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(PRIME MINISTER)

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INTEGRITY MEDAL AWARDS CEREMONY

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TIME:

I wish to thank the President, Tunku Abdul Aziz, and Members of Transparency International Malaysia for their kind invitation to my wife and I to take part in this Celebration of Integrity in National Life.

2. The posthumous Transparency International Malaysia National Integrity Medal awards are posthumously conferred on Yang Amat Berbahagia Tun Dr. Ismail Abdul Rahman, Tun Tan Siew Sin and Tun Ismail Mohamad Ali, and I am privileged to present them this evening to the representatives of their families. The awards were instituted, I am told, some four years ago to honour Malaysian men and women who, in the course of their public duties, have demonstrated their capacity and determination to confront corruption decisively by upholding the principles of integrity, honesty and accountability. I cannot think of anything more fitting than this initiative by Transparency International Malaysia to remember and honour Malaysian men and women of undisputed integrity.

3. I have often enough stressed the importance of good values to be believed in and practised by individuals and by the community in order to achieve a peaceful, progressive and successful society. And integrity is certainly one of these honourable values.

4. The personal virtues and qualities, as exemplified by the three Tuns, which we so much admire, are even more relevant today than ever before as we struggle to strike a balance between material progress and spiritual development. Both are necessary ingredients in the process of nation building. We have seen a steady deterioration and erosion of ethical standards of behaviour in both the public as well as the business sectors, with predictable consequences for sustainable human development, not only here in Malaysia, but unfortunately in many of the countries we look up to.

5. These are therefore universal concerns, and let me quickly assure you that while we have ethical problems at our own doorstep, we did not invent corruption, and

we are not an incubator that has bred some of the scams in corporate life that we have seen in many of the developed countries, countries that have at one time or another assumed the moral high ground to harangue and lecture us on good corporate governance even as they were busying themselves developing incentives for their companies to bribe foreign public officials in their quest for contracts or sales. Many of these OECD countries went so far as to offer tax breaks for bribery committed outside of their own borders. Thanks to the persistence of Transparency International in denouncing this blatantly shameless example of unmitigated cynicism, this ethically unacceptable practice has at least been officially condemned, though unofficially it continues. This is testified by the frequent exposures of this practice that we read about.

6. I am all for taking lessons from anywhere in the world, but I draw the line when the preacher falls lamentably short of the code of conduct he sets for others in his sermon from the pulpit. That having said, we must develop our own high standards in our business transactions that go beyond mere statutory compliance. We must ensure that we stay ahead of the game as far as ethical governance is concerned because anything short of the best is simply not good enough. We have to compare our public behaviour with the world's best, and in today's terms, according to Transparency International's Corruption Perceptions Index, it is Finland, the country that year in and year out tops the list of the least corrupt and most ethical country of those listed in their international index. I know we have some way to go, but given the level of public support that the Anti-Corruption Agency now enjoys, and the wide-ranging anti-corruption measures now firmly in place, we can get to be among the highest ranking countries. We have to, because this country produces goods for the world and corruption adds to the cost and renders us uncompetitive.

7. Our concern today is that in allowing ourselves to be distracted and consumed by material rewards, or, calling a spade a spade, greed, we tend to abandon our personal values, values that can make a world of difference to the way we order our lives. I have absolutely no doubt at all that our future as a viable, modern, and balanced nation will depend not only on how quickly we learn to master cutting edge technological innovations, but also, and perhaps even more important, how prepared we are as individuals and as a community to recognise the importance of what Transparency International calls a national integrity system. It is through mutually reinforcing institutions, ethical standards, legal regulation, and other measures that standards can be raised and corruption reduced in the public sector agencies. All this should be possible

within our democratic framework. Let us not forget though that it takes two for corruption to be consummated, the giver and the receiver. The business sector is as culpable as the public sector.

8. Let me now turn to a consideration of corruption as an impediment and obstacle to sustainable development. Corruption obviously is a cost, an unnecessary and an unproductive cost. Worse still, it has a way of escalating, and so continuously reducing the competitiveness of a country, something that is terribly important for Malaysia whose trade is twice the size of its GDP. We just cannot afford the additional cost.

9. Unless we fight corruption now, we run the risk of corruption becoming endemic.

10. Corruption goes through two distinct stages. In the first stage the society regards it as wrong, a crime and a shameful act. At this stage the corrupt, both the giver and the receiver, would not openly practise corruption. There will be signs and indications of a lack of integrity but corrupt practices will not be blatant. The money is passed under the table almost literally.

11. It would still be possible to manage and to reduce corruption at this stage. It would certainly be possible to investigate, arrest and charge those suspected of corruption, and so deter others.

12. But unchecked, corruption will move on to the second stage, when it becomes a way of life for the society. Everyone pays bribe to everyone else and there is no need to hide. The bribe is passed over the table, not under. Nothing is done without bribes being paid. And the recipient will pay also when he has a need for any service.

13. At this stage corruption cannot be reversed. Even the anti- corruption agency will accept bribes for looking the other way. The police, the courts will do the same. Anyone, any leader trying to put a stop to this culture of corruption will find everyone including his closest colleagues and family against him. He will have to expose his best friends, members of his family and everyone if he wants to restore integrity. It will take a giant of a man to try and he would probably fail.

14. If corrupt practices are to be stopped it must never be allowed to go to the over the table, can be arranged, second stage.

15. Fortunately Malaysia has not reached that stage.

It is still possible to arrest and prosecute corrupt officers and their corrupters in Malaysia. Indeed every year we see quite a few being prosecuted and many had departmental action taken against them.

16. In the final analysis it is the public which determines whether corruption becomes a culture or not. Many believe that the big fish must be got at but the minnows are not important. But the culture of corruption begins with the minnows. They don't stay minnows forever. Some will get to high places since their early small-time indiscretions receive no attention. Besides, when corruption is tolerated among the minnows, the big fish gets encouraged and society as a whole would accept the practice. It becomes a culture and the culture of a people is the most difficult thing to change.

17. We can have laws of course. But we must have noticed that despite the laws, including punishments such as the death penalty, crimes continue to be committed. Those who do not commit crimes are not really deterred by the laws and the punishments. They avoid crimes, just as they don't take drugs because they believe it is wrong to do so. In other words, it is self-discipline and adherence to good values which prevent them from doing what is wrong and only incidentally because of laws and punishments.

18. Illegal gratification is attractive because of the obvious immediate personal gains. It is difficult to convince the corrupt that he will lose even if he is not caught. But in the long run he will have to pay up. A country where corruption is a way of life will never be able to develop, no matter how rich it may be. And a country which remains poor cannot possibly give a good life to the corrupt. He too will have to expend his corruptly obtained wealth on corruption. In the end his gains would amount to nothing compared to his colleagues in cleaner countries. And life in general would not be good for him, having to pay his way through for things that he should be getting free.

19. Historically the Malay states were not able to progress because of corruption. The taxes collected mostly never reached the royal treasury. Along the way much of the taxes went into the pockets of officials high and low. When a Chinese businessman offered a fixed sum much larger than the tax collectors were able to collect if he was given a monopoly of tax collection, the royal treasurer immediately agreed. And sure enough the enterprising Chinese was not only able to deliver on his undertaking but he made very handsome profits for himself. And as a result he was also given the opium monopoly, a very lucrative concession indeed. And so the corrupt officials lost

everything.

20. The British colonial administration terminated this concession, collecting the taxes themselves more efficiently and taking over the opium monopoly as well. The latter was the most important source of revenue for the British administration in the Malay states.

21. The British also offered Malay Rulers political pensions, which in fact were bribes to make them hand over the administration of their states to the British, a virtual colonisation despite the charade of the so-called protectorate status of the Malay States. It took a long time before the sovereignty of the Malay states was restored.

22. This is a very interesting case history about how the Malay states were colonised through bribery. Clearly a country can be completely lost through bribery and corruption. And Sir Harold Mc Michael continued the tradition of offering bribes to the Malay Rulers, when he offered to recognise the rulers and give them their pensions and privileges if they signed the Mc Michael treaties handing over their birthrights. Fortunately offers of position to the leaders of the newly emerged Malay political party and 5 million Ringgit to set up RIDA, the Rural Industrial Development Authority did not result in these leaders giving up their quest for independence.

23. Malaysians, and the Malays in particular should therefore know the dangers of corruption and bribery and should avoid it like poison. Unfortunately, there are many Malays and Malaysians who see corruption as an easy way to get rich quick. If they are not careful they might lose their nation to the most persuasive corrupters.

24. Rejection of corruption must therefore be instilled in the minds of all Malaysians early and all the time particularly among the young. They should learn from their history and they should be constantly reminded of how they lost their independence and very nearly lost their country completely when the Mc Michael treaties were signed. Next time the exit may not be so easy.

25. Corruption cannot be fought through laws and punishment alone. The most effective weapon against corruption is discipline and good values. Equip the people with this culture and three-quarters of the battle would be won.

26. It is because integrity is so important in the life of the individual and the nation that all should support Transparency International. May I congratulate

the families and relatives of the posthumous winners of the National Integrity awards and may the winners be the models for all of us.