

OPENING ADDRESS BY DR. MAHATHIR AT THE
CONFERENCE ON BUSINESS IN SEA

Opening Address by the Deputy Prime Minister/Minister of Education, Dr. Mahathir bin Mohamad, at the Conference on Business in Southeast Asia, organised by the Stanford Research Institute of California at Kuala Lumpur Hilton on February 4, 1977.

As a doctor, one is always tempted to look at problems as diseases, and the people affected by them as patients.

Since taking up politics and the chores of running a Government, that temptation has seldom been resisted by me, and I must admit the clinical approach to problems pays.

In the case of promoting investments, I find the comparison between investors and patients very apt.

Patients are never satisfied with what they have, and this has driven more doctors round the bend than the income tax they have to pay.

A patient with a headache is quite convinced this is the worst complaint to have. He doesn't mind, he insists, having a stomach-ache. But a headache, that he cannot stand. It drives him nuts.

But catch a patient with a stomachache and he will tell you that if there is anything he cannot stomach, it is a stomachache. He would rather have a headache any time.

The same applies to businessmen and investments.

If a nation, giddy with the glory of a newly won independence nationalises foreign industries and refuses to pay compensation, the investors concerned will let out a mighty wail. They don't mind, they say, nationalization. That is the right and the prerogative of independent nations, they say. But they do object to the failure to pay compensation, even if inadequately.

When nations nationalise and properly and primly pay the correct amount in compensation, one would imagine that the investors would be satisfied. No, you have guessed right. Like the patient with the headache, they feel cheated. After all they had brought prosperity to the nation. Is this the way to treat them. If the nation wishes to acquire the assets of the company, why not buy the shares in the open market. After all a business is not just so many buildings and machinery. There are intangible assets such as goodwill etc. which are reflected in the share value.

And so some nations are persuaded that there will be no outcry if foreign owned companies are purchased according to the rule.

How sad it is to find that when the rules are adhered to, and when companies are bought not by Governments but by local businessmen, the outcry is no less strident. This is nationalisation through the back door. How could they buy our shares at such a high price and give us so much tax-free profit etc. etc.

This, ladies and gentlemen, is what makes the businessmen no different from patients. They are never happy with what assails them. They are forever saying that they would rather have something else.

Perhaps this is not a good thing for me to say at a meeting where I am supposed to encourage investment in this country. But I feel that it is good to get everyone's perspective right.

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At the moment Malaysia is getting unwelcome attention over the activities of Malaysian businessmen whose capacity and desire to purchase foreign owned enterprises seem to be on the increase. The Sime Darby or Swine Bobby affair is hardly over when we hear of another affair. The question that foreign businessmen are being asked to ask themselves by international news-magazines is whether it is worthwhile investing in Malaysia. Aren't they taking a lot of unnecessary risks? Why not go elsewhere. Why not go home. Of course, by coincident, some countries are at the moment applying tax pressures to persuade their businessmen to invest at home instead of abroad.

I do not think I need to remind you as businessmen that business must involve a certain degree of risk. The only thing that businessmen can try to do is to minimise the risk. You cannot eliminate it altogether. In the effort to minimise the risk you are aided by the greater freedom and capacity for moving funds, expertise and equipment afforded by modern communication systems. You can now choose whatever country you like in order to reduce your risks. This is where Malaysia comes in. We cannot guarantee you that there will be no risk when you invest here. But we can assure you that compared to a lot of other countries, the risk is very much less. Indeed in certain aspects it is much less than even your own countries.

Among the countries in this region, and indeed in most of Asia, Malaysia must hold the record for consistently welcoming foreign investment. Ever since independence in 1957 we had encouraged foreign investments. There have been agitations against the inflow of foreign capital and even against free enterprise but there has never been any violence or expropriation. If at all foreign companies have been taken over, the process has been perfectly legitimate. Indeed not only do the Malaysians advertise their legitimate proposals to buy up particular foreign companies but the foreign companies too freely solicit the support of shareholders in order to remain foreign owned. Surely this is unique in terms of tolerance by independent nations.

That is why I say the risks you run here is less than elsewhere. Indeed the Government is so sensitive over this country's image as a tolerant openminded investors haven that it bends over backwards to please them. However there are physical limitations to that unnatural posture.

I will not dwell on the question of political stability, security etc. which I will clarify if asked to. There is however one asset which needs to be highlighted but which has not been given due credit so far, and that is the sense of responsibility of Malaysian workers and a majority of trade union leaders.

Foreign managers of factories and other business enterprises have seldom found Malaysian workers and their leaders unreasonable. If good communication exists between management and workers, industrial relations are usually good.

For a time recently there was a feeling that irresponsibility and militancy had crept into the leadership of trade unions and some of the workers. But as soon as the issues were made clear and the effects of industrial action upon the nation explained, sanity returned.

The Malaysian Government believes that trade unions are beneficial to the workers. There is no doubt that the existence of trade unions has resulted in improved working conditions for the workers. But the Malaysian Government will not allow the ambitions of yearning for power on the part of trade union leaders to influence legitimate trade union activities.

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That is why up till now trade unions are not involved in politics. The possibility of a Jack Jones surfacing here is remote. Nor will you see in this country workers taking over foreign factories in order to demonstrate their nationalist sentiments.

The behaviour of workers and their propensity for strikes and other forms of industrial action are important factors influencing the decision to invest. The fact that Malaysia is relatively free of industrial unrest and politicization of workers means that risks are lessened.

The Prime Minister and the Minister of Finance has already spoken on the policies on investments and the general willingness of the Government to improve the investment climate in this country. I need not add more to what they have said. I am sure that by the time this conference is over you will have sufficient knowledge of Malaysia in the Southeast Asian Region to enable you to make the crucial decision to investment here.

KUALA LUMPUR,
4hb Februari, 1977.

(dikeluarkan pada pukul 4.00 petang)

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