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(PRIME MINISTER)

EVENT: THE 17TH ASIAN ADVERTISING CONGRESS

VENUE: THE PUTRA WORLD TRADE CENTRE (PWTC), KUALA LUMPUR (K.L)

DATE: 05 NOV 1990

TIME:

Distinguished guests,

Ladies and gentlemen;

It gives me great pleasure to be able to address this Seventeenth Asian Advertising Congress. Malaysia is honoured to be the host of this year's Congress and I wish 'Selamat Datang' to all foreign participants.

2. The theme of this Congress -- Advertising to Power Tomorrow's Powerhouse: Asia -- is well chosen. It is forward-looking and implies a commitment by the advertising industry not only to share in the economic dynamism of the region, but also to actively contribute towards it. More than anything else, economic growth is an invigorating creative process. Your services will therefore be needed to establish and enlarge profitable markets within our countries and outside of them.

Ladies and gentlemen,

3. Asia's potential is just being discovered. The fact that it is only now that attention is being given by the world's business community implies a lack of information and often of deliberate misinformation about Asian countries. In this great information age, it is surprising to see how myths about Asia continue to be regurgitated with depressing frequency. To most of the Western world Asian countries are still the typical mismanaged, grossly corrupt and undemocratic nations, quite incapable of making progress. On the other hand if they do make progress they are likely to become economic and military threats to Western domination. In actual fact Asian nations are merely desirous of progress in the Western sense and wish to have their share of prosperity.

4. Asia has been and will be growing faster than other parts of the world in the near future. This has led many analysts to believe it will match the European Community and North America as a market place in the 1990s. Asia has been shielded from the eyes of Westerners for so long that when statements about Asia becoming the "Mega-Market of the 1990s" are made, it sounds hardly credible. Yet the vast natural resources and the huge population must mean markets. Although the per capita is small, the size of the population

does imply a substantial purchasing power for affordable items. And in many instances Asian nations have achieved a considerable degree of affluence and those who know how, can obviously sell to them even the least essential goods. In other words, Asia as the mega-market of the 1990s is no empty statement.

5. Asia has notched up a truly impressive growth record. In 1988, it grew by 9.4% at a time when world growth was 4.1%. In 1989, Asian growth slowed to 5.4% but it still managed to outpace world growth of 3.2%. Despite oil price rises and fears of recession in advanced and developing economies alike, Asia is seen to be firmly in the drivers' seat in 1990 and 1991. Given an expected world growth of between 2 to 2.4% in these years, the International Monetary Fund expects Asia to grow by 5%. This is an indication of the tremendous growth forces which will sustain the record of progress shown by most Asian countries.

6. By the year 2000, it is predicted that Asia's Gross National Product, including that of Japan will exceed that of the United States and of Europe. At first glance, such a comparison may not seem warranted. Asia is, after all, far from a seamless market. The continent has enormous political, social, economic, and ethnic diversity and this will not change no matter how rapidly or successfully its economies manage to transform themselves. Nevertheless Asia has become self-generating in terms of economic growth as more and more investments originate from Asian countries. As Asians support each other's growth, they will become their own market as much as they will be the world's market.

7. Asians have good reason to be proud. Within the space of fifty years, a mere blink in the longer throw of history, Japan has risen from the ashes to become the world's second strongest economy after the United States. Four economies -- South Korea, Hong Kong, Singapore and Taiwan -- have raised themselves to great heights of economic distinction. While not yet comparable, Malaysia and Thailand are recording some of the fastest growth rates in the world. Indonesia does not lag far behind. These are achievements that were hardly dreamt of as recently as a decade ago.

Ladies and gentlemen,

8. If the 1980s was the decade of the so-called NICs, the 1990s could well be the decade of Asia. The East and South-east perimeters of Asia enjoy growing prosperity and the prospect of the socialist economies to the North and West of Asia joining their ranks in the future is brighter now than ever before. The failure of Soviet-style economic planning is now an admitted fact. With few exceptions, the communists have abandoned their centrally-planned-and-managed system in favour of some form of market economy and business liberalisation. While changes in policies can be made overnight, the lack of experience in managing a free market system will delay real economic progress. But the chances for

them to join Asian growing economies are now far better than when they were ideologically hamstrung. Their contribution to Asian growth in the decade of the 90s will therefore be fairly substantial.

9. There should be no illusions, however. At least some of the talk about Asia's economic successes is motivated by less than good intentions. Some nations, fearing that they will one day have to face Asian countries as competitors, are doing their utmost to keep them at bay. They constantly wag accusing fingers in Asia's direction, saying that its economies have benefited from less than acceptable practices, for example, denial of human rights and workers rights, undemocratic governments, disregard for the environment, etc.

10. The truth of the matter is that Asian countries have saved, invested and taken entrepreneurial risks while others have lost much of their will to do so. Countries of developing Asia are constantly seeking to master the production of goods and services that the world wants and to improve upon the technologies which drive them. This contrasts with the almost insane urge of some developed countries to consume far beyond what they can reasonably afford and to spend enormous sums of money to hone their technologies for war rather than peace. Whereas Asian societies have preserved a solid work ethic, the desire of others to do so have faltered. Whereas the rapidly developing countries pay heed to the imperatives of development, the need for meticulous planning and careful economic policies, others have thrown them to the winds.

11. Japan and other East Asian economies know well that the economic formulas that worked in the 1980's will not assure them of a place in the 1990's and beyond. So they have raised their technological capabilities and efficiency. Rising labour costs in their countries mean that labour-intensive, low-technology production is no longer compatible with their stage of development. Rather than complain, or seek to protect out-moded production processes, they are instead rapidly moving production off-shore so that they can remain globally competitive.

12. Asia's manufacturing base has therefore begun to shift to Southeast Asia where pools of educated and relatively lower cost labour exist. This trend has had a very significant impact on the industrialisation process and economic growth of the rest of Asia and will contribute towards continued rapid development of many Asian nations.

13. As Asia grows, wealth-creating opportunities are generated. Some countries like Japan have already become the engines of growth for other aspiring Asian economies. Other prospering economies are also contributing tangibly to the region's and the world's prosperity. They, along with Asean economies, are not, however, taking their success for

granted. They are continuing to think carefully about where to invest scarce resources, seeking out strategic high-growth areas that can propel them into the future.

Ladies and gentlemen,

14. By most accounts, the growth of the Malaysian economy can be expected to average between 7 to 8% over the medium-term. The policies that have been developed and implemented over the previous years have laid a strong foundation for growth. The government's fiscal strategy has been to contain the role of the public sector, thereby allowing the private sector greater room to grow. Of course, some rise in public expenditure has to be expected to support growth in the coming years. These decisions are, however, constantly watched in order not to undo the hard-won results earned over previous years.

15. Adding to the desire to create a buoyant private enterprise-based economy is the policy of privatising public agencies. The divestment of some 246 agencies and enterprises worth about sixteen billion ringgit will be given full attention to in coming years. It is encouraging to note that the private sector has responded to the new policy environment by investing heavily in productive capacity. Large amounts of new investment are being channelled into manufacturing for export. These are arguably some of the most profitable areas in the Malaysian economy and are generating vast additional reinvestment capabilities.

16. Over the next five years, manufacturing will undergo extensive change. While products such as semi-conductors and textiles will remain important export items, there will be extensive diversification to newer products. Already, Malaysia is beginning to produce such electrical products as colour television sets, audio equipments and video cassette recorders. Judging by current patterns of investments, production of petrochemicals, including middle distillates, and high-technology resource-based products such as polyethylene should also make a strong showing. The service sector is poised to be a major beneficiary of the rapid growth of manufacturing. Primarily, this will take the form of business and ancillary services such as advertising.

17. Advertising is of course an industry in itself. It is an industry which promotes other industries. When promotion succeeds, enterprises become successful. In a very competitive environment the skills in promoting products and services are crucial. Such is the power of advertising promotion that bad products can succeed at times and for a time at least, while good products can languish and eventually vanish if promotion is weak.

18. Advertising skills mean power. And sometimes it can corrupt. It is necessary that ethical codes be maintained by those in the industry.

19. With so much going on in Asia, advertising is set to boom. There are and there will be tremendous opportunities for advertising people in Asia. No one should begrudge the advertising industry its share of the growth cake and the profits. After all the growth of an industry is as much due to management and technology as it is to the promotion of the products of industry. Without skillful promotion no one will buy the myriads of unfamiliar new products which have now become commonplace household things.

20. We should therefore welcome the advertising industry even if they do add to the cost of products. Even this cost can be offset by the volume that advertising generates.

Ladies and gentlemen,

21. The Seventeenth Asian Advertising Congress in Kuala Lumpur is held at a most significant time when the role of industry in Asia is much more appreciated and in demand than ever before. I hope participants will benefit greatly from this Congress. I hope also that the advertising industry will always appreciate the power they wield and will protect the consumers as much as they are obliged to their paymasters. I hope that the advertising industry in Asia will help the growth of Asian economies. I hope that together we will make a reality of the theme of this Congress "Advertising to Power Tomorrow's Powerhouse - Asia".
Thank you.