

MAJLIS JAMUAN MAKAN MALAM DEWAN PERNIAGAAN KEBANGSAAN MALAYSIA  
HOTEL REGENT , KUALA LUMPUR

11 OGOS 1982

Yang Berbahagia Dr. Nawawi Mat Awini, Yang Di Pertua Dewan  
Perniagaan Kebangsaan Malaysia;  
Tetamu-tetamu Kehormat,

Tuan-tuan dan puan-puan yang dihormati,

Saya mengucapkan berbilang-bilang terima kasih kepada Dewan  
Perniagaan Kebangsaan kerana menjemput saya dan isteri saya ke  
Majlis Jamuan Makan malam ini. Majlis ini sekali lagi memberi  
peluang kepada saya untuk bertemu muka dengan ahli-ahli Dewan  
Perniagaan Melayu, Persekutuan Pekilang-Pekilang Malaysia, Dewan  
Perniagaan Cina, Dewan Perniagaan India dan Dewan Perniagaan  
Antarabangsa Malaysia yang menggabungkan golongan peniaga dan  
pengusaha yang penting di negara kita ini.

2. Di samping itu, saya juga ingin mengambil kesempatan ini  
untuk mengucapkan tahniah kepada Yang Berbahagia Dr. Nawawi Mat  
Awini di atas perlantikannya sebagai Yang Di Pertua Dewan  
Perniagaan Kebangsaan Malaysia yang baru. Saya yakin, dengan  
kerjasama saudara-saudara sekalian Dewan ini akan terus maju di  
bawah pimpinan beliau.

Ladies and gentlemen,

3. We are in the midst of a world-wide recession and much has  
been said about it. As a country with an open economy, we are  
inevitably affected. Our commodity prices, our exports and our  
foreign exchange earnings have shrunk. The Government, the  
private sector and the people are feeling the pinch. But, on the  
whole, there is no cause for panic, or undue alarm. The  
situation is under control. What is needed is the cooperation of  
everyone to cushion the repercussions and to take it as a  
challenge to our resilience and as an opportunity to prove our  
capabilities.

4. The current situation is the most opportune time for every  
Malaysian "to pull up his socks and to tighten his belt." In the  
boom years that followed independence we had become rather  
complacent and even wasteful. As a people we had been used to  
being pampered and protected. Consequently, although the effect  
of recession on Malaysia is relatively mild we are almost

panicky. We must check this and instead examine the situation objectively in order to adjust and plan our moves. There is little doubt that a lot can be done to render our commerce and industries more efficient and competitive enough to weather the adverse conditions prevailing. A lot too can be done in the areas that traditionally have been left to our neighbours, for example marketing and the so-called invisibles.

5. The recent budget review by the Government is both a move in cushioning the effect of recession as well as getting us into the right frame of mind and spirit to withstand a period of austerity and the challenges that come with it. In a way the situation is godsend. It is an opportunity for us to toughen ourselves so that the drive to make Malaysians hardworking and more productive would be off to a good start.

6. Reduced Government spending will have a certain dampening effect on the economy. But the Government intends to stimulate private sector activities, particularly in the construction industries, so as to counter the effect of the Government's austerity drive. Towards this end certain traditional Government practices will be reviewed and modified so that the role of the private sector can be enhanced. The net result should be to reduce the slow-down of the economy as a whole.

7. One of the effects of recession is sluggish investment. In the manufacturing sector the number of proposals has decreased. MIDA reports that in the first six months of this year there were 228 proposals as compared to 310 for the same period last year -- a decline of 20%. Still it is heartening that investments are coming in. This is especially satisfying since most of the developed countries are actually experiencing negative growth, with a number of well-known corporations going into bankruptcy and unemployment reaching unprecedented heights.

8. The fact that Malaysia continues to receive an appreciable number of new investment proposals, averaging 40 per month, is clear indication that there is confidence in the future of this country. The depression cannot last forever and investments timed to come on stream when recovery takes place is good strategy. Of course recovery may not come as expected. But "No risk, no gain" is still a good adage. A raw material producer like Malaysia would not be as developed as it is today if "risks" are assiduously avoided.

9. As the Government is examining the need to discard certain age-old practices, the private sector should also take advantage of the inactivity to examine their role and practices in the past. One area that merits serious attention is the marketing of Malaysian products. As you know the Government has encouraged the setting up of trading companies or "sogososhas". The idea is to force Malaysians to do their own marketing instead of going through third parties. That this is a lucrative field can be gauged from the prosperity of countries that service producers. It is not just the profits from middlemen transactions that contribute to the prosperity. The physical facilities such as ports and storage etc., and the invisibles are spin-offs from marketing which accrue to middlemen.

10. Another area is the identification and study of new markets. Then there is a host of new businesses that Malaysians are not even aware of. They have only just discovered fast food and franchising. But if they care to examine closely the economic activities in developed countries they are bound to discover many more new businesses. FORTUNE magazine recently described barter or swapping as a business that "generally prosper in a recession." There must be many more ways of making money than these. So long as they are honest and within the law the Government is keen to encourage new businesses. After all, as an income-tax officer once told me when he was lose - well, that's your business.

11. In my view Malaysian businessmen are a timid lot. They will not venture into anything unless they are protected. This makes them "stay at home" for only their own Government will afford them protection. Abroad they can expect none and consequently they will not venture forth to face open competition.

12. The Australian Prime Minister during his recent visit pointed out that Malaysia exports only 19 million Australian dollars worth of goods to Australia when the total exports from developing countries amount to 1,400 million Australian dollars. The Malaysian complaint is that the quotas for reduced tariffs are too small. The fact is that Korea, Taiwan and Hong Kong still manage to export to Australia well above their quota. If Australia increases the number of items from developing countries that attract reduced tariffs the chances are the Koreans and others will increase their share while the increase for Malaysia would still be minimal.

13. The problem is the timidity of Malaysians. We can only do business when protected. Consequently we produce on a small scale for the local market and expect to sell only the surplus outside the country. On the other hand the newly industrialised countries (NIC) like Korea and Taiwan design their plants on a scale that lower their unit cost and are capable of selling at low prices abroad. The home market are frequently not served at all.

14. It is time that Malaysians become more adventurous. They should team up and go into large-scale production in order to be competitive in the world market. Until they learn to do this they are never ever going to get out of the import-substitute industries. If the pioneers of the rubber industry had been timid Malaysians, we would not be selling a kilo of rubber outside Malaysia. Thank God they weren't. I am not usually thankful to the British but this is one instance when I think they deserve to be thanked. It's because the British developed the rubber industry and established it's markets all over the world that we are able to buy companies like Sime Darby and Guthrie.

Ladies and Gentlemen,

15. Lately, we have been stressing quality in Malaysian products and services. There is to be found among Malaysians a feeling that the greatest profit is obtained by reducing cost to the minimum. This is especially so when Malaysians are producing peculiarly Malaysian products for Malaysians. One has only to look at the bottles of soya sauce, chilly sauce or biscuits to see how shoddy the products are and how poorly packed. The idea seems to be to attract customers exclusively through cheap prices.

16. While such products may sell to a certain group of consumers, it is not going to be suitable for others and certainly it will not be suitable for sale in foreign markets. Yet Malaysians like quality and good packaging when buying foreign products. There seems to be two standards, one for Malaysians when they produce anything and another for the same Malaysians when they buy foreign goods. It is about time that quality is emphasised in Malaysian goods for local market and certainly for export. The grading and standard for ensuring quality that we insist upon in the rubber industry should also be extended to all Malaysian industries. That way we will become known for quality. Of course, SIRIM is there, but the private

sector should have their own set-up where extraordinary goods and consistent quality should be rewarded.

17 Finally may I say something about ethics in business. There has been a few instances when foreign traders have been cheated by the unscrupulous in this country. Frequently, it is difficult for any legal action to be taken because these people are quite smart. The Government can oversee and even take action but that can only be done after the damage is done. The better way is to prevent such occurrences. Perhaps exporters should have associations which certify bona fide traders. This will reassure foreign importers and reduce the chances of the unscrupulous from cheating people who have only just begun to do business with Malaysia. Nothing is more damaging to the nation's economy than a bad reputation. All of us must protect our reputation like old maids their virtue.

18. I have tried to highlight some of the problems that, in my view, prevent Malaysia from being more prosperous than it is. I am not a businessman and I accept that you know better. But the Government is very keen to make Malaysia a great industrial and trading nation. There is no way we can do this without the cooperation of the private sector. But we can say with equal validity that we cannot achieve our objective with a timid and Government-dependent private sector. I hope you will mull over this.

19. Finally, thank you once again for your kind invitation to my wife and I. We wish you all the best.