

Mahathir says labor leaders are traitors

by Lydia Cherry

Malaysian Prime Minister Dr. Mahathir Mohammed lambasted his country's Trade Union Congress on July 10, calling its leaders "traitors" because they "discredited Malaysia" at last month's International Labor Organization conference in Geneva. The prime minister emphasized that the union leaders had let themselves be used by western labor unions "bent on seeing Malaysians lose their jobs, and fail in the country's economy."

Along with the prime minister's strongly worded statement, the Malaysian daily *New Straits Times* published a rare article authored by the prime minister that placed the labor "operation" in the context of the much larger strategic game to "obstruct the industrialization process in the developing countries." Tracing the history of Third World countries' largely unsuccessful attempts to industrialize, Mahathir charged that the big powers were "so sure . . . that developing countries outside of Europe and America would not be able to master their technology that they were quite complacent when Japan tried to industrialize." Once Japan succeeded, however, and was rapidly followed by South Korea and Taiwan, "the developed countries decided to obstruct the industrialization process in the developing countries. It was too late to do anything about Japan," Mahathir adds, but "by stirring up industrial unrest and demanding an end to undemocratic rule, they set the stage of economic and political instability."

The targeting of Malaysia

The destabilization of Thailand in May was projected to be but the beginning of the destabilization of the Association of Southeast Asian Nations (ASEAN). Next on the hit-list are Indonesia and Malaysia, according to James Clad, a member of the Carnegie Endowment for Peace, in comments reported in the *Washington Post*. The labor component of the current "democracy" game being imposed on developing countries has been fine-tuned over many years. The International Labor Organization, which Mahathir cites, originated with the League of Nations of the 1920s, and is now an arm of the United Nations. The ILO works closely with the AFL-CIO.

A top-level AFL-CIO operative discussed the "strength" of Malaysian labor leaders in an interview recently made

available to *EIR*. Philip Fishman, head of the Asia-American Labor Institute (AFLI) of the AFL-CIO in Bangkok before returning to the U.S. to become head of the AFL-CIO International Division, says he trained all of the labor leaders who played a role in Thailand's pro-democracy demonstrations. He added that in Indonesia and Thailand it was necessary for AFLI to set up an operation, but that in Malaysia there is "clearly a stronger and more sophisticated labor movement than you find in either Indonesia or Thailand. One reason we didn't have a full program there is because we didn't need to—we had counterparts there, and we could develop a fraternal relationship there without needing to open up an office."

This is the destabilization operation that Mahathir is now identifying. Once the big powers classified Korea, Taiwan, Hong Kong, and Singapore as newly industrializing countries (NICs), he charged in his article, "they identified the comparative advantages of these countries as low labor cost, authoritarian governments, low currency value, and protection for local industries as well as domestic markets. Pressure by the Group of Seven industrial countries and the World Bank resulted in the currencies of the NICs being revalued upwards. More pressure was applied in order to open up their domestic markets. Immediately, these NICs became less competitive. Industrial and political unrest reduced productivity. Higher wages paid in the revalued currency increased the unit cost of products. The cost of living rose rapidly, negating the higher income received by the workers.

"Having succeeded in obstructing the development of the NICs, the rich developed countries are not going to wait until the other developing countries reach the stage of the NICs. They reasoned that it is easier and more effective to act early while these countries are very weak."

The cost of living in Malaysia, he pointed out, is about a third of that in most developed countries. "It is therefore wrong to compare the exchange value of the wages of a Malaysian worker or executive with that of workers in the developed countries. . . . Our only advantage is our low-cost labor and our low cost of living. If we lose it, then we will be a permanently poor developing country."

"Working through international labor organizations, the leaders of the labor unions gained influence over the leaders of unions in developing countries. . . . The leaders of the trade unions in the rich countries were able to lend legitimacy and moral strength to their objective of preventing the developing countries from competing with them; they argued that developing countries were not competing fairly because they do not pay their workers fair wages. That the developing countries have to pay the developed countries for their technology, management expertise and cost of capital and are, therefore, at a disadvantage when competing with the developed countries are ignored.

"At all times, everyone must be aware that when wolves offer to escort Red Riding Hood, the little girl can end in the stomach of the wolves," the prime minister concluded.