

Competing for Tomorrow

Let me first express my gratitude to Tan Sri Abdullah Ahmad and all the other members of the Oxbridge Society of Malaysia for giving me the honour to address such an august gathering as graduates of Oxford or Cambridge. You are members of an elite intellectual tradition – a tradition which I am sure you will all cherish for the rest of your lives. Many of you have or will reach the pinnacles of your profession. Many of you are opinion makers and leaders in our community, so for me to be able to share some of my thoughts with you is a tremendous honour and privilege.

Although I did not attend Oxbridge, or a university abroad for that matter, I am uniquely qualified to speak to this combined society – my son read law at Cambridge and my son-in-law studied PPE at Oxford – that forces me to mediate at family dinners, so today I speak as impartially and as objectively as possible.

After having given your society's invitation careful thought, I decided to speak on the theme of "Competing for Tomorrow". I chose this subject because I want to impress upon you the key challenges that lie ahead for our country.

After 45 years of independence, we have emerged as a confident and forward looking country. We are seeing in our lifetime, the emergence of a national identity that binds us as Malaysians. We have transformed our economy, not once, but twice and beyond globally. We are the envy of the developing world because we punch above our weight. Most importantly, I believe, is that we know where we want to go.

I have been increasingly asked the same question by journalists, fund managers, political analysts and others interested in the future of Malaysia. They ask me what my vision is for Malaysia and I have always given the same answer. My vision for Malaysia is Vision 2020 that was articulated by Dato' Seri Dr Mahathir Mohamad in 1991. Anybody who has read the nine strategic

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challenges of Vision 2020 will find it difficult not to subscribe to its goals. It is holistic, progressive, modern and yet rooted in what is uniquely Malaysian; it pushes our country towards development and prosperity, yet calls for advancement to be tempered by justice, values and compassion. Dr Mahathir's vision has become my vision and the vision of all Malaysians – we need not dream another dream.

The more interesting question that people should be asking me, and one other, is how do we get there? We see our destination, but our road map has yet to crystallise. We know what we want to be, but we are uncertain how to become. We want to be a fully developed economy, but the global economy – to which we are greatly dependent and exposed – becomes more volatile and unpredictable. We want to create a Bangsa Malaysia, yet our children are growing apart. We want to be a mature and liberal society, but signs of intolerance and exclusion are beginning to emerge. We want to foster a scientific society, yet we still remain consumers and not creators of technology.

There can be no room for wishful thinking or complacency; our success today does not guarantee success in the future. We cannot plan as if the future will unfold in a linear manner. To give you an example, it was not so long ago that our soccer team could beat South Korea and Japan. Today we struggle against Laos. Our badminton players use to stand at the top of the world rankings. Where are we today? Our hope of recapturing that glory now rests on people like Hafiz Hashim. Similarly, today we pride ourselves on being the standard bearer of the third world – a model developing Muslim country. But as our sporting analogies demonstrate, there are no guarantees that we will remain successful, let alone reach greater heights.

If we are going to realise Vision 2020, we must compete for it and work hard to achieve it. It will require changes in the way we do things and in the way we manage our country. It necessitates a more heightened level of commitment from all segments of society. It calls for sacrifices from all communities and courage to see beyond our respective communal prisms. Most importantly, we need to think differently.

In an increasingly globalised world, competition will come to us even if we do not seek it. We will have to compete for investments, for markets and for ideas. What we consider today as factors that enhance Malaysia's competitiveness are increasingly being provided by other countries. We are, for example, already seeing the erosion of our wage-based competitiveness with other countries providing skilled labour at a fraction of our costs.

We must move up the value chain. I believe we are more than capable of doing so. We have invested heavily in laying the foundations for a competitive Malaysia. Nowhere is this more evident than in the physical infrastructure that we have built. In the last 15 years, we have developed a system of highways,

ports and airports that is world-class. In the Eighth Malaysia Plan from 2001–2005, we have set aside RM21 billion to further improve our infrastructure, from laying new roads, to enhancing the connectivity of our ports and bringing more amenities to the rural areas.

We have set up world-class facilities with regional, even global aspirations. The Multimedia Super Corridor (MSC) is one of the world's first integrated environment for multimedia. The MSC was an international vision. It was planned as a vehicle to attract world-class technology companies, a platform for producers of cutting-edge multimedia applications and a test bed for research and development. The Kuala Lumpur International Airport was also built with global ambitions. We wanted it to be a regional hub for passenger and cargo. The port of Tanjung Pelepas was similarly positioned as the region's leading trans-shipment hub.

We have planned well, but have we been able to execute effectively? While there have been successes, there are equally as many examples of projects that have not yet taken off. Some have not realised their potential – and show little prospect of doing so. Some are growing sluggishly, with low utilisation rates. Some have even become too embarrassing to mention.

If we are to successfully compete for tomorrow, we need to understand that being world-class does not begin and end with building world-class facilities. We need, above all else, world-class management and working practices. Investors have become more discerning. What distinguishes one country from another is not merely labour cost or physical infrastructure any longer. It is increasingly going to come from other sources. Innovation, productivity, service and efficiency are all potential hidden benefits of doing business in a country. Conversely, the lack of these factors may incur high hidden costs, thereby eroding our competitiveness even further.

What will continue to make a difference is the human factor. There are countries that have no natural resources to speak of, which have successfully positioned themselves as producers of fine finished products and providers of value-added services. They understood their limitations and worked around them. On the other hand, there are also many countries with abundant resources – with fertile land and vegetation – which have not been able to transform this natural advantage into a competitive advantage. What makes the difference is the human mind and whether it is capable of creating wealth and value, even under great constraints.

The way I see it, the malaise affecting Malaysia that may well jeopardise our way forward is a case of having first world infrastructure and third world mentality. From poor execution and inept management to shoddy maintenance and appalling customer service, Malaysia is in danger of possessing the hardware but little software.



This mentality affects the public and private sector, as well as society in general. In the public sector, it manifests itself in layers of bureaucracy that impedes effective delivery. In the private sector, it is evident in low service levels and the lack of global best practices. Socially, we lack the quality of civic virtue – an indispensable value that ensures shared responsibility for our community.

As an illustration, in the IMD World Competitiveness Report 2002, Malaysia was ranked 7th in the world for infrastructure planning. But when it came to bureaucracy hindering business, Malaysia fell to 13th place. And when it came to customer satisfaction, Malaysia finds itself in 24th place. Another example that many of you will be able to relate to is service standards. In a prestigious ranking of service for Asian hotels, only one Malaysian hotel makes the list out of 56 that were selected.

If you operate a hotel in Malaysia, you need approximately 64 separate approvals every year from multiple agencies. Surely this can be streamlined? We are also aware of excruciating delays at the land office with six months or more being the norm for a simple approval for the transfer of land. You can imagine what that does to the liquidity of private assets. Loan documentation in Malaysia can take months, when international benchmarks are measured in days. These are some of the unseen costs of the Malaysian economy that a new cabinet committee on competitiveness which I chair will be focusing on rectifying.

This is not to say that we are incapable of meeting international standards. The national oil company, Petronas, is an example of a globally competitive player unencumbered by third world thinking. It has successfully grown from meeting domestic needs to having numerous successful international investments across the value chain. Our LNG facility in Bintulu is well run with on-time delivery to meet the exacting standards of international customers. Forbes.com recently ranked the MAS Golden Lounge in their top 10 airport lounges in the world.

Gone are the days where our success stories are bloated and leveraged conglomerates with natural monopolies and big concessions. If we are to survive and succeed, we must reach beyond our borders and demonstrate that we are able to meet global standards.

In order for Malaysia to move forward, there needs to be a change in how stakeholders are positioned. Today, individuals are seen as a labour base. Corporations are insulated in a paradigm of local competition. And the government acts as an administrator. Competing for tomorrow will mean significant changes in these roles. Individuals will form a knowledge base that rewards excellence and is increasingly judged on merit; corporations must embrace global competition and therefore be customer focused and quality driven; and the government will move to become a facilitator that is service-oriented, efficient and proactive.

To compete effectively, we need more than a handful of global players. We need to ensure that all stakeholders are committed to a new regiment of thinking. If it suffices for us to merely aspire to become *jaguh kampung* and just *makan gaji*, Vision 2020 will be an elusive dream.

We must also address some key concerns that cannot be ignored or set aside. The first that comes to my mind is corruption and the abuse of trust. This happens both in the public and private sectors. It is perpetrated by Malaysians of all races. We regularly hear anecdotal evidence about someone who has been asked to pay a bribe. Again the problem is effective management. In this case it is enforcement. Malaysia has among the most stringent anti-corruption laws and codes for corporate governance. But creating a tough framework is not sufficient if we are unable to empower legislation with enforcement.

If corruption is to be rooted out, it is incumbent upon everybody to work against it. Once again, our mentality must change. We cannot dismiss the problem by saying that this is just the way things are done in Malaysia and offer to pay a bribe instead of settling summonses. In fact, in a recent study commissioned by the government, 87% of the respondents from across the country disagreed to using bribes to get things done; proof that the majority of Malaysians do not believe that this is the way of doing things. Secondly, we must respect property. Malaysians have yet to see property in terms beyond what they privately own. We are notorious for not respecting intellectual property. Piracy of music, film and software are still grave concerns. Again the problem is both enforcement and complicity of the public.

We are equally disrespectful of public property. I do not need to dwell at length about the state of public lavatories. Public telephones are frequently vandalised and seldom fixed. We increasingly park our cars haphazardly because we are too lazy to walk. And of course, when we drive on the highway, we prefer to throw our rubbish out of the window because we do not want it in our car.

Our greed and ignorance continue to drive us to despoil our God-given natural resources. Our forest and rivers - once abundant sources of sustenance and wealth - continue to be destroyed and polluted. This irresponsible behaviour does not come without an economic cost. For every river that needs to be cleaned, for every landslide that needs to be cleared, taxpayers' money must be spent. This "ugly Malaysian" disposition demonstrates the lack of civic virtue in our society. We are oblivious to others around us and yet we expect someone else to clean up after us. More often than not, we expect the government or local authorities to mop up our mess. We increasingly abrogate to others what it is to be a responsible citizen because we simply cannot be bothered.

Third, we must abandon the notion that the government owes us a living. It is this mentality that breeds dependency and promotes rent seekers. When the government is seen, not as a facilitator of business but a provider of contracts



and concessions, genuine entrepreneurs will be crowded out by commission agents with “know-who” abilities and no “know-how” talents.

There is no doubt that socio-economic policy must continue to focus on correcting historical economic imbalances along racial lines. However, as we endeavour to create a competitive economy, we must reassess the manner in which re-distributive justice is carried out. We may have to admit that in certain cases the simple transfer of wealth from the government to certain private companies have not yielded the results that were hoped for. A more competitive economy cannot afford to continue to absorb unproductive economic rents. Hence, we must now make sure that re-distributive justice is carried out on the basis of identifying genuine need, and that opportunities are given to those with value-added potential.

Similarly, successfully combating poverty goes beyond monetary assistance and the provision of opportunities. Escaping poverty is not just escaping deprivation; it is about abandoning a state of mind. Above and beyond government policies, it is incumbent upon individuals to empower themselves with knowledge, skills and the self-belief to improve their lot in life.

Realising Vision 2020 requires us to push ourselves in ways we have never imagined. It requires us to come to terms with our shortcomings, honestly and openly. We must not hide behind the exuberance of short-term successes, or inflate our self-importance. Confidence is indispensable to nation-building, but confidence can easily turn into complacency. And confidence can easily be misplaced and abused. When we are lulled into a false comfort zone, we become oblivious to the many things that still need to be done. We avoid introspection and dismiss criticism. We must not live in such a state of denial.

What I have outlined today is by no means an exhaustive list of some of the challenges that lie ahead for us. I have attempted to offer examples of where we can improve and what we can do. But the key message that I want to reiterate is that without changing our mindset, attitude and mentality, we will not usher in the future that we envision. Building a better Malaysia means being better Malaysians. If we cannot step up to this challenge, we will almost certainly be poor Malaysians – left behind.