

**THE OFFICIAL LAUNCHING OF THE BOOK "MALAYSIAN INCORPORATED"-
THE JAPANESE VERSION**

THE PUTRA WORLD TRADE CENTRE, KUALA LUMPUR, 30 NOVEMBER 1995

It is indeed a pleasure for me to be here today among the prominent members of the Japanese business community in Malaysia to officiate the launching of the book "Malaysia Incorporated" which has been translated into Japanese.

2. The idea of Malaysia Incorporated was based on the "Japan Incorporated" which is a close collaboration between the Japanese private sector and the Government bureaucracy. The international media regarded such collaboration as unethical and unhealthy. We do not see why such collaboration aimed at developing a country and its people should be bad. Despite the veiled condemnation, we decided to officially adopt this approach towards economic development and to actually describe ourselves as Malaysia Incorporated.

3. The Malaysia Incorporated Policy reflects the pro-private sector stance of the Malaysian Government in managing the economy. The policy, like other policies of the Malaysian Government, has proven to be beneficial to all individuals and corporate citizens in the country.

4. Basically, the Malaysian Incorporated Policy is premised on the belief and conviction that the economic growth and overall development of the country can be facilitated by the close cooperation between the private and public sectors. The Malaysia Incorporated concept symbolises the commitment of both the public and private sectors to work together towards mobilising all their resources for the growth of all sectors of the economy. To achieve this, the Government initiates yearly dialogues with the relevant leaders of the private sector including foreign elements, to obtain feedbacks regarding impediments, bottlenecks or constraints the private sector may be faced with in running their businesses. Through these sessions the Government is able to identify and fine tune its policies, particularly the macro economic policies with a view to making the environment more conducive for business development and success. Of course civil servants are expected to be helpful always when dealing with the private sector.

5. This public sector/private sector co-operation is important because it creates an atmosphere of trust and accessibility between the two sectors and builds confidence without which investment decisions cannot be easily made. The Malaysian Government acknowledges that the more prosperous the private sector, the more revenue the Government will collect. In addition, a vibrant and expanding private sector will create

jobs, increase income all round and help stabilise the social and political climate. Certainly the economy benefits as evidenced by Malaysia's high growth.

6. Clearly public sector collaboration is not altruistic. It is self-serving for both sides to quite a considerable extent. After all for the Government 30 percent of the profits of the private sector go towards paying Government taxes. The bigger the profit the bigger will be the tax. The people gain through Government development spending made possible by the bigger revenue collected.

7. That the Malaysian economy has performed remarkably well in the past seven years with real GDP exceeding 8 percent each year is therefore not an accident. In the first half of this year, real GDP actually strengthened to 9.6 percent compared with a projected 8.5 percent and the 9.2 percent in 1994. This strong growth was primarily attributable to the continued strong performance of the private sector in manufacturing, construction and services. Contribution towards growth through Government spending is relatively small. In addition the inflation rate remains uniformly low and was 3.5 percent for the first eight months of the year compared to 3.7 percent in 1994.

8. The success of the Malaysian economy is also due to the fiscal policies adopted by the Government. The Malaysian Government has assisted Malaysian businessmen through continued tax reforms involving income tax cuts as well as selective fiscal incentives to promote productive investments in new areas. Apart from the macro-economic policies and those directed at alleviating supply constraints, administrative measures have been undertaken to curb unethical trading practices as well as to enhance supply.

9. As a corollary to the Malaysia Incorporated Policy the Government introduced the Privatisation Policy, the implementation of which saw some 168 projects, including the North-South Highway, power generation and distribution, and telecommunication. With the implementation of this policy the Malaysian Government has been able to improve the efficiency and productivity of almost all of the entities that were privatised. As a result of privatisation, the Public sector was able to save a total of RM70.2 billion in capital expenditure and RM6.9 billion annually in operating expenditure. A total of 96,800 jobs have been created. Directly and indirectly the privatised projects have contributed to the growth of the Malaysian economy. In addition, more than 93,000 Government employees have moved to the private sector thus reducing the salary bill of the Government. With these savings the Government has been able to

provide more funds for health, education and poverty eradication programmes. Privatisation has also contributed to about a quarter of the market capitalisation of the Kuala Lumpur Stock Exchange.

10. Malaysia does not plan to be developed only in the economic sense. We believe that it must be a nation that is developed socially, spiritually, psychologically and culturally. This too means that we are working towards the goal of being a united and cohesive nation practising social justice and political stability while upholding the principles of caring for one another.

11. The publication of this book "Malaysia Incorporated" hopefully will provide foreigners and locals alike useful insights into the potential of Malaysia as a centre of business activities with huge investment opportunities. I take this opportunity to thank MITSUI for sponsoring the translation of this book and for organising this morning's event.

12. On that note I hereby officially launch this book "The Malaysian Incorporated" - the Japanese version. Thank you.