

**THE OPENING OF THE PACIFIC RIM BUSINESS COLLABORATION
SYMPOSIUM**

ISTANA HOTEL, KUALA LUMPUR, 5 DECEMBER 1993

At the outset, I wish to thank the organisers of this first Pacific Rim Business Collaboration Symposium, that is, the Asian Strategy and Leadership Institute (ASLI), the International Infotrade Inc. of the United States and Sabit Sdn Bhd., for inviting me today to officially open this Symposium.

2. The objective of this symposium is very laudable as it is meant to promote regional business alliances. It is only right that the private sector should take the lead as they stand to gain by it the most. This is especially so because of the increasing size of Asia's market. Based on current performances, it is expected to be the world's fastest growing region in the 21st century. Its dynamism will be a major force driving the world economy. It is also a fact that despite poor economic performances elsewhere, East Asian nations have continued to experience high growth and it would not be wrong to anticipate that this trend will continue for many years to come. Indeed, it was not too long ago when we were told that the Mediterranean was the ocean of the past; that the Atlantic the ocean of the present and the Pacific, the ocean of the future. The future is already here and Asia's share of global GDP is expected to increase from about 25 percent to almost 33 percent by the 21st Century. Asia's economic growth has clearly outstripped world economic growth.

3. In the case of Malaysia, we have been able to transform it from an agricultural, commodity-driven economy into a diversified manufacturing based and export-led economy. Today, Malaysia is one of the few countries in the world that enjoy buoyant economic growth with low inflation. While it is true that some countries are booming they are also afflicted with runaway inflation. In Malaysia, prudent economic and fiscal policies have helped businesses to prosper and grow rapidly without affecting the low rate of inflation characteristic of the country. With our transparent and pragmatic policies, we hope to encourage greater inflow of foreign investments involving sophisticated technology, high capital, technical know-how and marketing expertise. Through this forum, the private sector hopefully can further enhance its capacity in terms of tapping the potential markets of the Asian countries while establishing a symbiotic and mutually beneficial relationship. Today, Malaysia is modestly proud to be regarded as a model for economic development. If I may say so the achievement is even more impressive as we have managed not only to promote rapid economic development, but have done so

despite being a nation of diverse and incompatible ethnic and religious mix.

4. Malaysia's economic transformation and East Asia's success story did not come about by accident. It was also not sheer luck that has made us what we are today. Our success story is the product of much hard work, together with a work ethic that is compatible with industrial peace and high productivity.

5. Indeed we believe strong, stable governments are a major pre-requisite for success. Look around you in East Asia and you will find that there is a strong correlation between rapid economic growth and strong stable governments. Strong governments are prepared to take unpopular decisions in the best interests of the nation. Strong, stable governments adopt a longer term outlook on macro-planning and are not just concerned with the next general elections. Strong governments provide the necessary stability and predictability so essential to long-term investments.

6. Strong governments do not mean the absence of free, democratic elections. When people understand the limitations and the responsibility of citizens, democracy can be practised without democratic extremism and anarchy. Democracy is meant to serve the people, not the people to serve democracy. When the devotion to democracy results in a stagnant economy, high unemployment and denial of the right to work and work hard; when democracy protects fascists and neo-Nazis; when the individual activist takes precedence over the silent masses then it is time to question whether we have correctly interpreted democracy. It is important to remember that fanatical democrats are no better than religious fanatics. They both cannot see the wood for the trees.

7. In the West, democracy means many things to different people. To us in Asia, democracy means our citizens are entitled to free and fair elections. They can choose the Governments of their liking. We also believe that once we have elected our Governments they should be allowed to govern and to formulate policies and act on them. Our democracy does not confer complete licence for citizens to go wild. We need political stability, predictability and consistency to provide the necessary environment for progress and economic development. Thus, we have seen the Singapore story unfolded by Mr Lee Kuan Yew and now continued by Mr Goh Chok Tong. We see this in Indonesia's success story with President Suharto, staying at the helm for almost 30 years.

8. We are socially stable in Malaysia. Although our people differ in terms of culture, religion and philosophy, they display tolerance, understanding and respect each others' way

of life. Malaysians generally believe in compromise. We do not compromise out of weakness but rather out of a common desire to see our nation remain peaceful and prosperous. The vast majority of Malaysians are moderate people, tolerant, sensitive to each other's differences and harbour little ill-will.

9. Malaysia is fortunate to have a resilient private sector willing to undertake risks and share the tasks of building economic prosperity. The private sector is the main engine of growth for the Malaysian economy. Together with the Government's proactive and sound macro-economic principles and programmes, the concept of Malaysia Incorporated and privatisation, we have been able to accelerate growth, reduce our foreign debts, deregulate and assist the private sector to expand their role. We have invested in the future, by allocating vast sums of money to build infrastructure, as well as provide education and training suitable for an industrial economy. It is this commitment towards investing in infrastructure and human resource development that has given us a strong competitive edge.

10. Malaysia will continue to maintain its liberal economic policies and development programmes. Our policies will remain consistent, predictable and transparent. For us the challenge of managing success is just as important as managing problems during a recession. I am confident that with the positive measures we have taken, we are today better equipped to cope with any cyclical downturn.

11. However, to enable us to better manage difficult times if a downturn occurs, we must not fritter away our gains during boom times. We will continue to increase the national savings and diversify our economy so that we will not be over-dependent on any one particular sector. We must diversify our markets as well as seek new markets for our products and services. In fact, today 53 percent of Malaysia's trade is with the nations of East Asia where once it was almost exclusively with Britain.

12. Rapid growth as is being experienced in Malaysia usually leads to overheating. High inflation, breakdown in services, inadequate funds for needed supporting infrastructure, overstrained bureaucracy and inadequate or shortage in the supply of trained personnel; all these alone or together can slow down or even reverse economic growth. How a Government deals with overheating will determine the future of the nation and its own fate.

13. The trend today is towards a free market economy. China, the republics of the former Soviet Union, the Indo-China

states and the ex-Communist countries of Eastern Europe have all embraced the free market system. Some have even adopted the democratic system of Government. The mere adoption of these economic and political systems is no guarantee of success. If they are, then all the western democracies with market economies would be eternally prosperous. But we all know that they are not. In fact the countries which are doing well now are those with not so liberal democracy and an economic system in which the Governments play a significant role. China and Vietnam which look set to grow economically have approximately this kind of combination. It would be unfortunate if in their zeal to proselytise, the victorious democrats inflict economic and political disaster on the enthusiastic converts. It is well to warn that democracy and the free markets are not economic and political cure-alls.

14. Although, East Asia has achieved remarkable success and has demonstrated strong, resilient growth, the future is full of uncertainties even for them. Calamities and disasters are always possible even for those with brilliant records. Japan is the current example. It is therefore, all the more crucial and imperative for nations of East Asia to work together in a more integrated and cohesive manner. The concept of an East Asia Economic Caucus (EAEC) must be firmed up further. As I have stated before the EAEC is Gatt-consistent and is committed to free trade. The EAEC is a result of and intended for open regionalism. On the one hand it recognises the need for regional cooperation and integration and on the other it promotes free trade. Countries of East Asia must work together. The need to balance regional groupings elsewhere is obvious. Alone, no Asian country, however powerful, can match the combined clout of the groupings which have been formed in Europe and North America.

15. No one need fear an Asian Grouping. Europeans and North Americans are much more homogenous than Asians. Even in East Asia we are not only ethnically different but we are also divided by culture, language and religion. It is quite impossible for Asians to think of themselves the way Europeans think of themselves as being of one race and one colour. Indeed the European culture and language have common origins. So the idea of an integrated Asian Community borders on the ridiculous. Not so an Asian or an East Asian forum or caucus, designed to discuss common economic problems and to a limited extent to help pull up those among the East Asian countries which are lagging behind. All these can be motivated by enlightened self-interest. If today South East Asia is one of Japan's valuable market, it is because Japan invested in these countries and helped them to develop. The highly successful economies of East Asia will be helping themselves when they

help the less developed countries in the region to grow and prosper.

16. The EAEC is therefore a logical follow-up of the economic interaction in East Asia in the post World War II years. The EAEC is good for the Governments of East Asia which by and large are concerned to see that their countries achieve economic well-being. The EAEC is of course good for the business community of East Asia as well. What else do businessmen ask for more than to spread their wings beyond the borders of their countries.

17. Today the narrow protectionist outlook of Asian businessmen has all but disappeared. Not only are they keen to go abroad but they regard business alliances and collaboration with companies in other countries as good business strategy. By so doing they can gain access to markets and also acquire new technology. Indeed there is a whole lot to be gained through cross-border collaboration.

18. As leader of a country which believes in regional economic collaboration I welcome this symposium. I am sure it will result in many alliances and collaborations which will benefit the region, and indeed the whole world.

19. It is with this hope and expectation that I take pleasure in declaring this symposium open.