

Prime Minister Datuk Seri Dr Mahathir Mohamad delivered an off-the-cuff speech at Putra World Trade Centre on Monday. The following is an excerpt of the speech.

# Working together for

**I** THANK the organisers for the opportunity to meet at this gathering. I think it is an important aspect of Malaysia's concept of business co-operation, that is for us to have direct contact with the private sector so that we can learn and have a proper feedback on whatever it is that we are doing in the course of developing this country.

The Government always appreciates concrete ideas and plans and we will certainly act on them. If we find that they are useful, they can help towards the development of this country.

Our experience since we initiated the Malaysia Incorporated concept has been very encouraging because we have less bottlenecks now, and we are able to speed up investments and development much faster than we had anticipated.

In fact, I would say that the Malaysia Incorporated concept has contributed largely to the performance of Malaysia in the past seven years and we are hoping even this year we are able to achieve high growth.

But of course, there are these areas that need to be looked into and be resolved, and I'm sure you'll be forthcoming in your comments and criticisms in a constructive way.

For some years now, we have been implementing new policies and ideas, which seem to have been due to both the Malaysia Incorporated concept and the decision to privatise most of the government activities. They have yielded very good results.

Indeed, the stock market has become quite big as a result of the privatisation of several major government functions and activities. We hope, of course, to continue with this privatisation process because it seems to be working quite well.

I understand that privatisation doesn't work in all cases in Malaysia and in other countries. In fact, many countries have given up the idea of privatisation.

But we still think that this is a very good approach towards economic development and overcoming the problem of inadequacy of funds on the part of the Government, particularly for infrastructure projects, since the private sector is always ready to take the risks and invest, and apparently seems to know a little bit more about management than government servants.

Maybe that's an understatement but the privatisation has yielded results and we have been able to implement huge projects simultaneously which otherwise we would not have been able to carry out if we had depended entirely upon government finances.

•We are at the moment do-

ing several very big projects, for example the Kuala Lumpur International Airport. We have built the expressway from north to south. We have a port which we have turned over to the private sector, we have privatised the airports and we are also building a second linkage between Malaysia and Singapore.

Now, of course, the biggest project is the Bakun hydroelectric dam which is going to cost something like RM15 billion. If we had depended on the Government, we would never be able to implement Bakun at all and because if we wait until we have the money, the cost will go up and we'll find that money will always be inadequate.

But through privatisation, we have been able to accelerate infrastructural development and this has contributed not only towards facilitating other industries but also generated a lot of business activities as a result.

There are other ideas that we have implemented. The Government is always looking for new ideas and of course some of the ideas have been adapted from the private sector.

The world has changed considerably, and we have changed along with it. Malaysia was an inward-looking country before. We knew only rubber and tin and we don't even know how to export the rubber and tin. We asked our neighbours to export it for us.

But now we have gone worldwide, we have accepted globalisation. We have travelled far and wide.

Business people are now active in Latin America where they were not there before. Maybe three years ago, there was not a single Malaysian activity in Latin America but today they are very much involved in Latin America, trading in Latin America and even investing in Latin America.

We are also active in Central Asia, the new CIS states, we are active in all the so-called non-traditional areas like Africa, South Africa. Of course, we are now very active in China, Vietnam, Laos, Cambodia and even in Myanmar.

So we are now a world trader. Although the volume is not as big as the volume of trade with traditional partners, but if we take all of them together, they will make up a fairly considerable amount of trade throughout the world.

So the approach to globalise our activities has been very fruitful and with bigger efforts, I am sure trade with non-traditional partners will grow and contribute towards making Malaysia a big trading nation.

At the moment, we are proud to say that we are now the 19th biggest trading nation in the world.

But then, the figures are still growing and hopefully with your co-operation, we will be able to achieve greater volumes in terms of trade and we are now doing our best to overcome the invisibles.

We are going to increase our activities in the transport industries, to create transportation both by air and by sea. We are building new and enlarging ports and we are trying to persuade people to come direct here.

Here again, the co-operation of Malaysian businessmen is very important. It is not good enough to conveniently send our goods somewhere else to be transported to our trading partners. We have to do these things ourselves.

One of the problems we face is that ships do not call at Port Klang as frequently as we would like them to do. Therefore we send our goods across the straits to Singapore because ships stop there.

If this goes on, the ships would not come here because they would rather go to Singapore and pick up goods there.

But if we know exactly what we want to send out, we inform the shipping lines that we have considerable amount of goods which can be transported out of Port Klang, I'm quite sure they will call.

But if we keep sending goods elsewhere, there will not be enough goods in Port Klang for the ships to call at Port Klang.

We know that we have declared Port Klang as a free port which means that you can make it an entrepot port, collecting from smaller ports in the region, maybe extending as far as Bangladesh, India, Myanmar and all that, and putting them on bigger ships for destinations throughout the world.

And at the same time we can unpack or unload at Port Klang and redistribute. This is exactly what Singapore does and as you know, Singapore does not buy all the goods that passes through Singapore.

# Malaysia Inc

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They are merely a distribution centre. There is no reason why Port Klang cannot be a distribution centre.

In the good old days when ships sailed at a very slow speed, it makes sense to have a strategic spot at the end of the peninsula but today that 200 or 300 km from Port Klang to Singapore makes no difference to ships at all. If there are goods in Port Klang, they are bound to come to Port Klang.

So it is our duty to make sure there are enough goods. We have built West Port that is going to be six kilometres long and should be able to handle most of the goods. If you are not so good at handling them, that can be attended to with advice and help.

So we hope to make Port Klang function the way that Singapore port functions and the basis for that will be the goods that we produce and buy from abroad. So here we need your help.

We also need, of course, more investments by Malaysians in Malaysia. We are not stopping you from going elsewhere to invest but it is time that Malaysian industries should become more sophisticated. They have learnt a lot about industry. I think they are quite capable of going into new industries.

Those who have gone in have succeeded very well and I'm sure that new players would be able to do the same.

We have a policy of trying to keep our inflation rate

low and this is a very important aspect of the management of the economy of this country. Our aim is to keep Malaysia as a low-cost centre and this means we should keep our exchange rate the same but should keep cost as low as possible. This means curbing inflation and increasing productivity.

This does not mean that we should pay our workers the same amount of money for years and years, but we should increase our wages accompanied by productivity.

Here, I would like to stress that even if productivity is the result of the effort by

PLEASE TURN TO  
PAGE 11, COL 6

# Let's be ready to change and meet new challenges

□ FROM PAGE 10

management and investments in new production facilities, workers too have an entitlement to the additional returns that you get from your new investment.

So I hope that the people who manage these industries will understand that we want to see our workers earn more so that they have a better standard of living. But they and the workers must help improve productivity.

And if you do that, then of course we will remain competitive and our cost of living will not go up. There will be less tendency towards inflation.

The Government is very serious about curbing inflation and we will, if necessary, legislate and even control the prices of items if we find that people are irresponsible and try to increase their selling prices to counter an increase in the cost of living.

Malaysians must also acquire new technologies to become sophisticated in our industries. It has been shown that Malaysians can learn new technologies very quickly. Our workers can be trained very quickly and even the Japanese have remarked that what would have taken two years to train workers in Japan, we have succeeded in less than one year.

This is a fact that has been admitted by the Japanese. The Japanese consider Malaysian workers second only to Japanese workers. We, of course, never thought that we are second best because we always have a very low opinion of ourselves for some reason or other.

If you go to America, they are always claiming that they are the biggest in the world, even if they are tucked in one corner of New York.

But here, we are actually the biggest in the world. But we won't say that — not that we are modest but that we are lacking in confidence. But Malaysian workers can learn very quickly and by learning new skills, they should be rewarded with better pay and the like.

We hope that you will look into newer industries and not confine yourself to what you already know. We would not have made any

progress at all if we had kept to ourselves what we already know.

If we keep on digging in the sand for tin, keep on planting rubber, we won't be anywhere today.

Fortunately, we were ready then and we should always be ready to change and to meet new challenges, to enter into new areas and to venture. If we continue to do this, to be brave enough, with government support of course, we are sure we will keep up and become a very sophisticated industrial nation.

To improve the administration of this country, we have now simplified quite a lot of procedures. We have published new books on administration. We have recalled a lot of government servants for retraining.

Almost continuously, we have to retrain workers to work in a new environment, to make them realise that it is their duty to make the country successful by supporting the private sector as part of Malaysia Incorporated.

The private sector is also being provided with information on how to do business with the Government and we have been trying to simplify procedures. You may have better ideas on how to simplify procedures — maybe do away with procedures altogether.

We will listen. We may not be able to accept all but I assure you, we will seriously consider ideas coming from the private sector as to how we should run this country.

We are not so arrogant as to think that only we know how to administer the country. We know that there is a lot of expertise in the private sector and some of the expertise would come in handy when we try to improve government administrative performance.

It is our hope that we can reduce the amount of bureaucratic procedures involved in whatever activity that you enter into in Malaysia, whether it be business or other areas like immigration, etc.

We feel that we should try to become a service centre. I think we have a lot of expertise in this area and we should focus on this area and try to develop it.

The Government has

changed quite a bit in running itself. For example, at one time it was believed that one way to increase government revenue was to increase taxes. We have decided that by decreasing taxes, we raise government revenue.

This perhaps sounds like a radical idea but you may have noticed that we have removed taxes from a lot of goods sold in the market.

We found very early on that when we imposed 100 per cent duty on cosmetics, for example, all the ladies would cross over to Singapore and buy their cosmetics there and nobody wanted to sell cosmetics here because nobody would buy here.

So we removed the tax on cosmetics. The ladies began to buy their lipsticks locally because it is cheap. In fact, it is cheaper than in Singapore. The retailers and the importers make a lot of money and we thank the retailers and importers.

Which is why we believe that by not raising taxes, we actually collect more revenue for the Government. This is a trade secret, please don't tell other countries, especially our neighbours. We would like them to keep on taxing the importers because they think they are going to make money, but actually there will be no imports.

That's one of the examples. As you know, we've been reducing taxes almost continuously for some years now until I think that some people expect that we collect no taxes at all. But we have not yet found a way of raising revenue without taxing something.

So we'll continue to tax but reasonably. It is quite simple actually. For example, we reduced the taxes on motorcycles only a few days back by 50 per cent. We had raised it twice and doubled it recently. The number of motorcycles sold was reduced by more than half.

Which means that although the tax is a hundred per cent more, but if the sale is less than half of what it used to be, our collection actually went down.

So now, we have gone back to our previous level and hopefully, you'll buy a motorcycle, the big ones I mean. I know it's one way of getting through this horrible traffic jam in KL.