to be unsatisfactory although it appears that the performance of the economy in 1966 was slightly better than in the preceding year. The country suffered continued drought for a second successive year in 1966."

" In Indonesia, the economy was gripped by hyper-inflation which arrested the growth of production. However, forces were at play leading towards economic rehabilitation. On the whole, agricultural production showed a favourable increase as a result of good weather. Rice production was expected to surpass 1965 production."

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" In the Republic of Korea, the buoyant expansion of the economy continued with manufacturing as the leading sector. As a result of good weather, agricultural production in 1966 was reported to be favourable" and so on.

" In Malaysia (West), the increased economic activity to meet domestic demand was quite satisfactory in 1966, but not sufficiently large to compensate for the decline in the external surplus."

" In the Philippines, the restrictive credit policy which characterised the economy in 1965 was partially relaxed during 1966. Paddy production in 1965-66 increased by 2% which was less than the growth rate of the population, so that the country continued to import about 200,000 tons of rice from Burma, Thailand and China (Taiwan). Sugar production decreased considerably due to adverse climatic affections. Consequently, it has to give up 100,000 tons of its allotment in the United States market."

" In Thailand, the economy was buoyantly expansive in 1966, strongly stimulated by the effects of the Vietnam war" and so on.

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On page 101of the report is a graph showing the rate of growth of the underdeveloped countries – without the developed countries in the region: Japan, Australia, New Zealand. And then another curve on the same graph showing the development rate with these three countries added, and the steep rise

in the graph, caused by the addition of the figures provided by these three countries, reflects the pitiful performance of the underdeveloped countries.

This report was compiled by international civil servants of the U.N. agency whose headquarters is based in Bangkok. It tries to be truthful in a bland and inoffensive way. It has not, however, set out the external aid figures.

What are the reasons for the failure to realise the visions of the first generation anti-colonial nationalist leaders held out to rally their people in the quest for freedom? How was it that European empires were able to extract considerable wealth from the areas under their control for the enrichment of their metropolitan bases in Europe, whilst at the same time build up an infrastructure of roads, railways, harbours, postal and telegraphic communications and a network of law-enforcing and tax collecting agencies? The population at large, although poor, were in some cases better off in the past when they were more efficiently exploited by foreigners than they are today under independent governments, though in several cases not of their own choosing.

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Having observed this doleful subject over the years, I advance the following tentative reasons:

First, the equilibrium that was maintained by an overriding colonial power, bringing together diverse ethnic and cultural groups to complement and supplement the skills required for the better administration of a territory, and the more effective extraction and exploitation of its natural human resources and the creation of wealth often proved difficult to maintain after independence. The territorial boundaries of the new nation-states do not coincide either with the natural geographic or ethnic boundaries.

Nigeria and Biafra is a contemporary example from another continent. So too there was a rebellion in 1957 by Sumatrans supported by groups in the Celebes and Amboyne against a largely Javanese government in Java. The rebellion failed. Burma is still plagued by rebel minorities of Kachins and Karens, by Red Flag and White Flag communists.

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And even Thailand is not without minority problems. It is the one country in the whole region which managed to escape being made a colony by acting as a buffer between the French in Indo-China moving westwards and the British in Burma moving eastwards. As a result of recent discussions between Malaysia and Thailand for the elimination of communist guerilla groups operating across the Thai-Malaysia border, the Thais were reported to have moved into the area some 15,000 or more families of Buddhists, principally Lao in ethnic origin,

and placed them in a Malay Muslim area which their four southern provinces consisted of.

Next, power was often handed over to a new nationalist government that had to command popular support. When they tried to maintain government on the basis of popular support the divisive processes became acute. For political supremacy, competing political groups often could not resist the temptation to appeal to ethnic, linguistic and religious loyalties. The race, language and religious riots in Ceylon, a territory slightly outside our subject for discussion, are an illustration of the difficulties that inevitably follow. As a result of political appeals made to the Sinhalese-speaking Buddhist majority which must have eroded into the interests of the Tamil-speaking Hindu minority, the administration and the economy suffered. For the Hindu Tamils, though grouped largely in the north in Jaffna, had under British rule provided considerable numbers of the administrators, educators and the mercantile class. They feared that they would be dispossessed. In the end, the whole administration and economy went down.

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A third reason is that most of the new governments pursued policies of economic self-sufficiency. In 1947, the first country which obtained independence after the war was India, partitioned into three pieces in two nations. India was big enough for her leaders to set out to create an

industrialised economy after the example of the political and economic autarchy of the Soviet Union with her five-yearly State Plans. Most of India's then principal leaders were educated in Britain before and just after the first world war. European ideas of economic self-sufficiency – every European state however small with its own empire – left their influence on Nehru's generation.

Indonesia obtained her independence two years later, in 1949. Her leaders, especially Sukarno, were similarly influenced. They had also noted India's example. Both countries have not succeeded. But their examples affected the policies of the smaller countries in the region with unhappy results.

The fourth reason is the inadequate number of trained men either in the political leadership, administration, professions, in commerce or in industry. This paucity of trained digits aggravated the rundown of the economy, when political leaders, gifted more in emotionally arousing their people than in administration and economics, pursued policies which made it difficult to preserve the complimentarity of the diverse practising groups previously brought together into one economic whole by an overriding foreign government.

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A fifth reason is that a number of states are what Gunnar Myrdal, in his treatise "Asian Drama", has termed "soft societies" by the nature of their people, their cultures and their civilisation. I quote now from page 896:

> " National governments require extraordinarily little of their citizens. There are few obligations, either to do things in the interest of the community, or to avoid actions opposed to that interest. Even those obligations that do exist are enforced inadequately if at all. This low level of social discipline is one of the most fundamental differences between the South Asian countries today and Western countries at the beginning of their industrialisation. Pre-industrial European societies had widely ramifying and stratified systems of obligations defining often, in considerable detail, the duties of different categories of village inhabitants regarding the construction and upkeep of roads, bridges and water-works, the prevention and control of forest fires, policing the local community, participation in the country's defence and so on.'

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With the withdrawal of unrepresentative and for that reason probably decisive rulers, and the introduction of elected governments a softening took place in the firm framework of administration. Corruption often set in.

Add to this, the politicking for popular mass support, and constructive endeavour became unrewarding. High performance, the result of intense and sustained application of intellectual, professional, technological excellence, was no longer highly rewarded. Wage differentials between the highly educated and the untrained were narrowed as politicians sought the popular mass vote and so sacrificed the interests of the few. Usually, this is accompanied by inflation and the debasement of the currency. Worse, educational opportunities for the children of the educated and trained personnel became markedly inferior to those available in developed countries where they could sell their training and skills, and a brain-drain resulted, depleting the limited resources and aggravating an already difficult situation. By way of illustration, I may point out that it is estimated that some 13,000 Ph.Ds in the sciences of Indian origin are serving Western economies in Europe and North America. It costs somewhere around £20,000 to produce a Ph.D. in the sciences, and it is estimated by Lord Bowden of the Manchester Institute of Technology that the productive life of one Ph.D. is worth about £200,000 to his community.

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It is only now, as power is passed to second generation leaders, that the lessons of the first two decades of independence have been privately learned, if not publicly admitted. At least, there is now an acknowledgement that

economic progress and improved living conditions can the better and the sooner be realised, through co-operation and regional and sub-regional economic groupings, to create a broader base, and so complement development and avoid duplication of effort and a waste of scarce resources. Hence, the cautious beginnings, new terms are coined to describe these new groupings. They represent at least the desire if not yet the fruition of practical co-operation: ADB for Asian Development Bank, Southeast Asian Ministerial Conference on Economic Development, ASEAN for Association of Southeast Asian Nations and ASPAC for Asian and Pacific Council. They are the result of more rather than less indigenous initiatives within the region compared to the earlier efforts. Those were initiated by developed countries of the Commonwealth in the case of the Colombo Plan, and of the United Nations in the case of ECAFE. If these promising trends continue then more economic progress will be made. But however great the economic progress none of these countries in Southeast Asia has the potential, either immediately or in the longer term, to become even a medium-sized power in the present-day sense of the term.

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As the European powers who knew these countries and the people withdraw from the region, the superpowers who know little of these places – presently two superpowers America and Russia, and later perhaps China – will test the limits of their power in Southeast and South Asia.

Already Russian naval units in the Pacific are on the increase. Russia's vast expenditure, military and economic aid to Indonesia, ended tragically in the massacre of several hundred thousands of Indonesians, an unascertainable percentage of which were Communists. It was an ironic twist to an enterprise whose original intention was to involve the West in a collision with Indonesian nationalism over West New Guinea or West Irian, as it is now known. But then Russia is big enough, even though not affluent enough, to write off these losses if she wants to, and as in the Middle East, re-invest, re-equip her allies all over again. And in the next decade, China industrialises and increases her military capacity at the rate the Western experts expect her to, the position will be further complicated, as three instead of the present two superpowers test the limits of their influence in the area.

There are two views one can take of the future of the region. One is the pessimistic view. In a book entitled "Race, Culture and Nation", published by the Oxford University Press for the Institute of Race Relations, 1966, Guy Hunter suggests that in very few places in the region are people being welded into a viable nation, and nowhere has freedom realised its promise. On the other hand, old feuds have been revived and new ones are being pursued. Barely submerged animosities against migrant groups, Chinese and Indians, have surfaced, and new schisms are being added to badly fragmented societies. Guy

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Hunter discerned that nations of Southeast Asia were not moving into a prosperous and stable future but were each beset by mortal illnesses. The affliction he believed came not from communist subversion but as the unplanned and unexpected consequences of economic, educational and political change, the direction of which was now almost too late to change.

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The other is the cautiously optimistic view. For although this is not a well demarcated area of contest like that between the communist and non-communist worlds, between Western and Eastern Europe, nevertheless, from the lessons of Vietnam, all contending parties may recognise the dangers of wars of national liberation enlarging themselves into far more perilous conflicts. They could sublimate their irresistible impulses and compulsions to power and expand their influence by competition on the economic ideological planes. This would provide the second generation leaders of Southeast Asia time to learn from and correct the mistakes of the past, modernise their societies, and through regional co-operation between developing and developed countries achieve higher economic growth and improved standards of life of their peoples. As a practitioner, not unnaturally, I must take the more optimistic view and persuade others to work towards these positive ends.

Thank you.

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