

SPEECH BY THE PRIME MINISTER AT THE
DINNER BY THE INTERNATIONAL CHAMBER
OF COMMERCE AT HOTEL MERLIN, KUALA
LUMPUR ON 7TH APRIL, 1972

Mr President, Fellow Guests, Ladies and Gentlemen,

I would like first of all, to thank you, on behalf of my wife and myself, for your kind invitation this evening. I would also like to thank you, Mr President, for your kind remarks and the pledge of confidence to my Government.

As we were told by Mr Wood just now, this occasion commemorates the 50th Annual General Meeting of the International Chamber of Commerce. Though this, like a charming lady, rather hides your real age as a Chamber, I am sure that this occasion must have given you satisfaction and a cause for celebration. The 50th milestone is significant in that it marks the half-way point in the century and signifies more than the half-way mark in respect of our life. In Government, fifty is the "age of majority", as only at that age can government servants exercise the option to retire from the harness of Government service. Many have taken advantage of this to go into the private sector and tonight I have not seen a more prosperous lot in our midst here.

The fifty years of existence of the International Chamber have been years filled with history and distinguished contribution to this country in almost every sphere of economic activity.

It is more than a co-incidence that I have also just celebrated my fiftieth birthday. Although as a Chamber of Commerce, you can look forward to years of steady progress and service to the people, as a Prime Minister my life is uncertain and dependent on the whims and fancies of the electorates and can be bowled out at any time. You kindly said that the Alliance boat will never run out of stream. However, in our democratic system, the Captain can be changed at any time. Whatever it is, it may be a good omen that both your Chamber and I are celebrating our fiftieth anniversary together and I do hope that we both can continue to serve the people and the country for at least another half century together.

At this fiftieth anniversary, I am sure you do look forward to an even longer period of active association with the growth and progress of Malaysia. On my part, I look forward of even more significant contributions from members of your Chamber towards the fulfilment of the objectives of the New Economic Policy, as embodied in the Second Malaysia Plan. It is with this in mind that I seek tonight to share with you some thoughts on how this might be done.

Today, we are engaged in a bold and new pattern of development, in an endeavour to bring about far-reaching changes in our society—to shape and integrate it into a united and viable Malaysian nation. Having launched the Second Malaysia Plan, we are now firmly set upon a voyage of destiny which will take the masses of Malaysians out of the debilitating clutches of poverty and out of the rather rigid compartments within which they live and work. This voyage, we know, will be an arduous one, in which skill and determination will be of critical importance. We also recognise that it may take a generation or more to reach our destination.

Ladies and Gentlemen,

As it must be obvious to all of us, the achievement of these goals will require a radical transformation of our economy and our society. The traditional and stagnant sectors of the economy, both in the urban and rural areas, will have to be revitalised into highly productive and dynamic activities in order to bring about higher levels of well-being for those Malaysians now dependent on them for a livelihood. In many cases, our development strategy and programmes must ensure a gradual phasing down of these activities so as to release workers from the poverty trap that they find themselves in.

In others, the benefits of modern science and technology and more efficient systems of management will have to be introduced to give vigour and thrust to traditional activities. The potentials for such changes are already evident from the miracles of the Green Revolution elsewhere and in our land settlement schemes. But, these will have to be widened in their impact to cover other parts of our vast agricultural sector. Industrial enterprises, service trades as well as other business activities, particularly the small-scale

operations, will also have to be touched by the wand of progress and change, in much the same way as the Green Revolution affects rural agriculture.

In all this, our concern for opening up opportunities for participation of Malaysia's many races in the benefits of development must be reflected. We cannot afford to suffer the backlash effects of the natural forces of growth, whereby only the most fortunately placed and the already entrenched sections of our population benefit from these changes, while large segments of the population are relegated to and remain in the hinterland as suppliers of raw materials and low income consumers. The viability and survival of Malaysian society depends very much on real opportunities being provided to all racial and social groups, and particularly those who are at present disadvantaged.

We will have to ensure that the Malays and other indigenous groups in our population see this as a real possibility for them. We will have to ensure the emergence of a community of entrepreneurs and businessmen among them, who participate on a par and confidently along with other Malaysian and foreign people, in our industrial and commercial scene. In other words, we want to create a truly multi-racial economy from a multi-racial population.

Ladies and Gentlemen,

The International Chamber has a special position as many of you operate businesses which span many parts of the globe and, in a number of cases, you would have seen the results created by imbalances in the process of growth. In some cases, you would have witnessed, silently and sometimes painfully, the chaos and disorder that comes in the wake of mal-distribution in opportunity, effort and income. You are, therefore, in the best position to appreciate the importance of what we are endeavouring to do here in Malaysia. If experience elsewhere is any guide, you would yourself find it of tremendous benefit, all round, to participate and help in this process of change and growth. On this basic imperative, I do not think we have any disagreement. I am confident that all of us are in wholehearted agreement.

What, then, is the positive role of the international business community in our development process? With your wealth of experience, and the familiarity that many of you have of the

Malaysian situation, you should be able to infuse into the development process the innovative technology, business acumen and management know-how that have created and sustained the enterprises that you operate. The advances that your enterprises have made must, and must be seen to spread to the other and indigenous sectors of the Malaysian economy.

Indeed, in the final count, it is in this area that the international community as a whole can make the most far-reaching contribution to economies and societies in developing countries. All too often, however, your enterprises have operated in "enclave" situation, with stark consequences to the remainder of the economy and society that you depend on.

It is obvious that in your collaboration with the local community in general and with local joint-venture partners, both private and public, an important by-product of that collaborate must be a net increase in the management and technical know-how and ability of Malaysians. In your management, employment and training philosophy, this necessity will have to be explicitly recognised. The socio-economic goals of spreading the benefits of development and of enabling those now with less opportunities to participate in the more modern and dynamic activities with which you are associated, will have to be a conscious frame of reference for your production and management systems.

I am happy to see the gradual emergence of such a recognition, particularly among the larger enterprises that operate here. There are tremendous opportunities and a very pressing need for you to increase your contribution to the success of such organisations as PERNAS and the various ventures undertaken by the various State Economic Development Corporations and other bodies.

Ladies and Gentlemen,

The restructuring of the Malaysian society and economy needs to take place in a dynamic setting, where investment and production grow at a rapid pace. In particular, the need is underlined for the manufacturing and modern commercial sectors to expand to take a pre-eminent place in the new activities that are promoted. Production of capital and intermediate goods, as well as further import-substitution of consumer goods, have to take on a stronger emphasis than in the earlier phases of our development. Equally

important, in the years ahead, production for exports of manufactured goods will have to grow at a much faster rate than in the past.

This is precisely the area in which you, as members of the International Chamber of Commerce, can play an active role. I am sure you are aware that this is also the area in which Government's package of incentives and assistance are being concentrated.

What I would like to stress here is the need for you, as owners and managers of enterprises which have multi-national operations and a wealth of experience and innovative ideas, to take stock of the specific areas in which you invest and the techniques of production you employ. With the vast natural resources that Malaysia has and the teeming numbers of youth coming into the labour market every year, a system of investment and production which does not take advantage of this abundance flies in the face of real opportunities and benefits offered in Malaysia. Clearly, techniques of production developed in countries where the resource situation is the reverse, must be modified to take into account these realities.

A capital-oriented technology of production, geared primarily to conditions in capital-rich countries, must impose burdens on us, not merely in the requirements for capital goods imports to sustain production, but also in throwing out the potentially most valuable resource we can offer to you—our young people, who have been increasingly well-educated and trained in many of basic skills you require.

We have structured our education and training programmes, and promoted an industrial environment, wherein our youths and workers become a valuable and productive input in production. More programmes, particularly for in-plant training, are being designed to ensure this. We have also re-designed our system of incentives to promote increased investments and greater use of our labour resources. Further changes can be examined in this system to enable this to happen.

The advantages and opportunities to use more Malaysian labour in the industrial sectors seem quite evident and I would urge you to seriously review your technology and techniques of production in this light. There must be avenues for significant improvement

in the relative factor proportions that the sector now employs. There must also be, with structural changes now taking place in the more advanced economics, for sizeable opportunities for Malaysia to undertake the production of finished and semi-finished commodities for export to these countries.

Mr President, Ladies and Gentlemen,

I must thank you all again for your kind indulgence in giving me a patient hearing. Having posed the situation, I invite you to enter into a dialogue with the Government to discuss these and other matters, so that we understand each other better and can resolve such problems as may exist or arise. In the phraseology of the Second Development Decade, let us work for a real partnership in matters of concern to all of us in the development process for the Malaysia's prosperity and progress.