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SPEECH BY THE PRIME MINISTER
THE HONOURABLE/DATO SERI DR MAHATHIR BIN MOHAMAD
AT THE LAUNCHING OF THE BUSINESS ETHICS SEMINAR
AT AWANA, GENTING HIGHLANDS
ON TUESDAY, 27 APRIL 1993 ←
AT 9.15 A.M.

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Allow me first to congratulate the Harvard Club for organising this seminar on Business Ethics, a topic that is not only relevant but most appropriate given the rise in commercial and corporate crimes everywhere, including in our country. I also wish to thank the organisers for inviting me to address and to officiate this seminar on a subject that I have always regarded as crucial to the well-being of our society.

2. Though we are not a culturally homogenous society, our religious beliefs, history and experience all teach us that fundamental values like honesty, loyalty, integrity, fairplay and justice are vital in bringing about a stable and progressive social order. Malaysians must appreciate that the strength of any society lies in its ability to weave its moral and ethical standards into its cultural fabric and to make them the bases of both its economic and social struggles.

3. We exist in a world governed by the free market system where frequently the short term and personalised economic interests tend to obscure the long term socio-economic interests and good of the community. In the pursuit of professional and economic goals, an individual will often be confronted by moral and ethical dilemmas. Some of us, based on family upbringing, religious beliefs and education may be conscious of the need to evaluate the rights and wrongs of particular situations. Some may be so blinded by the rewards presented that they become quite unable to distinguish the

presented that they become quite unable to distinguish the good from the bad. Excuses can always be conjured up and justification made in order that the moral and ethical values are relegated to the background. The first time is usually the most difficult. But once moral scruples are overcome, forgetting all the good values become easier after.

4. It must be recognised that moral and ethical dilemmas are not confined to economic activities. They pose problems and lurk in almost every facet of human activities, in economics, politics, social activities, in sports and even in the education fields. As a result every society has found it desirable and necessary to either codify certain areas of human conduct in the form of written laws or have norms as well as written and unwritten customs so as to regulate the behaviour of its members. Each society differs in its interpretation of some of the finer points of moral and ethical standards. However, the fundamentals of morality and ethics are universal in nature and they are generally accepted as having the same good effects on society irrespective of the differences in ethnicity, culture and religion.

5. In the face of negative influences, pressures and the dilemmas in human life, high standards and the adherence to the codes of morality and ethics will provide a society with inner strength and intrinsic force.

6. In the increasingly liberal world in which we live, the role of morality and ethics has become even more important. This is so because liberalism reduces the rigidity of rules, customs and laws which in the past regulate our behaviour. Rules and laws are now regarded as incompatible with the exercise of freedom in democratic societies. But without rules and laws there is a danger of society becoming anarchic. While freedom is meant to give a better quality of life, anarchy will not only negate this but will actually adversely affect the quality of life that we seek. Of what use is

freedom if it merely results in anarchy and the deterioration of the quality of life?

7. Freedom and liberalism will only bring a good life if the society is self-regulating through having and practising a good set of ethics and moral values.

8. De-regulation is of course the by-word now. Because regulations are supposed to inhibit instincts and the freedom to seize opportunities, it is now felt that more and more regulations should be done away with. People should be free to do what they think fit. In business there has been:

- i. Unprecedented and rapid de-regulation and liberalisation of capital markets;
- ii. The internationalisation of banking which permits instant movements of money across national boundaries;
- iii. The rapid development of new financial instruments to support international business transaction and the movements of goods and services; and
- iv. The increasingly rapid pace of securitisation within the region.

9. All this will increase the opportunities for frauds to make increasingly bigger "kills" or to conduct "raids" on the financial market. More and more commercial crimes are being committed by increasingly sophisticated individuals well-versed in the intricacies of the markets and the conduct of business.

10. Because vast sums are involved the temptation to commit this kind of crimes is very great. Even respectable bankers and businessmen cannot be presumed to be beyond such

temptation. While some may be criminally inclined, a great many are led into criminal acts by the opportunities presented. Of course where ethics and moral values of the society concerned are low, the incidences involving the latter are more numerous.

11. The professional criminals often operate as syndicates. Recent intelligence and experience revealed that the operations of these syndicates have even penetrated government agencies, financial institutions and banks. Members of the syndicates have successfully operated fictitious accounts in banks and siphoned off money from banks and other institutions.

12. Counterfeiting has now been developed into an art. The latest and most highly advanced technological instruments and other paraphernalia available are used in clandestine laboratories to counterfeit currencies, travel documents, cheques, credit cards and even share scrips.

13. The fraudulent manoeuvres of these criminals are so "professional" that the unsuspecting victims only realise that they have been defrauded long after huge amounts have been passed or used by the unsuspecting victims and the public.

14. In the Malaysian context, commercial crimes include among others, corporate fraud, insider trading, credit card fraud, and a host of others.

15. Generally, "economic crimes" which cover business and commercial crime and all fraudulent operations conducted to the detriment of individuals or society, seriously affect the economy of many countries. Given this potentially crippling effects on society, it is crucial that steps be taken to ensure that such criminals are brought to justice as quickly as possible. Towards this end, it is very important that

society upholds high moral values and ethics and do not accept that in a modern society such values are outdated and that if a member of society finds the opportunity he should take it for if not others will take it.

16. I would like to state here that although the size of commercial crime in terms of number of cases is small, the cost in terms of dollars and cents and the socio-economic costs can be extremely damaging. Lapses of good moral and ethical practice in business must not therefore be regarded as normal or not serious.

17. The other side of the coin is the need to educate the public, i.e. the need to ensure that values and ethics are properly instilled in our society so that Malaysians as individuals and as members of society have a strong sense of morality and can distinguish what is right from what is wrong and to reject unequivocally what is wrong.

18. There is nothing like high moral and ethical standards to check crimes in any society. Invariably when moral and ethical standards are low, not only will crimes spread but the capacity of such a society to succeed and to prosper will also be very limited. Sooner rather than later such a society will destroy itself.

19. Our efforts to instil and inculcate business ethics should be continuous and relentless. The concern for the common good and the pursuit of high moral and ethical standards must continuously be pursued. In this context, it should not be just the formal training agencies which should be nurturing and inculcating good moral beliefs and ethical values. The family, the schools, the industries and the professional bodies should all be involved at all times. Their mobilisation and commitment is not only necessary but vital to achieving our vision for a developed Malaysia.

20. We play different roles as leaders, parents, teachers and corporate members. Let us seriously apply ourselves to the task of inculcating good values and ethics wherever and whenever we can.

21. I hope this seminar will help put things in the right perspective and consciously set out the steps necessary for the development of a morally and ethically correct and good society.

Prime Minister's Office
Kuala Lumpur
