

Dr. Mahathir bin Mohamad Speaks Candidly with EIR

Dr. Mahathir is the former Prime Minister of Malaysia. He was interviewed by Muriel Mirak-Weissbach in Cairo, Egypt on March 10. The questions were prepared in collaboration with Michael Billington.

EIR: Your Excellency, thank you for this opportunity to interview you. You said this morning, at the University of Cairo, correctly and dramatically, that the U.S. dollar is bankrupt. The U.S. is heavily indebted and the dollar continues to decline in value. I know that you have proposed that Saudi Arabia, for example, should shift its dollar holdings into the gold dinar; you've also proposed that other countries shift their reserves into the euro or yen, which, in large part, is happening, particularly among Asian nations. But the problem is, if that happens, it will only accelerate the collapse of the dollar, and, since the dollar is the fundamental currency of the world monetary system, the entire system would come down, in a systemic collapse. It's happening anyway. So the question is: what to do to reform the system. I know that at the Boao forum in April, in China, you recommended a "concerted global effort, as they did at Bretton Woods," to create a new, just monetary system, backed by gold, a special trading currency, and fixed exchange rates to prevent speculation. I think you are well aware of the fact that Lyndon LaRouche, who is the founder and editor of our magazine, has been campaigning for a New Bretton Woods for many years, a return to fixed exchange rates, a gold-reserve-backed currency system, and, of course, credits for development issued by national banks. What are your views on this idea, since you have voiced similar views, and how do you think we can go from here to there?

Dr. Mahathir: In view of the international financial regime, it is long overdue. As you know, what we have up to now, is not what we had at Bretton Woods. At Bretton Woods, the decision was to fix exchange rates, to value the dollar according to a certain quantity of gold. An ounce of gold would be

worth I think \$38 or something. Under Nixon, they went off the gold standard, and from then on, the U.S. currency has had no backing. And now, because it owes the world more than \$7 trillion, it is a nation in debt. It is a nation that has, actually, no money, and exists on the basis of loans from other countries, and the acceptance of the U.S. dollar as a trading currency. So we need to sit down and discuss these things in order to resolve and formulate a new international exchange regime that is more stable. Probably, based on gold again; but it may be some other formulation. But the need to sit down and discuss it is very important.

EIR: Before the U.S. election, you issued an "Open Letter to American Muslims." Can you explain what your intention was, and what the reception was to this open letter?

Dr. Mahathir: The idea is to use Muslim capacities in America, to balance the influence of other voting blocs, including the Jewish voting bloc. What is important, of course, is to show that Muslim votes can influence the elections. To me there was no difference between Bush and Kerry—they are both the same—but by showing that their votes can affect the choice of the President, then, in the future, they will be much more effective. But, unfortunately, they were looking into the policies of the two candidates and they did not like the policies of Kerry, and therefore they actually voted for Bush. There was a split in their vote, so their vote carried no weight. The idea was not so much to determine the policies, but to show the strength of the Muslim vote, to counter the strength of other votes in America. This, the Muslims in America don't understand.

EIR: You have repeatedly stated, even before the Iraq war, that terrorism would be made worse, not better, by the invasion of Iraq. Now this has proven to be the case. What do you see now as the best solution to get the U.S. out of this quagmire and to restore the sovereignty, national independence, and

territorial integrity of Iraq?

Dr. Mahathir: The U.S. should focus on rights and wrongs and not be so tied to Israeli policies, to the extent that, even when the Israelis committed crimes, the U.S. would still back them. You know, Bush calls Sharon a “man of peace”—this is the man responsible for the massacres of Sabra and Chatilla—it shows that Bush has got no idea at all, how to evaluate a leadership. And because of the refusal to understand that, there is a reason for this terrorism. It’s not just terrorism for the sake of terrorism. The terrorism is because of some dissatisfaction. So, if the Middle East situation is to be resolved, we will have to look to the basic causes of the instability in the region, and if we can remove the basic causes, then we can solve the problem.

EIR: And how would you define these basic causes?

Dr. Mahathir: To me, one of the most important causes is, of course, Palestine. What has happened is that, the territory of the Palestinians has been taken away from them. They have been expelled from their country. Their property has been expropriated, and because of that, they naturally want to regain their land. They are fighting for their land. It is not a Muslim-Jew confrontation; it is purely territorial. But of course people of the same region tend to sympathize with the Palestinians, and it is not only Muslims; Christians feel the same.

EIR: In this context, how do you see the current situation? As you yourself said—and you were denounced for having said it—the U.S. Administration lied, and the Iraq war was based on lies. We have documented how this policy of lying goes back to the philosophy of one Leo Strauss, who was the mentor of the people we call the “Children of Satan” in the U.S. So, this is a conscious policy of the “ignoble lie.” Now, even some Senators in the U.S. Congress have declared openly that the war was based on lies. What do you think the international community should do, to deal with the fact that the government of the most powerful nation on Earth is making policy on the basis of lies?

Dr. Mahathir: The international community must keep on insisting that what the U.S. has done is morally wrong, because it was based on lies, and it has not solved any problems. In fact, it has aggravated the problems. If people keep quiet, if the Europeans keep quiet, because they want to heal the rift between Europe and America, then lies will dominate policy in the future. And here we know that even Britain is involved in lying. Britain knows very well there are no weapons of mass destruction [in Iraq]. None of the evidence that has been put before the British government confirmed that there were weapons of mass destruction. But British Prime Minister Tony Blair decided to ignore the information that he received, and to base his support of Bush on lies. So today we see two great countries lying to the whole world and not feeling ashamed of it, and, unfortunately, they are even being re-



Former Malaysian Prime Minister Dr. Mahathir bin Mohamad spoke with EIR’s Muriel Mirak-Weissbach in Cairo on March 10, in a discussion ranging from the need for a New Bretton Woods, to U.S. foreign policy, to the requirements for Eurasian infrastructure development.

ected by their people—which shows that their people are either ignorant, or else that they choose to forget the lies and actually believe in lying, as the justification for doing what is wrong.

EIR: We are in fact being confronted with new lies, propagated to provoke new wars. I am referring to the tragic murder of former Lebanese Prime Minister Rafik Hariri, which was immediately, and without evidence, blamed on Syria. Now Syria and Lebanon are being targetted, according to a scenario drafted in 1996 by the U.S. neo-cons, called “Clean Break,” which called for overthrowing the governments in the region, beginning with Iraq, then Syria, then Lebanon, and Iran. How do you think Lebanon will deal with this crisis?

Dr. Mahathir: Well, for the Lebanese, I think it is of course legitimate for them to have foreign troops, even if they are friendly foreign troops, out of the country. It is right for Syria to withdraw its troops. On the other hand, the Lebanese must know that they have been forced into this trap by other forces which are trying to find a case for attacking Syria. And by murdering Hariri they have created that atmosphere in which people thought that it was the Syrians who were after Hariri. Killing a leader, assassination, is an old game for some countries. We know that in Panama, for example, [Omar] Torrijos



Israeli Prime Minister Ariel Sharon and President Bush, April 2004. "The U.S. should focus on rights and wrongs," said Dr. Mahathir, "and not be so tied to Israeli policies, to the extent that, even when the Israelis committed crimes, the U.S. would still back them."

up another institution may not change the effect. What is needed, is for the powerful countries to stick to their pledges. They must accept that, on international matters, the UN must decide, not any power. When a power decides to take unilateral action, then the whole idea of a global democracy, in which all countries have the same rights, would collapse. And that will bring about chaos, as we see today.

EIR: You also said in that UN speech, in September 2003, that the International Monetary Fund, World Bank, and World Trade Organization had become "instruments of hegemony to impoverish the poor and enrich the rich." You are indeed famous for having successfully stood against IMF policy following the 1997-98 crisis, yet the IMF "conditionalities" continue to be imposed around the world. What is your

advice to other nations?

was killed in a plane crash. The President of Ecuador was similarly killed, in another plane crash, and Allende of Chile was also killed. So, political assassination by certain countries is common. So it will not be surprising if the killing of Hariri was also due to the same action on the part of some country, and not on the part of Syria. But they have achieved their objective, and now they have a case against Syria, which they will extend also to Iran. But they will be making a big mistake if they go to attack Syria, because it will result in the same kind of stalemate that is found in Afghanistan and in Iraq.

EIR: We see the danger that Israeli Prime Minister Ariel Sharon, though talking about peace, may be actually preparing for new wars, against Syria and Iran.

Dr. Mahathir: Recent actions to partially withdraw from the Gaza strip and all that: There is seemingly a kind of slow-down in all these activities, but I believe that the Palestinians will still demand to have their lands back, to have their people back in the country where they were forced out. And when that demand comes, again there will be trouble between the Palestinians and the Israelis. But the Israelis are really not giving up either Palestine or the land that they have settled on, or allowing Palestinians to go back to their own land.

EIR: You stated in your final speech to the United Nations, that the UN was "collapsing on its feet of clay, helpless to protect the weak and the poor," in the aftermath of the preemptive war by the U.S., Britain, and Australia. What can be done to restore the United Nations, or to create a new, more effective, international organization?

Dr. Mahathir: Unfortunately, we only have the UN. Setting

advice to other nations?

Dr. Mahathir: The international monetary regime must be studied and revised, so as to be fair to all countries. And if we have any institution at all, like the World Bank or the IMF, it should not be placed under one powerful country, which is why these two institutions have failed to function fairly and properly. They are under the United States, they are basically instruments of the United States. They are not international instruments at all.

EIR: You have strongly recommended rail development, rather than a dependence on roads, as the basis for connecting Asia internally, and for linking up through central Asia to Europe. LaRouche has proposed such multiple Atlantic-Pacific Land-Bridge connections as the physical economic foundation for a New World Economic Order. Recently, German Chancellor Gerhard Schröder met with leaders of several Arab Gulf countries, who expressed their interest in German technology—even the maglev technology—for a rail network in their region. Could you expand on your views on this matter?

Dr. Mahathir: There are four means of transportation in these modern times: We have road transportation, then we have rail transportation, then we have air transport, then we have transport by sea. Of all these means of transportation, transportation by sea is the cheapest and the most efficient. Unfortunately there are many countries which are landbound; Central Asian countries are landbound. Their only resort is not road transportation, not air transportation, which is very expensive, but railway transportation. And I believe, with new technologies, not so much the speed, but the capacity of



Asked about Lyndon LaRouche's concept of the Eurasian Land-Bridge and the potentials for maglev development, Dr. Mahathir underlined the importance of rail transportation, as the most cost-effective mode of transport for land-locked countries, such as Central Asia. Here: Malaysian Railways.

railways can be enhanced. We can visualize, for example, a railway, a train that is two kilometers long, running on very wide gauge, which can carry huge quantities of goods, very cheaply. That will make the Central Asian Republics much more accessible both for the transportation of goods into their countries, and for the transportation of their products into other countries. That will lower the cost of living and bring these countries into the whole world economic community. That is why I suggested the railway. The second, after shipping—maritime transport—the cheapest is actually the railway.

EIR: The emergence of China, with the fastest rate of growth in the world, has forced attention to the importance of raw material allocations globally. LaRouche suggested in his “50 year plan” that a new equitable distribution of raw materials, together with a technological revolution to expand extraction capabilities, in addition to expanding the range of materials deemed to be of value, is essential for a true global peace, uniting East and West. Could you comment?

Dr. Mahathir: The world has now accepted that in the case of the environment, what happens in one country impacts on other countries, and on the rest of the world. That is why there is the Kyoto protocol, where everybody has to submit to a certain regulation or regime that will ensure that the world environment is not damaged. Similarly, in the case of the exploitation of resources, we know now that the extraction of resources is going now very, very fast, and we may exhaust many resources in a very short space of time. There is a need for us to study the use of resources, extraction of resources, substitutes, etc. And that we can preserve our resources for as long as possible, and we can actually give value to the people with these resources, so that they can benefit: Central Asian countries can become richer, and some of the African coun-

tries can also become richer, because they get good value for their resources. At the same time, their resources will be preserved over a long period of time by regulating the usage of these resources and finding substitutes for these resources.

EIR: What about nuclear energy?

Dr. Mahathir: Well, the technology is not really matured, so much so that we can have accidents with nuclear energy. My worry is that, while we can use nuclear energy and maybe even ensure its safety, we have a problem of the waste from nuclear energy. And sometimes it is so difficult to get rid of the waste, without polluting the environment; so that aspect of nuclear energy—how do you render the waste harmless—needs careful research, and only when we have found how to stop the pollution from nuclear waste, then we should think about using nuclear energy. Until then, you have to resort to other sources of energy, especially renewable sources, and there are many renewable sources, which are not being utilized at the moment.

EIR: LaRouche has proposed that a worldwide agreement be reached, based on the Treaty of Westphalia concept; that is, that each side be committed to the advantage of the other, and that all wrongs committed in war, be forgotten and forgiven. This would be the foundation of a new world economic order based on the common interests of all cultures. What are your thoughts?

Dr. Mahathir: Well, this is certainly something that needs to be studied. As you know, the European Union is only possible because of the willingness of France and Germany to make up and forget the past. In the East, we find it difficult to get the Japanese, the Koreans, and the Chinese to forget the past, and because of that they still distrust each other. We need to overcome that distrust, we need to overcome the idea of

revenge—"because you killed my people, I must kill your people" kind of mentality. But this, of course, is not so easily done. People feel strongly about this. Nevertheless, I think the concept of *Wetsphalia* needs to be studied, to find out whether there are ways of applying the principle behind it in the present, very disturbed world situation.

Egyptians, Under Attack, Look to Malaysian Example

by Muriel Mirak-Weissbach

In times of crisis, like now, it is lawful that young people of university age become radicalized, and mobilized to seek social change. In Egypt, in addition to the political convulsions ripping through the region, there are serious problems related to the economic breakdown crisis, first among them unemployment, and especially among college graduates. Thus, it should come as no surprise that students at the University of Cairo should flock to a seminar featuring Dr. Mahathir bin Mohamad, the former prime minister of Malaysia, whose experience in defending his nation's economy against wild attacks by financial speculators in 1997, has made him famous.

Dr. Mahathir had been invited to the Cairo University, by the Center for Asian Studies and the Institute for Malaysian Studies, which set up a forum in 2003, dedicated to "The Thought of Mahathir Mohamad," whose purpose is to explain and promote the Malaysian model, especially for Arab and Islamic nations. As Prof. Mohammad Seyyed Selim, former director of the Center for Asian Studies, explained in his introductory remarks, the aim of the forum is to understand, not glorify, the Malaysian experience. The promoting institutes have thus far produced ten volumes of Dr. Mahathir's works in Arabic. The themes addressed by the forum this year, were the former prime minister's views on development, globalization, multi-ethnicity, and the Muslim community.

Dr. Mahathir was greeted with enormous enthusiasm by an overflow crowd of about a thousand students, who rose to give him extended applause. The reason for his extraordinary popularity has to do with his having resisted the International Monetary Fund at the time of the currency crisis, as well as his outspoken commitment to the Palestinian cause. In addition, as one journalist at a press conference following the seminar noted, Dr. Mahathir became famous during his last visit to Cairo, for a remark he made, when asked why he had resigned his post. "Twenty-two years are enough," was his reply. This had brought the house down, since, in most nations of the Arab world, longevity in office is a time-honored tradition.

In his remarks to the students, and faculty members, Dr. Mahathir dealt with Malaysia's domestic and foreign policy, stressing the primacy of expanded economic growth. Polemicizing against facile slogans about equal distribution of wealth, he made the point that this is meaningless, unless the economic pie is growing constantly; that way, each slice can be bigger, even to the point of becoming bigger than the original pie.

Referring to his nation's experience, he reported that Malaysia, which had high unemployment, now has full employment, and that those living in poverty represent only 5% of the population (1% are in the category of extreme poverty). The relationship between government and the citizenry he characterized as reciprocal: The government must help the people prosper, and the people must help the government do this. He said that, since governments require financial means, the population must become richer in order to provide tax revenues. Again polemicizing against populist slogans, such as "cutting taxes," he argued that taxation is required in order to finance vital social services, and that the key to adequate tax revenues is full employment. He also developed the notion that, if a nation is to ensure that each generation become more advanced, with a higher standard of living than the previous one, it must recognize the importance of expenditures for education, saying that Malaysia had allocated up to 25% of its budget for education, as compared to 6-8% for defense.

Another key point made in his speech, was that economic prosperity is the precondition for national independence and true sovereignty. A small country, Malaysia had to move from an agricultural economy to industrialization, and has succeeded to the point that it can maintain itself, pay its debts, and thus resist international pressures. When the Malaysian currency was attacked, he said, it was considered an attempt at neocolonialism, because it could have led to impoverishment, and the loss of national independence. The IMF could have forced loans and conditions on the country, paving the way for foreign takeovers, at bargain prices. This is the reason Malaysia had to resist the IMF, he said. He attacked globalization more generally, as a new form of colonialism, making the historical comparison: In the past, colonial powers came in warships and demanded monopolies; today, they spread globalization, in a "borderless" world. When they say "the market," they mean their banks.

If a country achieves economic growth, it can pursue an independent foreign policy, he asserted, adding that his country would support the United Nations as an institution, but would not participate in adventures launched under the cover of the UN, by single powers.

Although Malaysia is a multi-ethnic, multi-religious society, the role of Islam is central, and Dr. Mahathir has been known for his proposal for a golden dinar, as a trading currency among an Islamic common market. One important, timely point made in this connection, was about the role of Islam. Expressing pride in the fact that Malaysia had proven