

**Speech by H E Tun Dr Mahathir Bin Mohamad at the Asia HRD Congress on  
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**Knowledge Creation & Visioning: Changing the Third World Mindset**

Ladies and Gentlemen,

I Would Like To Thank The Organiser For The Invitation To Speak At This Asia HRD Congress On Knowledge Creation And Visioning: Changing The Third World Mindset. The Third World, As We All Know Is Largely Made Up Of Countries Which Had Either Been Colonised Or Had Been Under Domination Of The European Imperial Powers For Many Centuries.

In Southeast Asia, Prior To European Conquests, There Were Many Small States And Powerful Empires. The People Were Highly Skilled In Arts And Crafts And In Agriculture. Their Produce Were Traded With The Produce Of Other Asian Countries Such As India, China, The Arab Countries And Others. Rich Maritime States Were Established In Java, Sumatera, The Malay Peninsular, Celebes, And The Indo-Chinese Peninsular. They Were All Feudal States But Were Quite Stable. Their Wealth Came From Their Trade, Domestic As Well As International. They Were Not Naked Savages But Were Highly Civilised. They Bartered But They Also Use Money In The Form Of Coins Of Precious And Semi-Precious Metal, Gold And Silver Coins Were Recognized As Trading Currency.

Then came The Europeans. Their Idea About Trade And Commerce Was Radically Different. They Came As Armed Merchantmen. They Insisted On Trading Agreements And Monopolies. They Set Up Fortified Trading Posts, And They Fought Each Other In Order To Obtain Exclusive Trading Rights. Then They Conquered Their Trading Partners, Made Colonies of Them So That Each European Nation Could Grab All The Products Of These Colonies For Itself.

Their Ways And Their Military Strength Which They Frequently Used Overawed The People Of These Conquered Territories And Destroyed The Confidence Of These People. Their Minds Were Also Colonised So That They Believed Nothing They Did Was Right And That The Only Right Thing To Do Was To Submit To, And Ape The Europeans. Thus For Centuries Were The Mindsets Of The Colonial People Shaped And Determined. To This Day Many Believe That Unless They Adopt European Ways And Standards, European Practices, They Would Not Succeed. For Example Europeans Believe In Trials Of Strengths In Order To Determine. The Winner Obviously The Strongest Would Win.

This Would Be Accepted Even Though The Loser Is In The Right And So Workers Resolved Their Oppression By The Capitalist Through Forming Huge Workers Unions, Which Developed Powerful Tools To Challenge The Capitalists. Then They Introduced Socialism And Communism. The Colonised Minds Adopted All These Without Question. Even When Our Economies Failed To Grow And Our Countries Were Destroyed Because Of Trade Union Industrial Actions, Socialism And Communism We Believed In These European Ideas. Then One Day The Europeans Dumped These Destructive Unions, Socialism And Communism And The Colonised Mind Rushed To Do The Same. But We Are Still Looking To The Ethnic Europeans And Their Solutions To Their Problems In Order To Shape Our Minds, To Adopt And Apply And Because We Are Culturally Not Europeans, We Cannot Make Their Solutions, Their Systems And Their Mindsets Work For Us And We Pay A Heavy Price.

In The East For Many Decades Japan Grew And Prospered. Japan Developed Because The Japanese Were Never Colonised Until 1945. After Their Defeat In World War Two They Set Their Minds To Rebuild Their Nation. Their Zaibatsu Had Been Dismantled, But The Pieces From The Broken-Up Zaibatsu Very Quickly Grew To Become Sogo-Shoshas As Huge As The Original Zaibatsu. These Sogo-Shoshas, Each With Its Own Bank, Went Into Every Industry, Adopted New Standards Of Quality And Worked Closely With Their Government. The Workers Were Prepared To Work Initially Almost For Nothing In Order To Turn The Raw Materials They Imported To High-Value Products Which They Exported. There Were

Practically No Strikes And They Were Rewarded With Life-Time Employment. As The Country Prospered Workers' Wages Went Up But Productivity Was Maintained. It Looked Like Japan Was Going To Be Number One In The World. This Worried The West. The Asian Upstart Had To Be Stopped. And So The Plaza Accord Pushed Up The Value Of The Yen To Reduce The Competitiveness Of Japanese Products. Japan Countered By Shifting Some Production To Developing Countries With Low Labour Cost. Its Economy Slowed Somewhat But Was Still Faster Than The Europeans.

Then The Japanese Way Of Doing Things Came Under Fire. Close Cooperation Between Government And Private Sector Labelled As Japan Incorporated And Made Out To Be Almost Criminal. Bank Ownership By Sogo-Shoshas Was Made Out To Be Unethical And Was Stopped, Life-Time Employment Was Replaced With The Sacking Of Employees If The Company Fails. Foreign Capital Was Allowed To Take Over The Japanese Corporations And Foreign Managers Replaced Japanese Ceo's. Foreign Companies And Products Entered The Japanese Markets.

In The Meantime Japanese Democracy Resulted In The Government Changing Every Two Years. As Each Government Tried To Introduce Its Own Economic Policies And Solutions And Finding Two Years Too Short To Implement Them, The Japanese Economy Went Into Prolonged Recession. Today After Finally Allowing A Government To Stay More Than Two Years The Economy Has Recovered. How Long It Will Continue To Grow Is Not Yet Predictable But Probably The Japanese Have Learnt Some Lessons From Their Experience Lately. I Have Dealt At Length With The Japanese Management Of Their Economy Because Third World Countries Wishing To Grow Will Find It Useful To Study The Japanese Experience In Order To Formulate Growth Strategies And To Develop The Mindset Which Must Go With It.

Firstly, The Mindset Of The Government. If It Wants To Grow The Country's Economy, It Must Learn To Be Business-Friendly. It Must Strive To Reduce Bureaucratic Procedures As Much As Possible. This

Applies To The Politician As Much As The Civil Servants. It Should Welcome The Concept Of The Nation Incorporated Like Japan Incorporated IE Both Government And Private Enterprises Cooperating In Order To Prosper And Grow The Nation As If It Is A Business Enterprise. The Government Must Banish From Its Mind That Government/Private Sector Cooperation Is Wrong. It Is Not Because Government Has A Share In All Businesses. In Malaysia, 28% Of The Profit Belong To The Government By Way Of Corporate Tax And The Government Need Not Invest A Single Cent To Get This Big Share. Therefore, When Government Cooperates With The Private Sector, Helps It To Make Reasonable Profits, Government Is Actually Working For Its Share Of That Profit. This Cannot Be Regarded As Criminal Or Wrong.

The Civil Servants At All Levels Must Also Realise That Their Salaries And Wages Are Paid By The Private Sector. It Is Obvious That If The Private Sector Make More Money, The Government Will Collect More Revenue And The Salaries And Wages Can Be Raised. Cutting Back On Bureaucratic Procedures, Speeding Up All The Processes Of Administration Would Save Money For Business And Increase Their Profits. It Would Also Speed Up Economic Development And Growth Of The Country And This Will Move The Nation Faster Towards Catching Up With The First World.

A Radical Change In The Mindset For The Politicians And The Administrators In Necessary If The Government Is To Be Private-Sector Friendly. This Is Because The Results May Take A Long Time In Coming. Because Of The Time This Takes To Enrich The Country, Some May Be Tempted To Take Illegal Gratification Because It Brings Riches Faster For The Individual. But Illegal Gratification Slows Down The Economy And The Growth Of A Country. Over Time It Will Spread And Involve Everyone, From The Lowest To The Highest. At This Stage Eradication Becomes Nearly Impossible As Everyone Has A Vested Interest To Perpetuate The Practice. When Those Entrusted With Stopping This Crime Become Involved Themselves, Then Corruption Will Become Institutionalized. There Would Be Almost No Way To Stop It But If The People Wants To Stop It, They Can.

The People Must Be Taught From The Time They Are Small To Look Upon Corruption As Filthy And Criminal. In The Homes, In The Schools, In The Universities And The Work Places, Corruption Must Be Fought With Education On The Evils Of The Practice, On How It Stifles Growth And In The End How Everyone Will Have To Pay The Price. Everyone Will Have To Deal With Corrupt Officers At One Time Or Another. Today One Officer May Be The Receiver, Tomorrow He Would Have To Be The Giver As He Has To Get His Personal Work Done. He Will Also Have To Pay For The Increases In Prices Of Food And Services Because Of Corruption. And His Country Will Remain A Poor Third World Country Maybe Forever. In Effect Everyone, Including The Receiver Of Illegal Gratification Will Be Poor.

These Things Must Be Understood By All The People, Whatever The Work He May Be Doing. The People In The Private Sector Must Also Understand This As Much As The People In The Government Sector. They Should Neither Give Nor Receive. What Can People Do To Stop Corruption? First And Foremost They Have To Change The Mindset Which Regards Corruption As Inevitable, As A Way Of Life In Third World Countries Where Wages Are Low And Supplementary Income Is Needed. If The Mindset Is Changed And Corruption Is Regarded As Criminal, As Evil And As Unpatriotic Then The First Step Would Have Been Taken. Then Anti-Corruption Ngo's Must Be Set Up And All Members Must Resolve And Must Refuse To Pay When Illegal Gratification Is Demanded. They Will Suffer Inconveniences Of Course. But This Is A Small Price To Pay To Eradicate A Practice That Makes A Third World Country Unable To Extricate Itself From Its Shameful Position And Status. In Fact There Are Many Things That Can Be Done By Concerned Citizens With A Mindset To Fight Corruption. Success Will Not Come Overnight. But Over Time, Every Little Success Will Encourage Others To Form Anti-Corruption Ngo's And To Refuse To Pay.

Not Too Much Faith Must Be Placed In Anti-Corruption Laws. When Even The Law Enforcers Are Corrupt, Laws Will Be Ineffective But There Must Be Laws And There Must Be Enforcers. For The Ngo's To Succeed They Will Eventually Need These Laws And Their Enforcers. Otherwise There Will Be No Fear Of Punishment. But The Japanese Model Has Many Other Lessons For The Third World. The Japanese Workers Are Very Productive. This Is Because They Are Patriotic, Often Regarding Their Work As Service To Their Country. This Was Very Strongly Manifested In The Days When They Were Rebuilding Their Country After The Devastation Following The World War. Akio Inorita, The Co-Founder Of Sony Corporation Tells Of How Workers Worked For A Ball Of Rice And Soya Sauce.

When We In The Colonised Territories Were Struggling For Independence We Were Moved By A Powerful National Spirit. It Enabled Us To Actively Struggle Night And Day Without Pay Or Compensation Of Any Kind. We Were Prepared To Die Even In Order That Our Country Regain Its Independence. Now We Have To Develop The Country That We Sacrificed So Much To Liberate. And We Know That If Our Country Remains Poor And Weak We Would Not Be Truly Independent. Neo-Colonialism Is Not A Fancy Term Coined By President Sukarno. It Is Real. We Feel It As We Come Under The Control Of Agencies Owned By Our Former Colonial Masters. Our Struggle For Independence Is Not Over Yet. It Will Only Be Over After We Become A Fully Developed Country. If We Struggled So Hard For Political Independence, Should We Not Complete The Struggle By Awakening Our Patriotic Spirit And Applying It To The Development Of Our Country.

The Japanese Recovery Was Due To Them Being Very Disciplined And Dedicated Because Of Their Strong Patriotic Spirit. Our Patriotic Spirit Should Make Us Accept The Discipline Of The Work Place, Do Our Work Properly, Ensure That We Produce Quality In Our Products, Respect Time So We Can Always Meet Our Deadline.

Europeans Who Taught Us To Be Confrontational, To Have Tests Of Strengths Between Workers Union And The Management And Owners May Ensure That Owners And Managers Refrain From Exploiting Workers. But Frequent Tests Of Strength Through Strikes And Other Industrial Actions Will Only Damage Our Productivity, Render Us Uncompetitive Against The Rich Countries And Deter Investors, Foreign Or Local From Investing In Our Country. Without Investments There Will Be No New Jobs Created And Certainly The Economy Cannot Grow, Workers And Trade Unionists Must Always Bear This In Mind And Be Very Responsible When Exercising Their Rights. If The Workers Have The Spirit Of Freedom Fighters, If They Are Disciplined And Hardworking And Reject Irresponsible Demands They Can Ensure More Jobs Are Created, Better Wages Paid And Prosperity For Their Countries And Themselves.

But Managers, Employers And Investors Must Also Correct Their Mindsets. The Loyalty Of Their Workers Must Not Be Taken For Granted Or Be Unduly Exploited. The Japanese Used To Ensure Lifetime Employment In Appreciation Of Workers Loyalty. The Executives In Third World Countries Must Try To Create A Sense Of Belonging, A Feeling Of Security Of Jobs And Earnings For The Workers. They Are No Longer Dealing With "Coolies" Of Old, Who Only Contributed Brawn. Today's Workers Are Intelligent, Knowledgeable and Skilful. They Should Be Shown Respect And Be Amply Compensated. Managers And Executives Must Not Wait Until Workers Resort To Industrial Action Before Responding. They Must Be Pro-Active. The Art Of Negotiation Has To Be Highly Developed Among Managers As Among Trade Unionists.

They, The Executives, Must Always Keep Up With The Latest In Management Innovations. Giving Themselves Huge Pays And Bonuses As Is Done In The US And Europe, Would Kill Business In Third World Countries. In Fact Even Developed Countries Cannot Continue To Prosper When CEO's Take Hefty Salaries And Bonuses. Third World CEO's Must Not Have The Mentality Of The Executives Of Developed Western Countries. In Fact They Must Be As Patriotic As Their Workers, Working Not Just For Themselves But For Their Own Country, Taking Pride In Its Progress And Prosperity. They Will Be

Amply Compensated By The Pride And The Respect They And Their Country Would Gain From The Continuous Success Of Their Businesses And The Country's Economy.

Ladies and Gentlemen,

For A Third World Country To Prosper Everyone Must Have The Right Mindset. It Is Not Just The Workers Who Need To Change Their Mindset In Order To Prosper The Country, To Help It To Grow Until It Joins The Ranks Of The Developed Countries. The Government, The Administrators, The Entrepreneurs And Investors, The Management And The People As A Whole Must Have The Right Mindsets. Perhaps This Is A Tall Order. In Every Group There Will Be The Selfish And The Greedy. But In Every Group There Will Also Be The Concerned, The Responsible And The Dedicated, The Ones Who Want To See Their Country Grow And Develop; Their Country Free And Achieve Developed Status And Be Respected. It Is The Second Group Who Must Take The Initiative. They Should Hold Group Discussions About The Situation In The Country, Identify The Things That They Themselves Can Do And Must Do And Act On Them. The Workers Group Must Also Determine Their Contribution. And So Must The Management, The Government, The Administrators Form Discussion Groups And Identify The Roles They Must Play To Get Out Of The Third World Label.

Of Course If All The Groups Can Be Coordinated, It Would Be Marvelous. But If It Cannot Those Who Must Do There Will Be Failures. But Those Who Have Tried Their Best Must Continue To Try To Do All These Require A Change In Mindsets. This Would Be The First Change And Then The Mindsets Required To Build The Nation Must Be Developed And Propagated. I Have Not Spoken About Knowledge Creation And Visioning. This Is Because The Change In Mindsets Come First. Only If the Mindsets Are Right Will There Be the Serious Quest For Knowledge And The Vision For The Future.