

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE OPENING OF THE GLOBAL LEADERSHIP FORUM
AT KUALA LUMPUR CONVENTION CENTRE
1 AUGUST 2006**

(DI WAKIL OLEH YB TAN SRI NOR MOHAMED YAKCOP, MENTERI KEWANGAN II)

ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH, PEACE BE UPON YOU, AND GOOD MORNING

DISTINGUISHED SPEAKERS

FORUM PARTICIPANTS

LADIES AND GENTLEMEN

1. ALLOW ME TO BEGIN BY THANKING THE ORGANISERS OF THE GLOBAL LEADERSHIP FORUM FOR INVITING ME TO ONCE AGAIN OFFICIATE THE OPENING OF THIS IMPORTANT CONFERENCE. IT IS AN HONOUR, NOT TO MENTION A SOMEWHAT FORMIDABLE TASK, TO OPEN A GATHERING OF SUCH EMINENT PERSONALITIES AS ARE THE FORUM'S INVITED SPEAKERS. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO WELCOME YOU TO MALAYSIA AND HOPE THAT YOU WILL HAVE A WONDERFUL STAY HERE. JUDGING BY THE DIVERSE LIST OF SPEAKERS AND PARTICIPANTS ATTENDING THIS FORUM, I AM SURE THAT IT WILL BE A HIGHLY INTERESTING AND PRODUCTIVE TIME FOR EVERYONE.

LADIES AND GENTLEMEN

2. WE ARE ALL HERE TO LEARN. AND THERE IS PERHAPS NO MORE EFFECTIVE WAY TO EXPAND OUR KNOWLEDGE THAN TO LISTEN DIRECTLY TO HUMAN EXPERIENCE. THROUGH THE SHARING AND UNDERSTANDING OF HUMAN EXPERIENCE, WE CAN SEE FAMILIAR TRENDS AND PATTERNS; TRENDS THAT CAN ESTABLISH THE COMMON PRINCIPLES FOR CHANGE, GROWTH AND SUCCESS. THEREFORE, IN THE SPIRIT OF LEARNING, AND IN THE HOPES OF CONTRIBUTING FURTHER TO OUR UNDERSTANDING OF THE WORLD'S PATTERNS AND PRINCIPLES, I WOULD LIKE TO SHARE WITH YOU SOME OF MY OBSERVATIONS ON A TOPIC WHICH I FEEL IS HIGHLY RELEVANT TODAY. I WOULD LIKE TO SAY A FEW WORDS ON LEADERSHIP IN MANAGING AND IMPLEMENTING CHANGE.

3. FOR A LARGE PART OF THE DEVELOPING WORLD, THESE ARE INDEED TRANSITIONAL TIMES. MANY COUNTRIES, INCLUDING MALAYSIA, ARE ATTEMPTING TO SHIFT FROM AN ECONOMIC MODEL BASED ON MANUFACTURING AND RAW COMMODITY PRODUCTION TO A MORE VALUE-ADDED AND KNOWLEDGE-BASED ECONOMIC MODEL. MANY COUNTRIES ARE TRYING TO DEVELOP LOCAL INDUSTRIES AND BUSINESSES AMIDST WIDESPREAD DISMANTLING OF

PROTECTIVE BORDERS. MANY COUNTRIES ARE ENDEAVOURING TO GRASP THE IMPLICATIONS OF A FAST-GROWING CHINA AND INDIA. AND MANY COUNTRIES ARE TRYING TO DEAL WITH THE CULTURAL AND SOCIAL CHALLENGES THAT INEVITABLY ACCOMPANY THESE ECONOMIC TRANSITIONS.

4. THE FORCES OF TRANSITION AND CHANGE DEMAND MUCH OF LEADERSHIP. ON THE ONE HAND, SOME FORCES ARE BEYOND CONTROL. THESE MOSTLY EXTERNAL FORCES OF GLOBALISATION, LIBERALISATION AND THE RISE OF FAST-GROWING ECONOMIES DEMAND AN ALMOST INFINITE CAPACITY FOR A COUNTRY TO RESPOND. THESE FORCES ARE NEUTRAL AND BLIND TO DIFFERENT COUNTRIES' STARTING POINTS OR INDIVIDUAL CHARACTERISTICS. ALL COUNTRIES, NO MATTER THEIR HISTORIES OR THEIR COLLECTIVE OBJECTIVES, MUST FIND A WAY TO RESPOND QUICKLY OR RISK FAILURE.

5. ON THE OTHER HAND, SOME FORCES OF CHANGE ARE SELF-IMPOSED, PARTLY AS A RESPONSE TO UNCONTROLLABLE EXTERNAL FORCES AND PARTLY FROM RECOGNITION OF ALTERED LOCAL CIRCUMSTANCES. COUNTRIES ARE DYNAMIC, SHAPED BY THE ASPIRATIONS OF ITS PEOPLE. THE PEOPLE'S VALUES OR PRIORITIES CHANGE THROUGH THE PASSAGE OF TIME, WHICH USUALLY RESULTS IN CALLS FOR CHANGE IN A COUNTRY'S ECONOMY OR SOCIAL STRUCTURE OR CULTURE.

6. THE COMBINATION OF THESE FORCES REQUIRES JUDICIOUS MANAGEMENT OF THE CHANGES WROUGHT IN THE COUNTRY. GLOBALISATION MAY BE A FAST, EVER-EXPANDING FORCE, PARTICULARLY IN THIS AGE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY. BUT A COUNTRY'S INTERNAL ASPECTS – ITS BUSINESS CULTURE, ITS LOCAL ISSUES, ITS SKILLS, ITS IDENTITY – ARE PRODUCTS OF DECADES, IF NOT CENTURIES, OF PRACTICE. THESE ASPECTS ARE INTERWOVEN INTO THE FABRIC OF SOCIETY. ANY ABRUPT CHANGE WILL, INESCAPABLY, CAUSE SEVERE AND POTENTIALLY DESTRUCTIVE DISLOCATION.

7. THIS, TO ME, IS AN UNDER-APPRECIATED POINT THAT IS MENTIONED MUCH TOO INFREQUENTLY. MANY THINKERS AND WRITERS HAVE TOUTED THE USEFULNESS OF 'CREATIVE DESTRUCTION' OR 'VALUE-ADDING DESTRUCTION'. AT A FIRM OR EVEN INDUSTRY LEVEL, THIS MAY BE ACCEPTABLE. HOWEVER, AT THE MACRO OR COUNTRY LEVEL, THE IMPLIED SCALE OF DISLOCATION IS SIMPLY UNTENABLE. IN REALITY, COUNTRIES GRAPPLE AS THEY TRY TO RECONCILE THE PACE OF INTERNAL TRANSFORMATION WITH THE DEMANDS OF EXTERNAL CHANGE. SIMPLY PUT, IN REALITY, COUNTRIES GRAPPLE TO MANAGE THE HARDSHIPS OF TRANSITION.

8. THE COMPLEX TASK OF LEADERS IS TO PREVENT, TO THE BEST OF OUR ABILITY, POVERTY AND HARDSHIP IN AN ENVIRONMENT WHICH REWARDS THOSE WHO ARE ALREADY EQUIPPED TO COMPETE. IN THIS CASE, WE MUST WORK TO ENSURE THAT WE PROVIDE QUALITY OPPORTUNITIES FOR EVERY CITIZEN TO SUCCEED, PARTICULARLY FOR THOSE WHO ARE DISENFRANCHISED OR THOSE WHO ARE MOST IN NEED OF HELP. NELSON MANDELA ONCE SAID, "TODAY WE LIVE IN A GLOBAL NEIGHBOURHOOD AND IT IS NOT TO THE LONG TERM BENEFIT FOR ANY IF

THERE ARE ISLANDS OF WEALTH IN A SEA OF POVERTY". THIS STATEMENT FOR ME IS IMPORTANT BECAUSE IT REMINDS US THAT GLOBALISATION DOES HAVE DIFFICULT IMPLICATIONS.

9. BECOMING COMPETITIVE AND INNOVATIVE IN A GLOBALISED, LIBERALISED WORLD IS CLEARLY A DESIRABLE OUTCOME. BUT THE JOURNEY TO THAT OUTCOME IS PAVED WITH DIFFICULTY AND PITFALLS. DO WE TAKE A STRICT LAISSEZ-FAIRE STANCE AND RISK A WORSENING IN INEQUALITIES? OR DO WE PROTECT LOCAL INDUSTRIES AT THE RISK OF BEING UNCOMPETITIVE AND FOREVER UNPREPARED? THERE IS A HANDBOOK OF SORTS TO OPEN UP YOUR COUNTRY'S BORDERS, BUT THERE IS NO HANDBOOK OR MANUAL IN DEALING WITH THE ACCOMPANYING ISSUES. AND THERE CAN BE NO SUCH HANDBOOK. EACH COUNTRY FACES THESE SAME SET OF QUESTIONS, YET EVERY COUNTRY HAS ITS OWN CHARACTERISTICS AND ITS OWN CONSTRAINTS.

10. LET'S TAKE COMPETITIVENESS. EVERYONE HERE WOULD AGREE THAT BEING COMPETITIVE IS A FUNDAMENTAL FACTOR FOR SUCCESS IN A GLOBALISED WORLD. MOST MAY ALSO AGREE THAT COMPETITIVENESS CAN ONLY COME ABOUT THROUGH THE ESTABLISHMENT OF AN OPEN AND COMPETITIVE ENVIRONMENT. HOWEVER, WHAT DO WE DO IF THIS BRINGS ABOUT GREATER UNEMPLOYMENT OR THE FAILURE OF LOCAL BUSINESSES? DO WE THEN MAINTAIN THESE JOBS OR BUSINESSES AT THE COST OF BEING UNCOMPETITIVE OR DO WE ALLOW SOME UPHEAVAL AND HOPE THAT SOME LOCAL WINNERS WILL SURVIVE? TO BE SURE, WE CAN TAKE STEPS TO MITIGATE UPHEAVAL, FOR INSTANCE BY PROVIDING RE-SKILLING AND TRAINING FOR THOSE WHO ARE PUT OUT OF WORK. BUT MAKE NO MISTAKE, THERE WILL BE HARDSHIP EITHER WAY. A TRUE LEADER MUST WEIGH UP ALL THE ALTERNATIVES AND DECIDE ON A COURSE OF ACTION THAT IS BEST OVERALL.

11. IN THIS LIGHT, MY ADMINISTRATION HAS FORMULATED A SET OF POLICY GUIDELINES IN ORDER TO REACH OUR OBJECTIVE OF ACHIEVING BALANCED GROWTH AND ATTAINING DEVELOPED NATION STATUS BY THE YEAR 2020. THIS SET OF POLICY GUIDELINES IS CALLED THE 'NATIONAL MISSION' AND WAS DRAWN UP TO FOCUS THE COUNTRY'S NATION-BUILDING EFFORTS. IN DOING SO, THE 'NATIONAL MISSION' AIMS TO BALANCE THE PRESSING DEMANDS OF EXTERNAL FORCES WITH THE MORE LONG-TERM NATURE OF INTERNAL CHANGE. THE 'NATIONAL MISSION' COMPRISES FIVE THRUSTS:

12. THE FIRST THRUST IS TO GEAR EXISTING POLICY LEVERS TOWARDS MOVING THE ECONOMY UP THE VALUE CHAIN. SOME SECTORS OF THE ECONOMY HAVE ALREADY STARTED TO MAKE THE SHIFT TOWARDS MORE VALUE-ADDED PRODUCTS AND SERVICES; THIS SHIFT WILL BE ENCOURAGED FURTHER BY ASSISTING LOCAL BUSINESSES AS WELL AS BY ATTRACTING NEW INDUSTRIES TO SET UP IN MALAYSIA. EVEN TRADITIONAL INDUSTRIES SUCH AS AGRICULTURE CAN INCREASE IN VALUE WITH THE APPLICATION OF KNOW-HOW AND TECHNOLOGY. THIS IS MY AIM FOR MALAYSIA: TO ADD VALUE TO EXISTING INDUSTRIES, PARTICULARLY TRADITIONAL INDUSTRIES, AND TO CREATE NEW HIGH-VALUE, KNOWLEDGE-INTENSIVE ACTIVITIES INCLUDING IN I.C.T., BIOTECHNOLOGY AND OTHER SCIENCES.

13. THE IMMEDIATE PUSH TO TRANSFORM THE ECONOMY WILL NEED TO BE SUPPORTED BY THE SECOND THRUST OF THE 'NATIONAL MISSION', WHICH IS TO RAISE THE QUALITY OF THE NATION'S HUMAN CAPITAL. THE WORKFORCE'S CAPACITY FOR KNOWLEDGE, INNOVATION, CREATIVITY AND STRONG PERSONAL VALUES MUST BE CULTIVATED. IN THIS REGARD, I AIM TO SEE THROUGH COMPREHENSIVE IMPROVEMENT OF THE EDUCATION SYSTEM, FROM PRE-SCHOOL TO TERTIARY LEVELS, SO THAT MALAYSIANS MAY BECOME WELL-ROUNDED INDIVIDUALS, READY FOR THE WORKPLACE AND PREPARED FOR LIFE. THIS IS A TALL ORDER REQUIRING MASSIVE CHANGE AND RESOURCES, BUT IT NEEDS TO BE DONE. HUMAN CAPITAL, ABOVE ALL ELSE, WILL DETERMINE THE FUTURE SUCCESS AND RESILIENCE OF NATIONS.

14. THE THIRD THRUST OF THE 'NATIONAL MISSION' IS TO REDUCE SOCIOECONOMIC INEQUALITIES, BETWEEN ETHNIC GROUPS AND BETWEEN REGIONS. IN A MULTI-RACIAL AND MULTI-CULTURAL COUNTRY LIKE MALAYSIA, GROWTH MUST BE BROADBASED AND BE SEEN TO BE FAIR. EVERYONE MUST HAVE A PROPER STAKE IN THE ECONOMY. FOR EXAMPLE, ONE OF THE SIDE-EFFECTS OF GLOBALISATION IS MASSIVE RURAL TO URBAN MIGRATION, RESULTING IN PERSISTENT AND WIDENING GAPS IN INCOME BETWEEN RURAL AND URBAN POPULATIONS. IN 1999, A RURAL HOUSEHOLD IN MALAYSIA EARNED ABOUT 55 PERCENT OF THE AVERAGE URBAN HOUSEHOLD INCOME. IN 2004, THIS FIGURE WORSENEDED TO 47 PERCENT. THE PROBLEM IS COMPOUNDED BY AN ETHNIC DIMENSION SINCE RURAL POPULATIONS ARE MOSTLY BUMIPUTERA AND MALAY. TO TURN BACK THE TIDE, MORE ATTENTION AND EFFORT MUST BE FOCUSED ON COMPREHENSIVE PROGRAMS TO JUMPSTART THE RURAL ECONOMY. BY UPGRADING THE CORE ECONOMIC ACTIVITIES OF RURAL AREAS, RURAL HOUSEHOLDS WILL HAVE VALUE-CREATING MEANS OF IMPROVING THEIR INCOMES. THIS IS CRITICAL FOR SUSTAINED NARROWING OF INEQUALITIES.

15. THE FOURTH THRUST IS TO CONTINUOUSLY IMPROVE THE QUALITY OF LIFE OF THE PEOPLE. BASIC NEEDS SUCH AS WATER, ENERGY, HOUSING, HEALTH SERVICES AND TRANSPORTATION NEEDS TO BE PROVIDED MORE EFFICIENTLY, AND AT AFFORDABLE LEVELS. IN ADDITION, THE ENVIRONMENT NEEDS TO BE PROTECTED AND CONSERVED.

16. THE FIFTH AND FINAL THRUST OF THE 'NATIONAL MISSION' IS TO STRENGTHEN THE IMPLEMENTATION OF ALL PROGRAMS AND PROJECTS ASSOCIATED WITH MALAYSIA'S NATION-BUILDING EFFORTS. THE SUCCESS OF THE BEST LAID PLANS DEPENDS ON GOOD IMPLEMENTATION. MORE FOCUS IS CURRENTLY BEING PUT ON MONITORING AND IMPACT ASSESSMENT; IN MANY CASES I PERSONALLY LEAD PROGRAM MANAGEMENT EFFORTS, PARTICULARLY FOR HIGH-IMPACT PROJECTS.

17. FOR THE SUCCESS OF THE COUNTRY, I SINCERELY HOPE AND PRAY THAT THE FIVE THRUSTS OF THE 'NATIONAL MISSION' WILL GUIDE US AS A NATION

THROUGH THESE CHALLENGING TIMES. THE CHALLENGES ARE UNDENIABLE, AND THE REQUIRED CHANGES ARE BOTH NECESSARY AND DIFFICULT. IN MANY CASES, A CHANGE MADE TODAY WILL NOT BE APPARENT UNTIL A LATER DATE. AT TIMES, A DECISION FOR CHANGE WILL APPEAR TO FLY IN THE FACE OF ACCEPTED TRUTHS. IN ALL CASES, THERE WILL BE GROUPS WHO AGREE WITH YOU AND GROUPS WHO DISAGREE. NO MATTER HOW WELL CONSIDERED, THERE WILL NEVER BE COMPLETE UNIVERSAL CONCURRENCE, FOR CHANGE EXACTS COSTS. A LEADER MUST DECIDE ON HOW CHANGE IS TO BE MANAGED, NEGOTIATED AND IMPLEMENTED.

18. AT THE END OF THE DAY, LADIES AND GENTLEMEN, IT COMES DOWN TO JUDGEMENT AND WHAT I CALL 'HIKMAH' OR WISDOM. TRUE LEADERS ARE THOSE WHO BRING TOGETHER THEIR KNOWLEDGE OF THEIR DOMAIN, BE IT A CONGLOMERATE OR A COUNTRY; WHO WEIGH THE IMPLICATIONS OF EACH OF THEIR OPTIONS; AND WHO THEN EMPLOY THEIR JUDGEMENT TO EFFECT THE BEST POSSIBLE OUTCOME. AND TRUE LEADERS BASE THEIR JUDGEMENT ON A STRONG MORAL COMPASS. A CLEAR CONSCIENCE IS ABSOLUTELY NEEDED IN ORDER TO HAVE THE COURAGE TO MAKE SACRIFICES. FOR IN THESE HEADY TIMES, THERE ARE NO EASY CHOICES TO MAKE.

19. GIVEN THAT, LADIES AND GENTLEMEN, I HOPE THAT YOU WILL TAKE AWAY FROM MY WORDS TODAY A DEEPER APPRECIATION OF THE COMPLEX ISSUES FACING LEADERS AND DECISION-MAKERS IN THESE TIMES OF GREAT CHANGE. A DEEPER APPRECIATION MAY LEAD TO A NEW REFRESHING COURSE IN GLOBAL DIALOGUE ON HOW TO MITIGATE THE BLEAKER SIDE-EFFECTS OF GLOBALISATION AND LIBERALISATION. A DEEPER APPRECIATION MAY HELP OUR UNDERSTANDING OF ISSUES THAT ARE FREQUENTLY MISREPRESENTED SUCH AS THE VALUES OF DEVELOPING COUNTRIES OR THE RESPONSES OF CERTAIN COMMUNITIES. A DEEPER APPRECIATION MAY ALSO BRING ABOUT BETTER, MORE COMPASSIONATE DEVELOPMENT.

20. FINALLY, I WOULD LIKE TO THANK THE FOUNDATION FOR THE FUTURE ONCE AGAIN FOR GIVING ME THE OPPORTUNITY TO SHARE WITH YOU MY THOUGHTS THIS MORNING. I SINCERELY WISH YOU A PRODUCTIVE AND ENJOYABLE CONFERENCE. WITH THAT, IT IS NOW MY PLEASURE TO DECLARE THE GLOBAL LEADERSHIP FORUM 2006 OFFICIALLY OPEN.

THANK YOU.