

**SPEECH BY YABHG TUN DR MAHATHIR BIN MOHAMAD
AT THE COMMEMORATIVE LECTURE & LUNCHOEN ORGANISED BY
THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (MICPA)
AT THE WESTIN HOTEL, KUALA LUMPUR ON TUESDAY, 13 DECEMBER 2005**

“WHAT IT TAKES TO BE A GLOBAL LEADER”

Distinguished guests; ladies and gentlemen,

It is a measure of Malaysia's mindset evolution that you should chose to want to know what it takes to be a global leader in the not too distant past we believed only other people could become world leaders. Malaysia had an inferiority complex before we used to think that whatever we could do others could do just as well or better I thought the same way also there was nothing remarkable about Malaysia. We were just an average country and people, without a glorious past, without noteworthy achievements.

But having gone to many countries around the world I have come to realise that there are many things about Malaysia which are quite unique and many of Malaysia's achievements which are seemingly unremarkable are in fact not achievable by other countries then I began to seriously evaluate and compare Malaysia and its achievements with those of the rest of the world - and lo and behold, in many instances Malaysia is a world leader.

The world knows that Malaysia was the biggest producer of rubber, for instance, and standard Malaysian rubber was the standard by which all rubber produced anywhere in world was measured. Rubber was so identified with Malaysia that people forgot that the tree was not indigenous to Malaysia, Brazil, where the tree came from was for a short while a producer of rubber but rubber plantations on the scale we saw in

Malaysia never developed in Brazil or anywhere else. Malaysia was a global leader in rubber and that was not a fluke, as we shall see.

When we discovered the potential of oil palm tree, we very quickly applied the estate development and management techniques that we had in the rubber industry to oil palm plantations and again oil palm trees which are not indigenous to Malaysia has made us such a world leader that everyone now looks to Malaysia to help them develop their palm oil industry. We have become a world leader in the palm oil industry but our modesty has stopped us from branding Malaysian oil palm clones, Malaysian palm oil standards etc.

Malaysia has never been conventional at a time when newly independent countries were busy nationalising, we decided to invite foreign investors to come to Malaysia and we produced world class products in quantities that at times made us world leaders. We were at one time the third biggest exporters of microchips, the integrated circuit that now drives the world and enabled the conquest of outer space. The first and second were U.S. and Japan.

Some countries are so confident of their leadership of the world that they never hesitate to make claims to be the best, the biggest, the tallest, the first in the world. For example, with apologies to the Americans, American football matches are billed as the World Series. This is perhaps justified as it is a game played only in America. Therefore, the winner must be world champions but America is not yet the world. It may become that later. We can of course identify something that is only done in Malaysia and claim we are the best in the world. So far we have the longest Malaysian flag, the longest stay in a roomful of snakes or scorpions etc.

Those are great achievements but I don't think we should be seeking global leadership in these things but we have a man who sailed alone around the world and a lady who ski walked across Antarctica. They established world records even climbing Mount Everest marks a first in the world by tropical people and swimming across the English Channel by someone from tropical Malaysia, is also a worthy feat. We can honestly claim world leadership for these feats. We have not done too badly in politics. We are a world leader in the management of a multi-racial, multi-religious country. Look around the world and we will see how multi-ethnic countries are plagued with racial troubles.

Many countries now look to the Malaysian management of multi-racial society for guidance still not many manage to apply the formula. Actually we are world leaders in this field and we know what it takes – tolerance to an unusual degree. National petroleum companies normally sit back and collect royalties from the production of oil by the oil majors. Little interest was shown in the operations of these oil majors, their technology, their marketing etc. For years the oil majors took these petrol-rich countries for a ride – fixing the price per barrel at USD 2/- and giving the government about 10% of this. It was, I believe, the Indonesians who invented production sharing.

We came in late into this business had the oil price not shot up high enough it would probably be too costly to produce oil off-shore Malaysia. We were not too smart either, giving practically the whole of the continental shelf on the east coast of the peninsula to one company. Fortunately, we got wise in time and took back the concession. Today we give only small areas to each company and Malaysia which was predicted to exhaust its reserve by 1995 is still producing about the same 650,000 barrels a day.

But with this small production we would earn very little profit and so Petronas, the national petroleum company was required not just to sit back and collect royalties but to go fully into the oil business, from upstream exploration to as far downstream as we can get. Today Petronas is the only national petroleum company which operates like the oil majors. We now go abroad to prospect for oil, to produce and market, to refine, pipe and ship, to produce petro-chemical products, own fleets of tankers for oil and gas etc.

Petronas has become a brand in the world of oil business. To heighten the brand name, Petronas went into F1 racing and owns a racing unit. It is also into automotive engineering and it has not done too badly either – its engine being franchised to a major small engine company.

Petronas has been listed as among the fortune 500 companies, ranking around 250th. It was once listed as the most profitable of fortune 500 companies. Nothing succeeds like success. This is a truism. Petronas is now the biggest and the most profitable company in Malaysia. It is certainly a world leader among national oil companies. There were times when I was asked why we built the Petronas Twin Towers until it was built. The tallest buildings in the world were only to be found in the developed western countries, in particular the USA. After the Empire State Building in New York lost to the Sears Tower in Chicago as the tallest edifice, nobody dared to build a building taller than the Chicago Sears Tower, for a very long time. Certainly nobody thought that a developing country like Malaysia would dare to challenge the record.

Building a tall building is not just about having enough money. The structure is very sophisticated with its requirements of miles of electrical cables, water pipes, banks of lifts, escape staircases, air-conditioning ducts etc. The foundation must be very deep if the structure is to remain erect. It must not be like the tower of Pisa. Any inclination to any side would make it unsafe. Then, there is the tendency to sway with the winds. An international competition resulted in a twin-tower design being selected. They were not planned to be the tallest buildings but they were almost as tall as the highest building in the world.

When a person is short he will have to stand on a soap box in order to be seen and heard that's what they do in the speakers' corner at Hyde Park. In many ways Malaysia was short. We were not known to the world and our voice was too often lost among tall countries around us. A soap box would increase our height and enable our voice to be heard and our face to be seen. The Petronas Towers were in a way Malaysia's soap box ever since. They were built the world has come to see and hear much about Malaysia. It has become one of Malaysia's icons.

We anticipated tall buildings would be built after the Petronas Towers was built. But we expect not many would be twin towers. Our expectations proved correct. There is already one tower taller than the Petronas Towers and a number of others are being built. But no twin towers higher than the Petronas Towers are being planned yet. We would be the tallest twins – we would be still leaders in the world. So what does it take to be global leaders? The first thing is to audit your assets. Do we have something which can be developed to become the most outstanding in the world?

Every country has something on land or in the sea offshore there may be something that can be developed. The Galapagos is the best known island with unique flora and fauna. In Malaysia we have the Sipadan Island, one of the 10 most beautiful islands in the world. According to Jacques Cousteau, we can allow it to be destroyed by too many tourists or injudicious development but if we care, Sipadan can remain a world leader in terms of marine life. What it takes is to curb greed.

Caring is important. Japan was once infamous for inferior quality cheap goods but it decided to improve its quality. A sustained program and a dedication to quality on the part of every Japanese have made Japan a world leader in terms of quality, reliability and innovation. Malaysia has yet to understand the prestige which producing quality goods will earn it. There really is no limit to improvement. The first computer was the size of a room; today it is smaller than the palm – and much more powerful and versatile. It is the same with the telephone. Almost every month there would be improvements in the cellular phone. Understanding its workings is what it takes to become a global leader in electronics. We are not seeing the ultimate in this field yet.

We are not incapable of innovating and inventing nor are we incapable of improving products. It is a matter of applying our minds to the task applied constantly our minds will sharpen and innovating and inventing will become second nature to us. Malaysians are conservative. In other words they don't like change. In a world which undergoes change almost every day, those who refuse to change will simply be left behind. They will certainly not lead the world. For global leadership we need not just to keep up with changes taking place around us but we have to initiate changes ourselves. To do this we have to pick and choose which changes to follow, which to reject, which to modify and when we can strike out on our own.

During the financial crisis we suddenly became poor not because we did something wrong but because of the deliberate devaluation of our currency. So, called conventional wisdom requires that we submit to the dictates of the IMF (International Monetary Fund), we borrow from them to pay our debts. But as you all know we did not some of us wanted to, of course they want to be good boys. The text books say reduce your deficits, bankrupt the companies with non-performing loans, similarly close down the troubled banks, increase interest rates and beg for help from the IMF.

If you do all these it means that you are following and you became the followers. You would not be leading, not become world leaders. The pressure by the whole world was strong and many in Malaysia wanted us to cave in. We did not want to be world leaders or to be exceptional in any way but we did not want our country to go under, to be virtually re-colonised. We did not like the picture of Mr Michel Camdessus with folded arms looking down on President Soeharto, a president of a country with 220 million people, signing away Indonesia's rights.

Thinking about how to overcome a problem is not easy but without understanding the underlying causes of the collapse of the Ringgit, the problem could not be resolved. It took time but we learnt the mechanics of currency manipulation. Once we understood how it was done, it was a matter of erecting barriers. And we did the slide stopped abruptly. The Ringgit recovered much of its value not fully of course although we could but we had to compete with neighbours. Too strong a Ringgit may enrich us but inability to compete with neighbours and other competitors would make our wealth and prosperity unsustainable.

The rest they say is history but I believe the world came to recognise that in the management of our finances we are not far behind others and we may be classified as global leaders. There is another example of our striking out on our own. Convention says we recognise needs first and then provide for them but in Malaysia we provide first in order to create needs or demands. The Sony walkman provides a good example. There was no big demand for listening to music while walking. Practically no one was doing it when Sony came out with the walkman. When it hit the markets, it created a demand which was not there before and Sony made a pile.

In Malaysia, the small number of vehicles on the roads a quarter of a century ago did not indicate a demand for expressways but by building the north-south expressway and other highways more people began to buy cars and where people did not really feel like travelling, the availability of good roads influenced them into going where they would not go before or that frequently. If we take a survey of the travelling habits of Malaysians a quarter of a century ago, you will find the mileage they covered was probably one-tenth of today's Malaysians.

The reason is that they find the expressways convenient. Of course more people kill themselves than before they would be alive today if they have the travelling habits of thirty years ago. But most people were killed on the old winding roads, foolishly trying to avoid paying toll. The fact remains that demand followed supply by building expressways, more people travel. Clearly by supplying first we created demand. This has been Malaysia's creed. We built the LRT and many criticise these because there was apparently no demand and few used them at first but the trains now have standing room only – especially in the morning.

Go to the central station or the KLIA and you find masses of people, frenetically trying to get seats on the trains or to fly to everywhere. Seven years after its opening, KLIA now needs to expand. The commuter train and the ERL carry millions of passengers who would otherwise clog the roads.

No ocean-going container ships used Port Klang before. But today Port Klang and Pelabuhan Tanjung Pelepas in Johore handle 9 million containers a year where before all the ports in Malaysia together handled only one million containers. The highways spun off new towns and industrial estates, generating new businesses, creating numerous jobs and stimulating the transport industry and the other industries. The provision of electricity and water supply should really anticipate demand but unfortunately some people want to wait for demand and so every now and again there will be electricity breakdowns and water shortages.

Money kept under the pillow creates no wealth. In fact, it decreases in value because of inflation within limits even borrowed money judiciously expended will create more wealth than the amount borrowed. Those who espouse conservation of funds, savings and surpluses in the budget should rethink their strategy. Mega projects are really not mega projects at all. Trying to please our detractors, the wise westerns, will only retard growth and impoverish us. A pat on the back is nice but it gets us nowhere. Do we still need to be patted on the back?

If we want to be global leaders we should think out of the box. But of course if we merely want to be global followers, just follow and don't think. What we did was to buck the trend, to reject conventional wisdom. Finally, I would like to say a few words about leadership which can put anyone in the lead. Leadership is about leading. For the leader to merely follow the beaten track is not leading. He is following the path

made by others before him. He is of course a follower. The leader strikes out of his own and if his lead differs from all who came before him then he is a world leader.

I am glad that we are still leading. It remains to be seen whether we will continue to succeed or not. If we do then we will be a global leader. These are what it takes.

Thank you.

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We came in late into this business had the oil price not shot up high enough it would probably be too costly to produce oil off-shore Malaysia. We were not too smart either, giving practically the whole of the continental shelf on the east coast of the peninsula to one company. Fortunately, we got wise in time and took back the concession. Today we give only small areas to each company and Malaysia which was predicted to exhaust its reserve by 1995 is still producing about the same 650,000 barrels a day.

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If you do all these it means that you are following and you became the followers. You would not be leading, not become world leaders. The pressure by the whole world was strong and many in Malaysia wanted us to cave in. We did not want to be world leaders or to be exceptional in any way but we did not want our country to go under, to be virtually re-colonised. We did not like the picture of Mr Michel Camdessus with folded arms looking down on President Soeharto, a president of a country with 220 million people, signing away Indonesia's rights.

Thinking about how to overcome a problem is not easy but without understanding the underlying causes of the collapse of the Ringgit, the problem could not be resolved. It took time but we learnt the mechanics of currency manipulation. Once we understood how it was done, it was a matter of erecting barriers. And we did the slide stopped abruptly. The Ringgit recovered much of its value not fully of course although we could but we had to compete with neighbours. Too strong a Ringgit may enrich us but inability to compete with neighbours and other competitors would make our wealth and prosperity unsustainable.

The rest they say is history but I believe the world came to recognise that in the management of our finances we are not far behind others and we may be classified as global leaders. There is another example of our striking out on our own. Convention says we recognise needs first and then provide for them but in Malaysia we provide first in order to create needs or demands. The Sony walkman provides a good example. There was no big demand for listening to music while walking. Practically no one was doing it when Sony came out with the walkman. When it hit the markets, it created a demand which was not there before and Sony made a pile.

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The reason is that they find the expressways convenient. Of course more people kill themselves than before they would be alive today if they have the travelling habits of thirty years ago. But most people were killed on the old winding roads, foolishly trying to avoid paying toll. The fact remains that demand followed supply by building expressways, more people travel. Clearly by supplying first we created demand. This has been Malaysia's creed. We built the LRT and many criticise these because there was apparently no demand and few used them at first but the trains now have standing room only – especially in the morning.

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Petronas has become a brand in the world of oil business. To heighten the brand name, Petronas went into F1 racing and owns a racing unit. It is also into automotive engineering and it has not done too badly either – its engine being franchised to a major small engine company.

Petronas has been listed as among the fortune 500 companies, ranking around 250th. It was once listed as the most profitable of fortune 500 companies. Nothing succeeds like success. This is a truism. Petronas is now the biggest and the most profitable company in Malaysia. It is certainly a world leader among national oil companies. There were times when I was asked why we built the Petronas Twin Towers until it was built. The tallest buildings in the world were only to be found in the developed western countries, in particular the USA. After the Empire State Building in New York lost to the Sears Tower in Chicago as the tallest edifice, nobody dared to build a building taller than the Chicago Sears Tower, for a very long time. Certainly nobody thought that a developing country like Malaysia would dare to challenge the record.

Building a tall building is not just about having enough money. The structure is very sophisticated with its requirements of miles of electrical cables, water pipes, banks of lifts, escape staircases, air-conditioning ducts etc. The foundation must be very deep if the structure is to remain erect. It must not be like the tower of Pisa. Any inclination to any side would make it unsafe. Then, there is the tendency to sway with the winds. An international competition resulted in a twin-tower design being selected. They were not planned to be the tallest buildings but they were almost as tall as the highest building in the world.

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We anticipated tall buildings would be built after the Petronas Towers was built. But we expect not many would be twin towers. Our expectations proved correct. There is already one tower taller than the Petronas Towers and a number of others are being built. But no twin towers higher than the Petronas Towers are being planned yet. We would be the tallest twins – we would be still leaders in the world. So what does it take to be global leaders? The first thing is to audit your assets. Do we have something which can be developed to become the most outstanding in the world?

Every country has something on land or in the sea offshore there may be something that can be developed. The Galapagos is the best known island with unique flora and fauna. In Malaysia we have the Sipadan Island, one of the 10 most beautiful islands in the world. According to Jacques Cousteau, we can allow it to be destroyed by too many tourists or injudicious development but if we care, Sipadan can remain a world leader in terms of marine life. What it takes is to curb greed.

Caring is important. Japan was once infamous for inferior quality cheap goods but it decided to improve its quality. A sustained program and a dedication to quality on the part of every Japanese have made Japan a world leader in terms of quality, reliability and innovation. Malaysia has yet to understand the prestige which producing quality goods will earn it. There really is no limit to improvement. The first computer was the size of a room; today it is smaller than the palm – and much more powerful and versatile. It is the same with the telephone. Almost every month there would be improvements in the cellular phone. Understanding its workings is what it takes to become a global leader in electronics. We are not seeing the ultimate in this field yet.

We are not incapable of innovating and inventing nor are we incapable of improving products. It is a matter of applying our minds to the task applied constantly our minds will sharpen and innovating and inventing will become second nature to us. Malaysians are conservative. In other words they don't like change. In a world which undergoes change almost every day, those who refuse to change will simply be left behind. They will certainly not lead the world. For global leadership we need not just to keep up with changes taking place around us but we have to initiate changes ourselves. To do this we have to pick and choose which changes to follow, which to reject, which to modify and when we can strike out on our own.

During the financial crisis we suddenly became poor not because we did something wrong but because of the deliberate devaluation of our currency. So, called conventional wisdom requires that we submit to the dictates of the IMF (International Monetary Fund), we borrow from them to pay our debts. But as you all know we did not some of us wanted to, of course they want to be good boys. The text books say reduce your deficits, bankrupt the companies with non-performing loans, similarly close down the troubled banks, increase interest rates and beg for help from the IMF.

If you do all these it means that you are following and you became the followers. You would not be leading, not become world leaders. The pressure by the whole world was strong and many in Malaysia wanted us to cave in. We did not want to be world leaders or to be exceptional in any way but we did not want our country to go under, to be virtually re-colonised. We did not like the picture of Mr Michel Camdessus with folded arms looking down on President Soeharto, a president of a country with 220 million people, signing away Indonesia's rights.

Thinking about how to overcome a problem is not easy but without understanding the underlying causes of the collapse of the Ringgit, the problem could not be resolved. It took time but we learnt the mechanics of currency manipulation. Once we understood how it was done, it was a matter of erecting barriers. And we did the slide stopped abruptly. The Ringgit recovered much of its value not fully of course although we could but we had to compete with neighbours. Too strong a Ringgit may enrich us but inability to compete with neighbours and other competitors would make our wealth and prosperity unsustainable.

The rest they say is history but I believe the world came to recognise that in the management of our finances we are not far behind others and we may be classified as global leaders. There is another example of our striking out on our own. Convention says we recognise needs first and then provide for them but in Malaysia we provide first in order to create needs or demands. The Sony walkman provides a good example. There was no big demand for listening to music while walking. Practically no one was doing it when Sony came out with the walkman. When it hit the markets, it created a demand which was not there before and Sony made a pile.

In Malaysia, the small number of vehicles on the roads a quarter of a century ago did not indicate a demand for expressways but by building the north-south expressway and other highways more people began to buy cars and where people did not really feel like travelling, the availability of good roads influenced them into going where they would not go before or that frequently. If we take a survey of the travelling habits of Malaysians a quarter of a century ago, you will find the mileage they covered was probably one-tenth of today's Malaysians.

The reason is that they find the expressways convenient. Of course more people kill themselves than before they would be alive today if they have the travelling habits of thirty years ago. But most people were killed on the old winding roads, foolishly trying to avoid paying toll. The fact remains that demand followed supply by building expressways, more people travel. Clearly by supplying first we created demand. This has been Malaysia's creed. We built the LRT and many criticise these because there was apparently no demand and few used them at first but the trains now have standing room only – especially in the morning.

Go to the central station or the KLIA and you find masses of people, frenetically trying to get seats on the trains or to fly to everywhere. Seven years after its opening, KLIA now needs to expand. The commuter train and the ERL carry millions of passengers who would otherwise clog the roads.

No ocean-going container ships used Port Klang before. But today Port Klang and Pelabuhan Tanjung Pelepas in Johore handle 9 million containers a year where before all the ports in Malaysia together handled only one million containers. The highways spun off new towns and industrial estates, generating new businesses, creating numerous jobs and stimulating the transport industry and the other industries. The provision of electricity and water supply should really anticipate demand but unfortunately some people want to wait for demand and so every now and again there will be electricity breakdowns and water shortages.

Money kept under the pillow creates no wealth. In fact, it decreases in value because of inflation within limits even borrowed money judiciously expended will create more wealth than the amount borrowed. Those who espouse conservation of funds, savings and surpluses in the budget should rethink their strategy. Mega projects are really not mega projects at all. Trying to please our detractors, the wise westerns, will only retard growth and impoverish us. A pat on the back is nice but it gets us nowhere. Do we still need to be patted on the back?

If we want to be global leaders we should think out of the box. But of course if we merely want to be global followers, just follow and don't think. What we did was to buck the trend, to reject conventional wisdom. Finally, I would like to say a few words about leadership which can put anyone in the lead. Leadership is about leading. For the leader to merely follow the beaten track is not leading. He is following the path

made by others before him. He is of course a follower. The leader strikes out of his own and if his lead differs from all who came before him then he is a world leader.

I am glad that we are still leading. It remains to be seen whether we will continue to succeed or not. If we do then we will be a global leader. These are what it takes.

Thank you.

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“WHAT IT TAKES TO BE A GLOBAL LEADER”

Distinguished guests; ladies and gentlemen,

It is a measure of Malaysia's mindset evolution that you should chose to want to know what it takes to be a global leader in the not too distant past we believed only other people could become world leaders. Malaysia had an inferiority complex before we used to think that whatever we could do others could do just as well or better I thought the same way also there was nothing remarkable about Malaysia. We were just an average country and people, without a glorious past, without noteworthy achievements.

But having gone to many countries around the world I have come to realise that there are many things about Malaysia which are quite unique and many of Malaysia's achievements which are seemingly unremarkable are in fact not achievable by other countries then I began to seriously evaluate and compare Malaysia and its achievements with those of the rest of the world - and lo and behold, in many instances Malaysia is a world leader.

The world knows that Malaysia was the biggest producer of rubber, for instance, and standard Malaysian rubber was the standard by which all rubber produced anywhere in world was measured. Rubber was so identified with Malaysia that people forgot that the tree was not indigenous to Malaysia, Brazil, where the tree came from was for a short while a producer of rubber but rubber plantations on the scale we saw in

Malaysia never developed in Brazil or anywhere else. Malaysia was a global leader in rubber and that was not a fluke, as we shall see.

When we discovered the potential of oil palm tree, we very quickly applied the estate development and management techniques that we had in the rubber industry to oil palm plantations and again oil palm trees which are not indigenous to Malaysia has made us such a world leader that everyone now looks to Malaysia to help them develop their palm oil industry. We have become a world leader in the palm oil industry but our modesty has stopped us from branding Malaysian oil palm clones, Malaysian palm oil standards etc.

Malaysia has never been conventional at a time when newly independent countries were busy nationalising, we decided to invite foreign investors to come to Malaysia and we produced world class products in quantities that at times made us world leaders. We were at one time the third biggest exporters of microchips, the integrated circuit that now drives the world and enabled the conquest of outer space. The first and second were U.S. and Japan.

Some countries are so confident of their leadership of the world that they never hesitate to make claims to be the best, the biggest, the tallest, the first in the world. For example, with apologies to the Americans, American football matches are billed as the World Series. This is perhaps justified as it is a game played only in America. Therefore, the winner must be world champions but America is not yet the world. It may become that later. We can of course identify something that is only done in Malaysia and claim we are the best in the world. So far we have the longest Malaysian flag, the longest stay in a roomful of snakes or scorpions etc.

Those are great achievements but I don't think we should be seeking global leadership in these things but we have a man who sailed alone around the world and a lady who ski walked across Antarctica. They established world records even climbing Mount Everest marks a first in the world by tropical people and swimming across the English Channel by someone from tropical Malaysia, is also a worthy feat. We can honestly claim world leadership for these feats. We have not done too badly in politics. We are a world leader in the management of a multi-racial, multi-religious country. Look around the world and we will see how multi-ethnic countries are plagued with racial troubles.

Many countries now look to the Malaysian management of multi-racial society for guidance still not many manage to apply the formula. Actually we are world leaders in this field and we know what it takes – tolerance to an unusual degree. National petroleum companies normally sit back and collect royalties from the production of oil by the oil majors. Little interest was shown in the operations of these oil majors, their technology, their marketing etc. For years the oil majors took these petrol-rich countries for a ride – fixing the price per barrel at USD 2/- and giving the government about 10% of this. It was, I believe, the Indonesians who invented production sharing.

We came in late into this business had the oil price not shot up high enough it would probably be too costly to produce oil off-shore Malaysia. We were not too smart either, giving practically the whole of the continental shelf on the east coast of the peninsula to one company. Fortunately, we got wise in time and took back the concession. Today we give only small areas to each company and Malaysia which was predicted to exhaust its reserve by 1995 is still producing about the same 650,000 barrels a day.

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Caring is important. Japan was once infamous for inferior quality cheap goods but it decided to improve its quality. A sustained program and a dedication to quality on the part of every Japanese have made Japan a world leader in terms of quality, reliability and innovation. Malaysia has yet to understand the prestige which producing quality goods will earn it. There really is no limit to improvement. The first computer was the size of a room; today it is smaller than the palm – and much more powerful and versatile. It is the same with the telephone. Almost every month there would be improvements in the cellular phone. Understanding its workings is what it takes to become a global leader in electronics. We are not seeing the ultimate in this field yet.

We are not incapable of innovating and inventing nor are we incapable of improving products. It is a matter of applying our minds to the task applied constantly our minds will sharpen and innovating and inventing will become second nature to us. Malaysians are conservative. In other words they don't like change. In a world which undergoes change almost every day, those who refuse to change will simply be left behind. They will certainly not lead the world. For global leadership we need not just to keep up with changes taking place around us but we have to initiate changes ourselves. To do this we have to pick and choose which changes to follow, which to reject, which to modify and when we can strike out on our own.

During the financial crisis we suddenly became poor not because we did something wrong but because of the deliberate devaluation of our currency. So, called conventional wisdom requires that we submit to the dictates of the IMF (International Monetary Fund), we borrow from them to pay our debts. But as you all know we did not some of us wanted to, of course they want to be good boys. The text books say reduce your deficits, bankrupt the companies with non-performing loans, similarly close down the troubled banks, increase interest rates and beg for help from the IMF.

If you do all these it means that you are following and you became the followers. You would not be leading, not become world leaders. The pressure by the whole world was strong and many in Malaysia wanted us to cave in. We did not want to be world leaders or to be exceptional in any way but we did not want our country to go under, to be virtually re-colonised. We did not like the picture of Mr Michel Camdessus with folded arms looking down on President Soeharto, a president of a country with 220 million people, signing away Indonesia's rights.

Thinking about how to overcome a problem is not easy but without understanding the underlying causes of the collapse of the Ringgit, the problem could not be resolved. It took time but we learnt the mechanics of currency manipulation. Once we understood how it was done, it was a matter of erecting barriers. And we did the slide stopped abruptly. The Ringgit recovered much of its value not fully of course although we could but we had to compete with neighbours. Too strong a Ringgit may enrich us but inability to compete with neighbours and other competitors would make our wealth and prosperity unsustainable.

The rest they say is history but I believe the world came to recognise that in the management of our finances we are not far behind others and we may be classified as global leaders. There is another example of our striking out on our own. Convention says we recognise needs first and then provide for them but in Malaysia we provide first in order to create needs or demands. The Sony walkman provides a good example. There was no big demand for listening to music while walking. Practically no one was doing it when Sony came out with the walkman. When it hit the markets, it created a demand which was not there before and Sony made a pile.

In Malaysia, the small number of vehicles on the roads a quarter of a century ago did not indicate a demand for expressways but by building the north-south expressway and other highways more people began to buy cars and where people did not really feel like travelling, the availability of good roads influenced them into going where they would not go before or that frequently. If we take a survey of the travelling habits of Malaysians a quarter of a century ago, you will find the mileage they covered was probably one-tenth of today's Malaysians.

The reason is that they find the expressways convenient. Of course more people kill themselves than before they would be alive today if they have the travelling habits of thirty years ago. But most people were killed on the old winding roads, foolishly trying to avoid paying toll. The fact remains that demand followed supply by building expressways, more people travel. Clearly by supplying first we created demand. This has been Malaysia's creed. We built the LRT and many criticise these because there was apparently no demand and few used them at first but the trains now have standing room only – especially in the morning.

Go to the central station or the KLIA and you find masses of people, frenetically trying to get seats on the trains or to fly to everywhere. Seven years after its opening, KLIA now needs to expand. The commuter train and the ERL carry millions of passengers who would otherwise clog the roads.

No ocean-going container ships used Port Klang before. But today Port Klang and Pelabuhan Tanjung Pelepas in Johore handle 9 million containers a year where before all the ports in Malaysia together handled only one million containers. The highways spun off new towns and industrial estates, generating new businesses, creating numerous jobs and stimulating the transport industry and the other industries. The provision of electricity and water supply should really anticipate demand but unfortunately some people want to wait for demand and so every now and again there will be electricity breakdowns and water shortages.

Money kept under the pillow creates no wealth. In fact, it decreases in value because of inflation within limits even borrowed money judiciously expended will create more wealth than the amount borrowed. Those who espouse conservation of funds, savings and surpluses in the budget should rethink their strategy. Mega projects are really not mega projects at all. Trying to please our detractors, the wise westerns, will only retard growth and impoverish us. A pat on the back is nice but it gets us nowhere. Do we still need to be patted on the back?

If we want to be global leaders we should think out of the box. But of course if we merely want to be global followers, just follow and don't think. What we did was to buck the trend, to reject conventional wisdom. Finally, I would like to say a few words about leadership which can put anyone in the lead. Leadership is about leading. For the leader to merely follow the beaten track is not leading. He is following the path

made by others before him. He is of course a follower. The leader strikes out of his own and if his lead differs from all who came before him then he is a world leader.

I am glad that we are still leading. It remains to be seen whether we will continue to succeed or not. If we do then we will be a global leader. These are what it takes.

Thank you.

**SPEECH BY YABHG TUN DR MAHATHIR BIN MOHAMAD
AT THE COMMEMORATIVE LECTURE & LUNCHOEN ORGANISED BY
THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (MICPA)
AT THE WESTIN HOTEL, KUALA LUMPUR ON TUESDAY, 13 DECEMBER 2005**

“WHAT IT TAKES TO BE A GLOBAL LEADER”

Distinguished guests; ladies and gentlemen,

It is a measure of Malaysia's mindset evolution that you should chose to want to know what it takes to be a global leader in the not too distant past we believed only other people could become world leaders. Malaysia had an inferiority complex before we used to think that whatever we could do others could do just as well or better I thought the same way also there was nothing remarkable about Malaysia. We were just an average country and people, without a glorious past, without noteworthy achievements.

But having gone to many countries around the world I have come to realise that there are many things about Malaysia which are quite unique and many of Malaysia's achievements which are seemingly unremarkable are in fact not achievable by other countries then I began to seriously evaluate and compare Malaysia and its achievements with those of the rest of the world - and lo and behold, in many instances Malaysia is a world leader.

The world knows that Malaysia was the biggest producer of rubber, for instance, and standard Malaysian rubber was the standard by which all rubber produced anywhere in world was measured. Rubber was so identified with Malaysia that people forgot that the tree was not indigenous to Malaysia, Brazil, where the tree came from was for a short while a producer of rubber but rubber plantations on the scale we saw in

Malaysia never developed in Brazil or anywhere else. Malaysia was a global leader in rubber and that was not a fluke, as we shall see.

When we discovered the potential of oil palm tree, we very quickly applied the estate development and management techniques that we had in the rubber industry to oil palm plantations and again oil palm trees which are not indigenous to Malaysia has made us such a world leader that everyone now looks to Malaysia to help them develop their palm oil industry. We have become a world leader in the palm oil industry but our modesty has stopped us from branding Malaysian oil palm clones, Malaysian palm oil standards etc.

Malaysia has never been conventional at a time when newly independent countries were busy nationalising, we decided to invite foreign investors to come to Malaysia and we produced world class products in quantities that at times made us world leaders. We were at one time the third biggest exporters of microchips, the integrated circuit that now drives the world and enabled the conquest of outer space. The first and second were U.S. and Japan.

Some countries are so confident of their leadership of the world that they never hesitate to make claims to be the best, the biggest, the tallest, the first in the world. For example, with apologies to the Americans, American football matches are billed as the World Series. This is perhaps justified as it is a game played only in America. Therefore, the winner must be world champions but America is not yet the world. It may become that later. We can of course identify something that is only done in Malaysia and claim we are the best in the world. So far we have the longest Malaysian flag, the longest stay in a roomful of snakes or scorpions etc.

Those are great achievements but I don't think we should be seeking global leadership in these things but we have a man who sailed alone around the world and a lady who ski walked across Antarctica. They established world records even climbing Mount Everest marks a first in the world by tropical people and swimming across the English Channel by someone from tropical Malaysia, is also a worthy feat. We can honestly claim world leadership for these feats. We have not done too badly in politics. We are a world leader in the management of a multi-racial, multi-religious country. Look around the world and we will see how multi-ethnic countries are plagued with racial troubles.

Many countries now look to the Malaysian management of multi-racial society for guidance still not many manage to apply the formula. Actually we are world leaders in this field and we know what it takes – tolerance to an unusual degree. National petroleum companies normally sit back and collect royalties from the production of oil by the oil majors. Little interest was shown in the operations of these oil majors, their technology, their marketing etc. For years the oil majors took these petrol-rich countries for a ride – fixing the price per barrel at USD 2/- and giving the government about 10% of this. It was, I believe, the Indonesians who invented production sharing.

We came in late into this business had the oil price not shot up high enough it would probably be too costly to produce oil off-shore Malaysia. We were not too smart either, giving practically the whole of the continental shelf on the east coast of the peninsula to one company. Fortunately, we got wise in time and took back the concession. Today we give only small areas to each company and Malaysia which was predicted to exhaust its reserve by 1995 is still producing about the same 650,000 barrels a day.

But with this small production we would earn very little profit and so Petronas, the national petroleum company was required not just to sit back and collect royalties but to go fully into the oil business, from upstream exploration to as far downstream as we can get. Today Petronas is the only national petroleum company which operates like the oil majors. We now go abroad to prospect for oil, to produce and market, to refine, pipe and ship, to produce petro-chemical products, own fleets of tankers for oil and gas etc.

Petronas has become a brand in the world of oil business. To heighten the brand name, Petronas went into F1 racing and owns a racing unit. It is also into automotive engineering and it has not done too badly either – its engine being franchised to a major small engine company.

Petronas has been listed as among the fortune 500 companies, ranking around 250th. It was once listed as the most profitable of fortune 500 companies. Nothing succeeds like success. This is a truism. Petronas is now the biggest and the most profitable company in Malaysia. It is certainly a world leader among national oil companies. There were times when I was asked why we built the Petronas Twin Towers until it was built. The tallest buildings in the world were only to be found in the developed western countries, in particular the USA. After the Empire State Building in New York lost to the Sears Tower in Chicago as the tallest edifice, nobody dared to build a building taller than the Chicago Sears Tower, for a very long time. Certainly nobody thought that a developing country like Malaysia would dare to challenge the record.

Building a tall building is not just about having enough money. The structure is very sophisticated with its requirements of miles of electrical cables, water pipes, banks of lifts, escape staircases, air-conditioning ducts etc. The foundation must be very deep if the structure is to remain erect. It must not be like the tower of Pisa. Any inclination to any side would make it unsafe. Then, there is the tendency to sway with the winds. An international competition resulted in a twin-tower design being selected. They were not planned to be the tallest buildings but they were almost as tall as the highest building in the world.

When a person is short he will have to stand on a soap box in order to be seen and heard that's what they do in the speakers' corner at Hyde Park. In many ways Malaysia was short. We were not known to the world and our voice was too often lost among tall countries around us. A soap box would increase our height and enable our voice to be heard and our face to be seen. The Petronas Towers were in a way Malaysia's soap box ever since. They were built the world has come to see and hear much about Malaysia. It has become one of Malaysia's icons.

We anticipated tall buildings would be built after the Petronas Towers was built. But we expect not many would be twin towers. Our expectations proved correct. There is already one tower taller than the Petronas Towers and a number of others are being built. But no twin towers higher than the Petronas Towers are being planned yet. We would be the tallest twins – we would be still leaders in the world. So what does it take to be global leaders? The first thing is to audit your assets. Do we have something which can be developed to become the most outstanding in the world?

Every country has something on land or in the sea offshore there may be something that can be developed. The Galapagos is the best known island with unique flora and fauna. In Malaysia we have the Sipadan Island, one of the 10 most beautiful islands in the world. According to Jacques Cousteau, we can allow it to be destroyed by too many tourists or injudicious development but if we care, Sipadan can remain a world leader in terms of marine life. What it takes is to curb greed.

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