

**SPEECH BY
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"A GIANT STEP FOR THE MALAYS"

1. We are grateful to Allah with Whose blessings we have gathered at the Dewan Merdeka, Putra World Trade Centre for the UMNO Annual General Assembly. On behalf of the Supreme Council, I would like to welcome all guests, delegates and observers.

2. The presence of former UMNO leaders holds great significance for us. They are exemplary UMNO members who are loyal, genuine and offer continuous service to the party. They are exemplary UMNO members. They are loyal, sincere and continue to serve UMNO in body and soul although they do not hold posts in the Government and party. Their attendance is a reflection of the generosity of their spirit and their fidelity to the party and community. Their spirit and attitude should be emulated by all loyal UMNO members.

3. I would like to thank leaders at all levels – state, division and branch – as well as the Youth, Wanita and Puteri wings for having successfully completed their respective annual meetings. Our success in completing these meetings on schedule demonstrates our discipline in managing our Party in accordance with our constitution. This can only enhance the spirit of democracy within the party.

4. This assembly is a very important forum that provides delegates the opportunity to provide input on the way the party and the government operate. It is also an avenue to state their views on the prevailing domestic and international scenario, in our efforts towards the betterment of our people, our country and our religion. This is the party's premier forum to discuss issues, provide feedback and to frame resolutions, so that we can realize the aspirations of the party members and the people. Our leadership will become more effective if members are honest and sincere, courageous and firm and voice the truth. Our leadership will be more effective if leaders can accept criticisms, views and suggestions with open minds and sincere hearts.

CURRENT SCENARIO

5. The world greeted 2005 with grief. The Tsunami on 26 December last year claimed more than 200,000 lives. More than 2 million Asians became impoverished, lost their possessions and were deprived their livelihoods. The tragedy is a reminder to humankind of the humbling power of God. The disaster moved the world into

displaying immense depth of humanitarian spirit. Much aid was provided and Malaysians contributed generously. The world would be a more peaceful and harmonious place if such humanitarian values became a way of life, particularly among those who exercise power.

6. Economic growth in 2005 will be moderate. Rising oil prices will impact the global economy. Asia, particularly East Asia will continue to be important to the world economy. Apart from China and Japan, India is moving swiftly and is forecast to become the third largest economy in the world by 2015, after China and the United States.

7. UMNO is entering its 60th year and Malaysia is on the threshold of celebrating its 48th year of independence. A mere 15 years remain to the finish line of Vision 2020 and that is all the time we have left to realize to ambition of achieving developed nation status. The sun is setting on the Eighth Malaysia Plan and the dawn of the Ninth Malaysia Plan is almost upon us

8. We live in the era of globalization, which has opened up the world but also left its people exposed. We live in the era of information and communications technology, which inundates us with information and brings us closer together. We live in an era where knowledge and intellectual property is highly valued. Globalisation, ICT and the knowledge based economy have great influence in shaping the world's social, economic and political culture.

INTERNATIONAL RELATIONS

9. In the globalised era, Malaysia cannot afford to remain isolated to fulfill its development agenda. The country's economic growth does not only depend on domestic resources. It also depends on external resources for funding, knowledge and expertise. We must have an independent and pragmatic foreign policy to ensure our country's interests are protected on the international stage. It is crucial for Malaysia not to be aligned with any particular bloc, to ensure that we maintain good relations with all nations, regardless of belief and ideology. However, we must be consistent with our principles to ensure Malaysia continues to be respected, believed and trusted.

10. We have extensive interests globally; that is why we maintain a substantial network of diplomatic and trade missions worldwide. We are compelled to address global issues that touch on peace, sovereignty, independence, international trade, global financial and banking systems and various international protocols. We are involved in various international organizations and are honoured to be entrusted to lead the OIC and NAM. At the end of this month, Malaysia will also be given the responsibility the Chairmanship of ASEAN. For the first time in history, Malaysia will simultaneously chair three international organizations. In December, we will host the inaugural East Asian Summit. We want our term at the helm to bring development and a new dimension to these organizations

11. The NAM Business Council was launched in June 2004. The Council will serve as a platform for the business community in member countries to create South-South cooperation networks. In May 2005, we hosted the inaugural ministerial level meeting of the Non-Aligned Movement to discuss the advancement of women. The Declaration of the Meeting stressed that the role and participation of women in all aspects, sectors and levels is required to achieve gender equality.

12. As OIC Chairman, I want to focus on an economic agenda. Since March of this year, Malaysia has embarked on a capacity building program for the OIC to stimulate economic growth and development in its least developed nations. Muslim nations that are successful will be more politically stable, more respected in the international arena and will be able to speak out more effectively.

13. In line with that vision, Malaysia is spearheading an agenda to develop the economies of OIC member countries. The first ever OIC Trade Forum was held in Kuala Lumpur on 20 June 2005. We commenced efforts to draft a ten-year master plan to develop the Islamic Financial Services industry. The OIC Bond Fund has been proposed to pay for infrastructure development programs, particularly in the least developed member countries. Malaysia will continue to push this economic agenda of the OIC, especially for the remainder of our term as Chairman.

14. Malaysia has been effective at international forums because it is able to speak up without fear of favour in the interests of the groups it represents. Malaysia is respected for its ability to conduct quiet diplomacy, especially in efforts to broker peace and to help resolve crises and conflicts. We have played an active role in bringing together groups in conflict in Kampuchea, Bosnia and the Philippines. We will also be active in helping programs to reconstruct Iraq and in the peace process in Palestine.

15. Malaysia firmly holds to the principle of a nation's independence and sovereignty, regardless of size. In accordance with that principle, we are firm in our stand that it is our responsibility to safeguard the Straits of Malacca. We will not allow foreign troops to patrol these Straits. We will view any uninvited presence as an intrusion and a sign of disrespect for our independence and sovereignty.

16. The image of Islam has been tarnished following the September 11 terrorist attacks in New York. This image has been further blemished by subsequent terrorist incidents, the latest being the terror attack in London on 7 July. In this context, I have three missions that I wish to implement. First, I will continue to stress that for all parties, especially the major powers, understanding the root causes of terrorism is the most important approach to overcome terrorism. Second, as OIC Chairman, it is my responsibility to explain to the global community that Islam is a religion of peace and is opposed to terrorism. Third, as Prime Minister of Malaysia, I am responsible for showcasing to the world that Malaysia is a modern Islamic country – a trade partner that is dynamic, responsible and trustworthy, a safe haven for investment and a safe destination for tourists.

ISLAM

17. The advances of the nation and the ummah have resulted in the Malays being seen as standard bearers of Islam, in this country and internationally. We are aware that there are groups, in Malaysia and abroad, that use Islam to fulfill narrow agendas. They are willing to commit extreme acts of violence in the name of Islam. Most regretfully, their actions inevitably bring destruction and suffering to innocents, including Muslims.

18. It is our responsibility to ensure that the use of Islam and its symbols to propagate a culture of extremism and violence does not occur in this country. We have a responsibility to protect Malays and Muslims from becoming tools to those who want to promote their narrow agenda. Any complacency will open the door for them to spread chaos among Muslims and shatter the harmonious relations between the races.

19. The approach of Islam Hadhari was introduced against this backdrop. Islam Hadhari is a long-term government effort to ensure Islam is practiced in a more holistic, broader and more diverse context that encompasses all aspects of life. We have introduced Islam Hadhari to enable Muslims in Malaysia to become the vanguard of a new civilization that can bring about progressive and comprehensive change. God willing, the Ummah be able to stand alongside other more developed communities, and will also become empowered to enhance its efforts, commitment and struggle so that it may achieve greater success and excellence. Alhamdulillah, this approach to Islam is increasingly understood and accepted by the people, including non-Muslims.

20. Our success in bringing Islam in a progressive and dynamic manner has caused anxiety among some political groups who have, up to now, monopolized Islam for their purposes. Therefore, they have tried to sabotage Islam Hadhari, which has been purposely painted as something which is confusing. In truth, Islam Hadhari does not denigrate the sanctity of Islam. It is an approach that is consistent with the tenets of our religion, an initiative to enable the practice of religion in a comprehensive manner. It does not change the basic principles and core teachings of Islam. It is an approach to Islam that requires understanding and focus, based on contemporary needs and challenges.

21. There are those who try to slander Islam Hadhari by claiming it only focuses on worldly pursuits. This is patently false – the first principle of Islam Hadhari is “Faith and Piety in Allah”, which clearly confirms faith and piety in Allah as the core of Islam Hadhari and the Quran and the Sunnah as the first points of reference. This approach is not difficult to understand, if it is interpreted with sincerity. Explanations on Islam Hadhari have been carried out overseas, beginning with my keynote address at Oxford University in October last year, and during my official visits to India, Pakistan, New Zealand, Australia and Germany. These explanations have been received well.

22. Islam Hadhari underpins our efforts to develop the Muslim community in Malaysia. Insyallah, it will become a principal inspiration to give us strength and momentum to take a giant step forward, to achieve excellence and to contribute to the development of human civilization. Islam Hadhari can be a compass that points to success in this world and the hereafter. Because of this, government development plans will be explained from the perspective of Islam Hadhari – in education, economics, health care, family development, poverty eradication and fighting corruption, crime and social ills. The government will monitor all programs to ensure that objectives are met.

23. Islam Hadhari prioritizes the development of civilization. We must improve our quality of life by developing people who accumulate knowledge and master skills. Islam's glory and the greatness of the Ummah will be restored through physical development that is complemented by human development.

ECONOMY

24. Malaysia has crossed the threshold into the premier league of world trade. Nations are not given special treatment when faced with global challenges and as a small nation, Malaysia must compete under the same rules as major economies such as The United States, the European Union, China, Japan and India. Although we competition is stiff, we are gratified that Malaysia has maintained its position as one of the world's leading trading nations. Our country is the third largest economy in South East Asia. Statistics show that in 2004, Malaysia was 18th ranked exporting nation in the world and the 20th ranked importing nation. Total trade amounted to RM882 billion.

25. A report by Deutsche Bank on the growth potential of 34 developed and developing nations for the period 2006 to 2020, Malaysia is recognized as the second fastest growing country, ahead of China but behind India. Malaysia is among the 15 top destinations for foreign direct investment and the third in the world as an outsourcing destination, according to a report by the consultants AT Kearney. And yet another report, by AT Kearney together with Foreign Policy magazine identifies Malaysia as the only Asian country to be included in their list of the 20 most global nations. All this represents great potential for our nation. We must be quick to seize opportunities and swift to act. We must be prepared to compete to attain maximum benefit. We have made the necessary preparations. The Ninth Malaysia Plan is a blueprint as well as an action plan, and therefore, we must put in place several strategies.

26. First, we must multiply our efforts to ensure higher and sustained economic performance. Our resources are limited. Therefore, we must manage our economy carefully and consider the long term implications for the nation and its people. It is imperative to safeguard funds and savings for the future. We must manage public spending and strike a balance between stimulating economic activity to prompt

economic growth and running up a deficit that develops into an unmanageable problem.

27. The most difficult decision that I had to make after assuming the responsibilities of Prime Minister was to reduce the deficit. However, that does not mean that we will reduce government spending so radically that it causes the economy to contract. We will reduce the deficit in stages to allow the economy to still prosper and a reasonable amount of development expenditure has still been allocated. We must replenish our strength to face eventualities that may lie in the future. For some, the decision to reduce the deficit is seen as denying them a source of income to which they have become accustomed. I am conscious that the government's decision is not politically popular, but I firmly believe that the long term interest of our country takes precedence. The interests of the nation must be placed ahead of the political interests of certain groups or individuals.

28. Second, we must build a knowledge based economy. Malaysia is no longer a low cost producer, but we have yet to join the group of high technology nations. We are somewhere in between. Circumstances require us to shift our approach and prioritize efforts that enhance productivity, encourage creativity and innovation and focus on areas where we have a competitive advantage.

29. We are in the second phase of the Vision 2020. Fifteen years have passed since we embarked on the journey towards developed nation status and fifteen years remain. The Ninth Malaysia Plan is currently being structured. Our hardware - physical development and infrastructure - has been expanded at an intense pace during the first 15 years since Vision 2020 was launched. In the second phase, emphasis will be given to the software – elements that touch on human development to optimize on physical facilities so that we can realize our aspiration of attaining developed nation status. Human capital is the most important element in an economy and we must now engage in value adding and capacity building. Research and development programs and the mastery of science, technology, knowledge and skills must be encouraged to catalyze new inventions and products and create new wealth.

30. Third, we will strengthen the basics and fundamentals of our economy and explore new sources of growth. The agriculture sector will be stimulated through the application of biotechnology and the most modern techniques; the manufacturing sector will be enhanced through encouraging investment in high technology industries, while the services sector will be strengthened, particularly the areas of tourism, education, healthcare, Islamic finance and the production on halal foods.

31. Fourth, the public sector delivery system will be further improved. We should compare the efficiency and speed of our delivery system with developed countries and countries that record high economic growth. Investors, including domestic investors do not have the time or patience to wait long periods. Investors will choose destinations that facilitate business. We want the private sector to be the engine of growth and therefore a delivery system that is efficient and expedient is critical. We must genuinely achieve this in reality and not merely enshrine it on bits of paper.

Excessive bureaucracy must be abolished. A delivery system that is efficient and expedient plays a big role in reducing corruption, which increases the cost of doing business and consequently blunts our competitive edge.

32. Fifth, efforts to enhance integrity and eradicate corruption covers every sector and grouping – in the public sector, statutory agencies, Government Linked Companies (GLCs) and the private sector. The government is fully aware that corruption increased the cost of administration, the cost of doing business and the cost of production, apart from affecting the quality of services and products.

33. Sixth, we will improve housing, healthcare, education and infrastructure development to improve the people's quality of life.

34. Seventh, we will eradicate hardcore poverty during the Ninth Malaysia Plan.

35. Eighth, we will reduce the income gap. We will work to reduce the gap between Malays and Non-Malays, amongst Malays and between the low income group with the middle class through the enhancement of cultural capital. The income gap between the urban and rural populations and between the different regions must be reduced via making appropriate allocations to develop rural areas by way of providing basic transportation and communications infrastructure, the supply of electricity and water and the provision of educational and healthcare institutions. Innovative approaches must be introduced to diversify and increase the production capacity and marketing capability in rural areas.

36. Ninth, we will ensure capacity building and capacity enhancement of our human resources. Unemployment is a waste, more so if it involves those who are academically qualified. The public sector and the private sector can no longer accommodate the increasing numbers of graduates. Graduates must therefore be prepared to be self employed. Training and education institutes must evaluate their courses and syllabuses to be relevant to current human resource needs.

37. Tenth, we will build a nation that is stable, united, peaceful and prosperous. Economic programs and social programs must reflect the government's just and fair consideration of all of Malaysia's different communities. In addition, the investment climate must foster confidence among investors.

38. I will value all views from delegates that can serve as additional input into the Ninth Malaysia Plan, which is close to being finalized.

THE MALAY AGENDA

39. Malays are worried that other communities will leave them behind in terms of social status and economic achievement. During the 1960s, the income gap between

Malays and Non-Malays was vast, with Malays earning less than half compared to Non-Malays. This gap created a feeling of unease among Malays. After the May 13 incident, the government realized that it was imperative to implement a program that could create socio-economic parity amongst the country's different races. The Malays had to be given opportunities to enable them to elevate themselves so that they could equitably enjoy the fruits of economic progress. The New Economic Policy was therefore introduced as a formula to reduce the disparity in economic achievement amongst the various races in the country.

40. The NEP gave a new lease of life to the Malays. It was instrumental in producing more skilled and educated Malays. It was successful in increasing the numbers of Malay professionals and managers. It opened up opportunities for Malays to venture into various industries. It was the catalyst for the Bumiputera Commercial and Industrial Community. The Malay middle class was also enlarged through the NEP. The NEP succeeded in enhancing the living standards and incomes of the Malays. When the Policy was first implemented, Malays only earned 44 sen for each Ringgit earned by the Non-Malays. When the NEP concluded in 1990, the Malays had narrowed this gap to earn 57 sen for each Ringgit, an increase of 30%. Bumiputera equity holdings increased from 2% when the NEP was first implemented to 19% by the year 2000.

41. Latest statistics indicate that the NEP's targets have only been partially achieved. This has not been due to faults in the Policy. Among the factors that have contributed to the inability to achieve the targets are leakages at the implementation stage. This is because of the actions of rent-seekers who prioritize short-term gains. The opportunities that were given were abused instead of being used to expand businesses or to enhance capacity that would have ensured continued and lasting success. Permits, facilities, contracts and licences which were allocated to Bumiputeras were instead handed over to others for quick profit. Having done so, they asked for new opportunities once, twice, and more. As a consequence, a class of Malays arose that turned being middlemen into a full-time profession.

42. Quotas were allocated for Bumiputeras to own shares, with the objective of achieving equity ownership targets. Tragically for the Malays, these shares were sold almost immediately for quick gain. There were also individuals who were trusted to helm companies, but became satisfied with mere symbolic involvement and chose to remain on the sidelines. Even more tragic for the Malays were those who betrayed the trust of a community and committed fraud. Apart from failing the objectives of the NEP, these leakages have tarnished the image of Malays and eroded the confidence of others towards us.

43. The problems we face must be tackled with a new mindset and a fresh spirit. Our dignity and our survival are at stake. The Malaysia of yesterday when the NEP was first introduced is radically different from the Malaysia of the knowledge-based economy. Today's economy provides opportunities to those who are knowledgeable, industrious and value-add. The Malays have to infuse their struggle with a fresh spirit. We must fix the shortcomings in the implementing of the NEP and ignite a zeal for capacity building that will increase the income of Malays in absolute terms on a

sustainable basis. Our goal is to achieve parity of income. Malays should earn one Ringgit for every one Ringgit earned by Non-Malays.

44. People are a nation's greatest assets. A country needs human capital to ensure its survival. Human capital can be infused with added value, its intellect can be sharpened and its cultural capital can be enriched. Developing human capital is crucial in increasing a nation's productivity and competitiveness. Therefore the government will redouble efforts and increase programs to develop human capital to ensure that Malays have the requisite physical, mental and spiritual strength. We will also multiply our efforts and provide more facilities to ensure more Malays master science and technology. This will ensure a sustained supply of Malay professionals.

45. Education and training based on the latest knowledge and technology – That is the focal point of the Malay development agenda. This agenda must emphasize content and software to improve the quality of life. Malays should never stop pursuing knowledge and skills. Malays must embrace lifelong learning. We will continue to provide entrepreneurial, professional and employment opportunities for Malays, but it will be necessary to revise procedures to ensure opportunities are given to Malays who are truly qualified and capable, Malays who adopt good work and business ethics. Easy profits that are gained by merely lending a Bumiputera identity to companies or through the middlemen culture are temporary. These are practices that contravene the spirit of the NEP and must stop now.

46. This new strategy will also ensure that Malays can continue to grow without excessive reliance on the government. Malays must be intelligent enough to diversify knowledge and skills and to diversify products and services in line with the latest economic trends. The government does not want Malays to forever depend on the same economic activity that yields limited returns. The Bumiputera Commercial and Industrial Community must be able to stand on its own feet and seize new opportunities as they come. The government will play the role of catalyst and facilitator. If we do not develop a culture of self-reliance, then we will not be able to create a true Bumiputera Commercial and Industrial Community.

47. The BCIC must become a motivating force, a potent catalyst to ensure Malays succeed in business. Malay industrialists must expand so that they may generate economic activity for the emerging generation, for their families and for their community. More Malay industrialists must be capable of expanding their businesses to a level whereby they can bequeath these businesses to their heirs. Business and self reliance must become an integral part of Malay culture.

48. Our target to achieve 30% equity holdings must continue, but our real property holdings must not be overlooked. Land is a natural resource that is becoming increasingly scarce. It is crucial to guarantee continued Malay land ownership, especially in urban areas to prevent Malays from being marginalized in their own land. Wakaf (endowed) land, customary land, Malay reserve land, ancestral land and agricultural land must not be left untended; instead, this land should be developed to create value and higher economic returns.

49. We require greater wisdom to formulate strategies to achieve the targets of the NEP. Malays who possess the right attitude and are honest will have the capacity to succeed when given opportunities. There are many Malays who have attained success and higher socio-economic status within the course of only one generation. This is the kind of Malays who should be helped to enhance their capacity.

50. The slowdown of the construction industry provides valuable lessons. Activity in the construction sector is less vigorous than before and this has caused anxiety amongst Malay contractors. The worst affected are the Class F contractors who carry out projects below RM200,000. Class F contractors were created with the objective of encouraging Bumiputeras to break into the construction industry. The high volume of activity for the past 15 years has given Malay businessmen the wrong impression. Perhaps many Malay businessmen assumed that the construction sector was a means to obtain sustained and continuing wealth. Therefore, they rushed to be involved in this sector and later entrants joined an industry that had already reached saturation point.

51. In 1992, there were only 2,049 Bumiputera contractors. By 2005, the figure had breached 46,000 – an increase exceeding 2,000 (two thousand) percent in 13 years. Of these, more than 42,000 were registered as Class F contractors. Almost all these contractors expected government contracts. There are 63,000 contractors of all classes in a nation of 25 million. This equates to one contractor for every 350 Malaysians. In comparison, Japan, whose contractors participate successfully in international tenders, the ratio is only one contractor to 10,000.

52. In 2003, the government approved construction and supply contracts amounting to RM26 billion, the highest allocation during the past five years. In 2005, it allocated RM22 billion, the second highest amount during this period. But still there are not enough contracts to be shared among the multitude of contractors in the industry. Clearly, in the construction sector, supply of services far outstrips the demand for it. There are too many players on a shrinking field. In 2000, the government was compelled to launch a preemptive package of projects, allocating RM3 million for each Parliamentary constituency aimed at ensuring the survival of Class F contractors. Contractors should have seen the writing on the wall and realized that future prospects were already dimming. The Government cannot play the role of Santa Claus, perpetually handing out gifts. Contractors should have taken this as a signal to diversify to other sectors. Unfortunately, the Government's one off effort was misinterpreted and as a result, the number of contractors increased instead of declining.

53. The government has been asked, prompted and even threatened to pump-prime as it has done in the past, but every cycle runs its course. The government must take a realistic stand because it is responsible for managing the economy with due care and consider the long-term effects on the nation and its people. Spending must be controlled and stimulating economic activity to prompt growth cannot be done at the expense of placing the nation's finances in a perilous and unstable state. All nations are subject to the same economic rules. Any nation risks bankruptcy if it is

incapable of funding its expenditure. The government cannot pretend and pull the wool over the eyes of UMNO members, the Malays and indeed the Malaysian people. The strength of the Malay people should not be built on falsity. I am aware that this approach may not be popular, but we must choose the right path. The survival of our community and our nation must come first.

54. Malays should look for new sources of wealth, primarily in sectors where they have long been involved and have inherent advantages. There are numerous such sources in agriculture, fisheries and related industries. These areas have the potential to provide long lasting returns. There is much potential to be capitalized on, especially with the application of biotechnology. My visit to the Netherlands has strengthened my conviction that there are gains to be made in these sectors. A country the size of Pahang is capable of becoming the second largest world exporter of food and agricultural products. We must change the way we perceive agriculture. Malays should lead the way by becoming modern farmers, developing agriculture and energizing the agro-based industry to leap into the manufacturing sector.

55. I believe that if we have the readiness and the courage to involve ourselves in new sectors that hold great potential, in services, tourism and handicrafts, we can build a group of Malay entrepreneurs who can stand on their own. Shifting to these new sectors is vital for Malays to be able to participate in business and the economy on a broader and more comprehensive manner. The government will also give emphasis to small and medium industries that hold the potential to grow in this sector.

56. The government will maintain its policy of assisting the growth of Malays in the private sector by offering incentives and developing schemes. Government linked companies (GLCs) must drive the Malay development agenda. Vendor programs and GLC procurement will be improved to provide more opportunities to Bumiputera vendors that are genuine and competent, who are efficient, able and competitive. GLC have also been given the task to break new ground for the involvement of the Bumiputera private sector. GLCs have been instructed to concentrate on human capital development, particularly to help the development of Bumiputera in professional fields and in the areas of management and administration. Focus must be directed to the software components- the know-how and skills, the values and ethics. These efforts involve internal change and things that are intangible. They involve elements not immediately visible to the naked eye and it will be a marathon, but we must have the courage to set off the first steps of the race now.

57. Vision 2020 clearly outlines that by the year 2020, there should be racial equality, where no race is identified with economic backwardness. Equality does not mean that every individual should have the same economic standing. The equality that we wish to promote must take into account merit and performance. For the next 14 years, we must take a giant step in order to achieve equality. The journey must begin now and the right strategies must be put in place for the sake of the future of the Malays and Malaysia. We must be sure that we are on the right track to avoid missing our targets.

58. We should learn from our successes and take stock of our failures. Efforts to improve the status and performance of the Malays must be done within the context of a growing Malaysian economy. We must take the correct steps to equitably benefit from the fruits of development. We must ensure that wastage does not occur and that instead, our economic management reflects efficiency, effectiveness, justice and equality. The intense competition that we face will not give us room to allow wastage and will not allow us to hand over responsibility to those who do not have the experience, knowledge, capacity and capability. Efficiency and effectiveness must be optimized and every Ringgit that is invested must bring maximum returns.

59. No one can deny that in the past, there are those among us who have received too much assistance and too many chances. There are those who have not received enough assistance and those who have not been given opportunities at all. This is not fair and far from just. This cannot continue. There will never be enough contracts, licenses, permits or scholarships for all Bumiputeras. We must wake up to the fact that when we award a scholarship to an unqualified Bumiputera, we are depriving a more deserving Bumiputera recipient. This is clearly unjust. Awarding a contract to a Bumiputera company that is incapable of doing quality work when there are other Bumiputera companies that are more capable is also unjust and cannot be allowed to continue. In fact, it is a form of wastage. Awarding licenses and permits without taking into account merit and performance is also a form of wastage. We cannot turn a blind eye and take these matters lightly.

60. All of this forms a culture that can destroy our community and eventually cause the downfall of our nation. It must be stopped. We set targets, but others mock us. What is the use of taking pride in achieving Bumiputera equity targets on paper when there are Bumiputeras who are holding that equity on behalf of others? This is fraud. The Bumiputera economic agenda will never be achieved if this is allowed to continue. We must have courage to take firm corrective measures.

61. We will not succeed in taking a giant step forward if we fail to focus on developing a culture that strives for excellence based on merit and performance among Bumiputeras. We must be courageous to correct the errors of the past. This may be onerous, but we must exercise the political will with fortitude and resolve to effect change. In truth, we are taking serious and responsible steps to strengthen the Malays. If we continue to pander to those who only know how to use the back door, we are sowing the seeds of a culture that will destroy us. Instead, we must build a culture that allows Malays to challenge, perform and possess merit to the point that they can compete on the world stage.

62. The most durable foundation to succeed is to have desire, skill, expertise, knowledge, resilience and industry. If all these aspects can be inculcated in Malays, God willing, we need not worry. Conversely, if these components are missing, then success will not come knocking. Let us begin now, with all the political will and political strength that UMNO has, by focusing on education and training to develop our human capital and enrich our cultural capital.

63. Those who are courageous enough to change must have the belief and confidence that providence will come to those who fully utilize all that we have received from Allah. God has given us arms and legs and most importantly, a mind to think. We do not have much time. From this day on, let us prepare ourselves to take a giant step; a giant step for the Malay Race.

64. The success of the Malays lies at the heart of UMNO's struggle. It is the responsibility we bear and the trust that we have been given. Our objective is to see Malays play a significant and meaningful role. Vision 2020 has set the target of achieving developed nation status. The developed nation that we envision must be accompanied with progress for the Malays. There is no sense in being a developed nation when Malays are marginalized. It is not enough to ensure that Malays will not disappear from the Earth, when we lag so far behind. We must develop a mindset that is built on success and rooted in excellence. Each step that we take together on this long journey must strengthen our souls and our minds, grow our confidence, reinforce our resolve to ensure we achieve excellence, glory and distinction.

65. When we succeed, it will not matter wherever we are, in whatever company we find ourselves – our presence will be felt and we will be respected. We will be Towering Malays.

UMNO

66. UMNO belongs to the Malays. Our legacy is now 59 years old. It has grown from strength to strength with age. The people have accepted it and they have faith in UMNO because it has successfully advanced Islamic teachings, given meaning to independence and uplifted the dignity of the community.

67. UMNO continues to be relevant and evergreen because we constantly think of the future and of future generations. We are far-sighted in our vision and we plan for the long term. We have been blessed with the mandate to lead the Government from the day we became independent. Our objectives of achieving national unity, our concept of power sharing, the New Economic Policy and Vision 2020 have all been instrumental in creating a brighter tomorrow for future generations. We have laid the foundations for a more peaceful, prosperous and progressive Malaysia. We make every effort to fulfill our objectives and dreams.

68. UMNO continues to be invigorating and revitalizing because we tend to it and replenish it with new blood constantly. Party elders view it as their responsibility to groom and nurture the young so that they will one day inherit the trust of the people. We have to nurture and cultivate the younger generation in UMNO from all the wings of the party – Wanita, Pemuda, Puteri and Putera – guide, advise and support them. The younger generation today is better educated and better skilled. Their contributions are vital in building a successful people and a successful country.

69. UMNO members are not only inheriting an organization but the trust of their people and the responsibility for the community, the country and the religion. Our task is all the more solemn because of the overwhelming mandate given to UMNO and the Barisan Nasional in the March 2004 general elections. UMNO members are the pillars that support the Government elected through the democratic process. We will at no time misuse the power and we have no intention to disappoint the people. The strict implementation of laws is not targeted at victimising anyone. The people, who bestowed upon us the power to rule, have high expectations that we shall undertake this responsibility with sincerity and good conscience to implement and plan clear and durable policies and programmes. We have to ensure the continuity and permanence of the UMNO struggle so that we fully achieve our objectives and realize the dreams that we chase.

70. In our efforts to develop the country, we face many challenges and obstacles. Nevertheless, we will not waver in fulfilling the trust given us by the community. There are times, such as during the Asian financial crisis in 1997, when our efforts have been hindered. But we shall not give in nor shall we give up. UMNO does not concede easily when faced with challenges or hindrances. We will not bow before competition. In fact, UMNO learns from experience; it is steadfast in its struggle and it places its faith in Islamic teachings. We have faith in the supremacy and the blessings of Allah. As long as we are sincere in carrying out His bidding that we fulfill our people's aspirations, Allah s.w.t. will bless our efforts.

71. Today, it is not only our own people who appraise UMNO. The outside world is also watching us. Their assessment of UMNO will also determine how they perceive our country. UMNO's challenge is all the greater because opposition parties and individuals, including those who no longer have a place in our party, seek to tarnish us abroad.

72. Therefore, unity amongst our members is fundamental to our strength. UMNO has proven that it can withstand any challenge as long as its members are united. External forces shall not defeat UMNO, God willing. But we must be vigilant to ensure that the actions of UMNO members themselves do not bring UMNO to its knees.

73. UMNO cannot afford to feel proud or comforted just because it has many members. UMNO has to ensure that these members possess high level of integrity. UMNO members need to discipline themselves, have strong moral values and must avoid involvement in activities that will cause the people to view us with cynicism. Disciplined and high morals standards can be instilled through internalization by feeling abhorrence towards sinful conduct. For an organization to remain strong and retain power, it must place importance in discipline. Strong party discipline instills integrity in its members and the integrity of party members determines the culture of the party.

74. The Government's war against corruption will not be successful if UMNO itself has a culture of corruption. The practice of vote buying is political corruption. UMNO will not continue to be respected if it does not wipe out corruption within its own ranks.

The election process in UMNO is keenly observed because UMNO controls the Government. The leaders elected by UMNO will proceed to become leaders in Government. If people have doubts about the integrity of UMNO leaders, then any effort by these leaders to wage war on corruption will not convince anyone.

75. The process of disciplining members is complex. Many complaints are made. There are so many stories that have been conveyed to me; there are many stories that reach the people's ears about wrongdoings by members during the party's election process. UMNO members will find it difficult to deny the existence of political corruption. The investigation process is made even more complicated because there are parties that complain but are not willing to provide the evidence that can prove guilt. The methods and mechanism of the disciplinary process will continue to be improved. We have to give our full support to every effort made to discipline members and to clean up UMNO.

76. A corrupt leader will lead UMNO to a culture of corruption. A corrupt UMNO will not be able to impart good values to the community. The Government's war on corruption must be spearheaded from within UMNO itself. UMNO members must feel disgust at corruption and not allow themselves or members of their family to have a single drop of blood in their body that is tainted by gains from corruption.

77. UMNO members and leaders involved with corruption cannot lie to themselves nor can they escape the attention of Allah. They will not be deemed as clean in the eyes of those who are together involved with them, either as givers or takers. Maybe they can hide their corrupt deeds from human eyes, but they cannot hide from the wrath of God. Punishment in this world will allow a wrongdoer to repent, but those who escape the wrath of God in this world will inevitably face it in the hereafter.

78. I am determined and committed to cleanse UMNO of political corruption. I may be climbing a steep slope, but I will not be deterred nor will I lose faith. As long as there is life in my body, I will seek strength from the Almighty to continue my battle to eliminate corruption. UMNO members should be prepared not to be elected to any posts rather than resorting to corrupt practices. There can be no pride in winning an election through corrupt means and subsequently accepting money to bribe others. It would be a tragedy for our people if wealth is used to barter power and if power is used to sell out our people.

79. UMNO must return to the healthy political culture that was held dear by our founding fathers. UMNO was built on the values of a struggle for the people and service to the community. UMNO is not merely a political party - it has to be seen as a Malay institution that is duty bound to fulfill aspirations of a community. If UMNO is viewed merely as a political party, then UMNO members will be more inclined towards competing for positions and power. Technology is used to spread slander. Mercenary writers are paid to attack certain individuals. Destructive suspicions prevail over the spirit of fraternity. Prejudicial stories are quickly absorbed but tales extolling virtue are difficult to accept.

80. Fostering the family spirit amongst us can strengthen UMNO. We shall seek and accept the best amongst us to lead. We will work together to carry out our task. Each intention we hold and each step we take would be to strengthen UMNO. We shall hold our finest in the highest esteem, giving them our confidence and support by making them our leaders to create a political culture that is fresh and built around the heart of the community's struggle. We will revive a political culture for people who are free and who are pious, faithful and completely devoted to Allah.

81. A healthy political culture will save UMNO and strengthen it. It would be impossible to achieve our aim of bringing dignity to our community if UMNO is not clean, efficient and trustworthy. UMNO members must not be involved in acts that can blemish the party's good name. Sayyidina Ali reminded us that falsehood can be corrected if an organization is strong, but truth can be destroyed if the organization is weak.

82. Therefore, the UMNO organizational structure should be upgraded at all levels in keeping with UMNO's pole position in the country's politics. The UMNO secretariat – be it at national, state, division or branch levels, or in the separate wings – needs to equip itself with adequate modern systems and skilled and efficient manpower. The UMNO secretariat needs to be strengthened to ensure it can be the catalyst and support for the various efforts by the leadership and for the activities of party members.

83. It is the members of UMNO who shape and determine the party struggle. They will determine the success and failure of the party, the community and the country. They have to be instilled with the understanding and realization of what the struggle is and of their duties and responsibilities towards the party. We have to instill good values, we have to be trustworthy and magnanimous and enhance our skills and knowledge. UMNO wants to build a crop of leaders at all levels who will distance themselves from negative matters, from creating anxiety, from spreading slander or from spinning stories which weaken the leadership, its members and the party. UMNO wants to build – at all levels - leaders who are able, spirited, and are tough, pious, decent and effective.

CONCLUSION

84. The nation aims to achieve developed nation status by the year 2020. It is our collective responsibility to ensure that we fulfill this vision. When that happens, we would like to see the "Towering Malays" in the forefront of a developed Malaysia. These towering Malays will be those who can compete in the global league, in an arena that is large and wide, in a situation where there are more liberal regulations.

85. We have to embark on a jihad to ensure we achieve this vision. We cannot allow ourselves to be distracted by those who still want to dwell on inconsequential matters. We will leave the talking to those who thus far have demonstrated that they have no other vocation save for talking. UMNO places priority on work and we must devote our time and energy to work. I cannot perform such complex tasks and duties

alone. I am grateful to my colleagues in the Supreme Council, in particular Datuk Seri Najib bin Tun Abdul Razak who has shared the responsibility of working with me.

86. I appreciate the cooperation and teamwork of members of the Supreme Council, the Wanita, Youth and Puteri wings, and the leadership at state, division and branch levels, to realize the vision and aspirations of the UMNO struggle. I congratulate Pemuda UMNO for their creativity in increasing participation of the young in the party by setting up Putera UMNO.

87. We pray that we will receive guidance and blessings from God in fulfilling the struggle that we have inherited. We pray that our party, our community, our citizens, our country and our religion are forever safe from harm. We pray that we achieve the objectives of our struggle. It is stated in Surah Al-Faatir:

Whosoever desires honour, (power and glory), then to Allah belongs all honour, power and glory [(and one can get honour, power and glory by obeying and worshipping Allah (alone)]. To Him ascends (all) goodly words, and the righteous deeds exalt it, but those who plot evils, theirs will be severe torment. And the plotting of such will perish.

88. Let us seek guidance and blessing from the Almighty by reading the Al-Fatihah.