

Stay on your toes, PM tells Malaysians

By ANNA TAING

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COMPETITIVENESS must become a way of life for Malaysians. Along with this, they must accept the need for openness, liberalism and free competition, Prime Minister Datuk Seri Dr Mahathir Mohamad said yesterday.

"We hope to make being competitive a thoroughly Malaysian characteristic, embraced by all segments of society," he said in his keynote address at the National Competitiveness Forum in Kuala Lumpur.

The one-day forum, organised by the Malaysian Business Council and the Ministry of International Trade and Industry, was aimed at coming up with ways to improve Malaysia's competitiveness in the world marketplace.

Dr Mahathir said, for Malaysia, a small player in the global arena, the hope lies in being more competitive so that it can export its products even when faced with protectionist barriers.

Malaysians, he said, must be on their toes all the time to meet the challenge of continuously upgrading their industrial capabilities so as to be competitive in increasingly more sophisticated industries.

Competitiveness is a dynamic process which must be upgraded all the time. Had Malaysia still remained with tin and rubber, it would be a "basket case" today, the Prime Minister said. "Moving into manufacturing saved us. But now we have to be on the move again, to find niches which are suitable for us and to achieve competitiveness in

rest and bask in the glory in their achievements. Nations cannot ... relax, and the tortoise behind will suddenly be ahead," he warned.

The major problem now is how to upgrade Malaysia's manufacturing into higher value-added and higher skilled activities. "The Government believes that this is a process which requires the efforts of both the public and private sectors in the true spirit of Malaysia Inc.

"The seeds of such cooperative efforts have been sown, but much still needs to be done. One thing that is certain is that skills come with expo-

ness is taken very seriously and past success has not made Malaysia complacent, he said. The fact that Malaysia now exports a wider range of products to more markets reflects a degree of competitiveness in its exports to the world market.

Malaysia's capacity to sustain a high rate of productive investment and to achieve steady export growth, he added, are the two key strengths of its economy. For example, Malaysia's investment to Gross Domestic Product ratio, at around 35 per cent, is among the highest in the world. Other contributing

sia's exchange rates, the rate of interest and low inflation and financial policies.

Competitiveness needs the ability to manage, and manage well, certain prerequisites. These include maintenance of a stable political and social environment and a macro-economic system conducive to growth. There must also be adequate and frequently upgraded institutions and physical and administrative infrastructure, according to Dr Mahathir.

The infrastructural bottlenecks, especially the shortage of power, is a reminder of the need to relentlessly maintain efforts in areas which Malay-

The Prime Minister noted that Malaysia's high ranking in world competitiveness is a source of pride for Malaysians. Malaysia maintained its fourth ranking among industrialising countries in the 1993 World Competitiveness Report, behind Singapore, Hong Kong and Taiwan.

He said this high ranking is a big challenge because "we attract the attention of not only those who wish to take advantage of our competitiveness but also those who wish to reduce our competitiveness".

He pointed out that the root cause of the current problems in developed countries, such as deteriorating exports, unemployment, etc, lies in their inability or unwillingness to accept the dynamic facts about the competitiveness of nations.

Instead of adjusting their industrial structure in line with their ever increasing wages and other costs, they prefer to isolate and protect. "From champions of free trade, they have now descended to being the proponents of managed trade."

He stressed the need for rising wages to be accompanied by increasing productivity. "When we talk about competitiveness, we must also talk about the efficiency of labour and capital." Rising wage costs without a corresponding increase in productivity can lead to economic ills such as inflation.

Dr Mahathir said the *raison d'etre* for economic growth is to increase the welfare and standards of living of Malaysians. Growth *per se* will be useless if it does not mean higher real incomes and standards of living and a better quality of life.