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(PRIME MINISTER)

EVENT: THE INAUGURATION OF THE MALAYSIAN BUSINESS COUNCIL

VENUE: KUALA LUMPUR HILTON, KUALA LUMPUR (K.L)

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TIME:

It is a great pleasure for me to be here today for the inauguration of the Malaysian Business Council, and as its Chairman I thank you for your presence here this morning.

2. We are meeting at the beginning of the decade of the Nineties -- a time of great challenge for our nation as well as for the region. As a nation we are almost thirty-four years old. That is not very old as nations go but for a developing country which has been able to control its own destiny only after independence it is a very meaningful period of time.

3. In the first three decades of nationhood we have moved rapidly from being a low-income, undeveloped economy, relying merely on rubber and tin as our economic mainstay, to a nation that has diversified into the services and the industrial sector, backed by a sophisticated financial system. Yet far from neglecting the primary produce, we have enhanced our competitiveness and diversified into many new commodities which earn us a lot of foreign exchange.

4. By any standard we have done well but there is no time to rest on our laurels. We must aim to become a developed country at par with those of Europe and North America. It may not happen tomorrow or next year or even by the end of this millennium but we must not be discouraged. Everything must have a beginning. We have gone beyond the first step. Now we must continue at a quickened pace.

5. To expedite the attainment of our goal we must set new standards and make quantum leaps -- in terms of all the key institutions of our country, in terms of our economic culture, adjustments and innovations. Above all we must understand our goal and the road towards it. We, here, means all of us - the government, the private sector, workers, management and all the institutions which are directly or indirectly involved in the development of this nation.

6. This national aspiration must be shared by all, at every level. It is not a grandiose dream that we are targetting at. It is an achievable vision, provided of course that we all pull together.

7. The Government has already espoused the Malaysia Incorporated concept, a concept that is based on a partnership between the Government and the private sector, a concept of a nation as a giant corporation in which the public and private sectors are together tasked with ensuring its success and are entitled to share the benefits. Despite initial scepticism, the idea has caught on. Today government officers are more helpful towards the private sector and they are constantly improving their service through innovative ways. Gone are the days when the success or otherwise of the private sector are no concern of government officers. They now accept and appreciate that the private sector does not only make profits for itself but contribute towards economic growth and therefore towards the betterment of all, including themselves. The private sector which welcomed the concept of Malaysia Incorporated must not only expect better service from the Government but must also contribute towards its realisation. They must make it easier for the Government to serve them by understanding the regulatory role of government and its concern for social and economic justice for all.

8. Let us all be perfectly clear. By no means can it be argued that all collaboration between the public and private sectors is justifiable or necessary. There is cooperation that is productive; and there is collaboration that is unproductive. Collaboration that results in negative social consequences, in frustrating the achievement of national values and aspirations, must be fought against.

9. In many areas there must be more than an arms-length relationship. On many issues there must be productive regulation. What is good for the business sector may not always be good for the people as a whole. But in many areas we do need to work closer. This Council is one of the mechanisms intended to contribute further to this relationship.

10. No doubt many of you are already on a host of councils but the Government regards the establishment of this Council as an important step to bring the public and private sectors together at the highest level to discuss issues of mutual interest to the nation. It is a small Council -- consisting of ten Ministers, eight leaders from the public service and forty-four leaders from the private sector. It is small because this is essential in order that we can discuss in an atmosphere of candour and intimacy. Your membership is a responsibility to this country and to the people.

11. This Council shall have four primary objectives:
First, to facilitate a free flow of information and ideas between the public and private sectors;
Second, to address problems pertaining to industrial and commercial development and to remove impediments to economic growth;
Third, to create better understanding and to enhance the relationship between the public and private sectors, and

Fourth, to identify and promote areas of cooperation and collaboration between the public and private sectors.

12. In order to fulfill these objectives, the terms of reference of the Council will be as follows:

First, to examine domestic and international business and economic developments central to Malaysia's aspirations;

Second, to discuss current and emerging issues and problems;

Third, to examine and provide practical options and strategies;

Fourth, to provide feedback on policy issues and developments with regard to industrialisation;

Fifth, to remove misunderstandings and barriers to productive cooperation between the public and private sectors, and

Sixth, to generate consensus on national economic directions and strategies.

13. As a Council member, I shall speak frankly. As Council members, I expect you to speak frankly too. There can be no in-depth examination or discussion if there is not this commitment to candour. We cannot remove misunderstanding and roadblocks to productive cooperation if we fail to communicate clearly. If practical options and strategies are to come forth there must be a free and frank exchange of information and ideas. I hope every Council member will speak and listen intently, with an open heart and an open mind.

14. It is important that you give priority to meetings of the Council. In order to ensure the necessary administrative back-up the Government has set up a Centre for Economic Research and Services to be located at ISIS Malaysia, with adequate staffing. This centre will be responsible for research, secretarial, organisational and administrative services for the Malaysian Business Council. The Government has allocated an annual sum for the operational costs of the Malaysian Business Council Centre. There is no compulsion on the private sector as a whole to make financial contributions to the Council and its work. But provision has been made for all private sector donations to the Council to be tax exempted.

Ladies and gentlemen,

15. At this juncture I think it is appropriate if I do a quick review of the current economic scene at home and worldwide. Since the recession years of 85-86 we have recovered strongly to achieve record rates of growth. We have become highly industrialised and we now export more manufactured goods than primary commodities. Where before growth was based on expansionary public expenditure, now most of the economic growth is due to private sector activities.

16. Our growth is still largely based on exports and export related activities. Our domestic market is still too small

to become an engine of growth. Per capita income is one-fifth of that of developed countries. Accordingly what happens to the world economy and to free trade is crucial for us.

17. Despite the Gulf war, Malaysia as a net oil exporter is able to balance somewhat the effect on oil supply and oil prices. But we are not totally insulated. Already we are feeling the effects of reduced air travel, diversion of ships for war purposes, increase in transportation and insurance costs, reduced economic growth and possible recession among our principal trading partners. Our exports to the warring states in the Gulf have been reduced due to war risks, logistical problems and inaccessability. The predicted rise in oil prices has not materialised. Indeed the prospects are for a glut both during and after the war.

18. Clearly Malaysia is not going to achieve the growth rates of the three previous years, if we sit back and do nothing. The Government has done a comprehensive study of the effects and possible effects of the Gulf War on us. If we are to ensure minimum harm to our economy due to the war, we must make adjustments and we must act. We must be prepared to move away from the beaten path. We must be prepared to take risks, reasonable risks.

19. The Government is ready to make these adjustments. It is ready to listen, accommodate and support the private sector. I hope that this Council will be able play a leading role in the difficult times ahead. God Willing, together we can overcome.

20. The success of this Council will depend on the sense of commitment and responsibility of the Council members. I would like to thank all Council members who have consented to serve on the Council. Through your wisdom and experience, and the contributions of other sectors of our society, I am confident we can work together to formulate clear national directions and goals. I look forward to working with you in the days ahead.

21. It gives me great pleasure to formally launch the Malaysian Business Council.