

**SPEECH BY TUN DR MAHATHIR BIN MOHAMAD AT WORLD CONFERENCE ON  
GLOBAL INNOVATION AT DEWAN TUN HUSSEIN, PWTC ON 27 MARCH 2013**

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**“STRENGTH IN INNOVATION – HOW TO SAY COMPETITIVE IN FAST DEVELOPING  
WORLD WIKIPEDIA”**

Distinguished guests;  
Ladies and gentlemen,

1. Innovation is the development of new values through solutions that meet requirements
2. Innovation differs from invention in that innovation refers to the use of a better and as a result novel idea or method
3. We talked loosely about innovation confusing it with invention etc
4. Innovation is about devising and applying of a better way of doing whatever is being done
5. We often say there is no need to reinvent the wheel it has already been invented and it is there but there has been continuous innovation to the wheel that today it bears almost no resemblance to the first wheel invented, which by the way was a wooden disk with a hole in the middle for the shaft
6. The wheel itself is an innovation from the round logs used by early men to roll heavy objects such as big rocks instead of dragging them on the ground
7. The wheel may have been invented already but the need for greater efficiency has led to the rubber tyres, the springs and the shock absorbers with each new innovation the performance of the wheel has been greatly enhanced
8. Today innovative ideas are being introduced to almost anything we use or do so as to improve performance the initial idea remains the same but the new ideas introduced result in continuously improved performance
9. Perhaps it is worthwhile to note innovations in the ideologies and systems of the government once people lived as communities there arose a need to reduce conflicts between the members which may destroy the community
10. The first government was based on power being accorded the strongest man in the community this evolved into the absolute monarchical system which often led to the establishment of a dynasty
11. Abuses of power by the monarch led to its rejection and to the concept of republicanism, to rule by the people for the people but this was not really possible a party system was introduced with ideologies such as socialism and communism we are still seeing innovations in the systems of government so as to benefit the people who are being ruled\*
12. For a country's administration the structure and the methods have become common\* the primary role of government is to provide laws and ensure security for the people\* but over

the decades and centuries new roles have been added so that government is involved more and more in the well-being of the people\* these constitutes innovations because of the belief that they will render governance more effective and beneficial to the people\*

13. Governments had to provide laws for doing business, laws for the construction of buildings, laws for vehicles and usage of public roads etc\* more new laws keep on being devised so as to govern almost every activity involving the people\*

14. Laws have to be enforced and new authorities have to be created\*

15. All these require funds and some new taxes have to be introduced to increase government revenue\*

16. Then it was decided that utilities should be provided by government\* to finance these more taxes had to be introduced as well as fees of all kinds\*

17. Because tax collection was not easy, many of the taxes were abolished and replaced with taxes on incomes and corporate tax\*

18. To cut a long story short the ultimate innovation resulted in the government taking over all commercial activities so that it will get 100% of the profit\* in addition the workers should all be given equal pay\* this was the communist idea\*

19. Looking back now the innovations were not very well thought out\* upon nationalisation the workers demanded to be paid more which results increasing cost and reducing profits\* on the other hand as there would be no rich people, the higher-priced products have no buyers, thus reducing the profits further\* instead of increasing the income of the government by getting 100% of the profit, government income actually decreased\*

20. On the other hand when the private sector was allowed to carry on, government revenue actually increased even though the tax was lower\* workers also got better pay and enjoy higher living standards\*

21. Nationalisation was an innovation but it did not result in the improvements in the role of the government and the well-being of the people\*

22. Malaysia rejected socialism but adopted some socialistic ideas such as the 5 year plans, subsidised education, nationalisation of the petroleum industry etc\* this idea of mixing socialist and free-market systems is innovative\* but we went on to innovate further\*

23. At a time when newly independent countries rejected foreign participation in their economies, Malaysia encouraged foreign participation in its economy with incentives, setting up industrial parks and giving tax holidays\*

24. Finding itself unable to finance needed infrastructures, malaysia decided to privatise and to allow fees to be collected by the private entities\*

25. Then malaysia adopted a business friendly policy through the malaysia incorporated concept\* the idea behind this was to speed up the growth of businesses and to help them become more profitable\*

26. Both privatisation and the malaysia inc\* concept represent innovations in terms of governance\* the objective was to grow the economy faster and further\* this increased wealth of the country contributes towards increases in the taxes collected by the government\* new infrastructural needs of the people could then be met\* these are reflected in high gdp and per capita income growth\*

27. An even more innovative idea was the abolition of import duty on most luxury goods\* before this malaysians used to go to singapore to purchase these goods as singapore was tax-free\* it was difficult to collect taxes on personal items imported by individuals\*

28. When the tax was abolished, tax-free shops sprouted in malaysia and did very well, getting customers not only from within the country but also from foreign tourists\* malaysia became a shopping center\* the tax-free shops made good profits and paid corporate and income taxes far more than the import duties previously collected\*

29. In the governance of this country, many innovations were introduced\* there is no doubt they helped increase the speed of growth of malaysia\*

30. But innovations were also taking place in technology which presented opportunities for innovative applications\* the internet made enormous quantities of information available to everyone\* the problem was sieving through this information in order to get the desired and relevant one\* learning computer languages in order to do this deterred internet users\*

31. Then came the search engines- yahoo and google came up with even more easy search engines\* more information were fed into the internet\* merely by writing the key words, information on them can be accessed\*

32. More and more innovation are being introduced to make search easier\* information are classified and categorised so as to be easily accessed\* literally the whole library of congress and more are at the finger tips of everyone\*

33. All these make all kinds of innovation in the access and use of information possible\* systems can be developed and programmes made so as to perform functions which were once tedious and problematic or even impossible\* innovations in software design keep on being developed so as to increase the usefulness of the computer\*

34. As with governance and administration, the management of business can benefit from innovation\* we know generally the structure of business management\* can the structure be

improved so as to enable decisions to be made faster, so as to enable managers to know enough about the subject in order to decide if the proposals are good or bad, feasible or not\*

35. The Japanese reduced cost considerably by their JIT (just in time) programme\* parts or components are manufactured and delivered just in time for them to be used\* imagine the savings on cost\* no storage and storage space would be needed\* time means money to business\* each part produced but not used immediately means the money which goes into the production will not be earning money\* it is like keeping a passenger aircraft on the ground\* the aircraft only earns money when it is flying and carrying passengers to somewhere\*

36. Then there is "kaizen" another Japanese management innovation\* as production is taking place, the process is studied to find ways to speed up, or to shorten the process or to improve the products or to detect faults to ensure perfection of whatever is being produced\* even if improvements are made, the study continues so as to upgrade the products, speed their production and reduce cost\* kaizen never stops\*

37. The greatest innovation in industry is Ford's mass production method\* producing something in large quantities can be done by division of labour so that each worker on the line does only one or two simple works as the product moves on to the next worker\*

38. Later the simple repetitive work was positioned so that the work can be automated\* then robots were introduced to do repetitive complex procedures\*

39. Today microchips can be programmed so as to get the robot to perform quite complicated work\* eventually all the work required for the production of a particular product were fully automated so that a factory can actually be completely unattended\* it can even check to ensure the parts are right and to self-correct\*

40. Automation requires programming\* new programming skills are required and these lend themselves to innovation of all kinds\* for these there must be understanding of electronics\* today cars are electronically programmed so as to prevent crashes even\* the innovators study the whole process of starting and driving to see if the vehicle can be improved and interact with the driver so as to make driving safer, smoother and more comfortable; to detect failures of any part of the car, to remind the driver when lubrication oil needs to be changed or tyre inflated\*

41. Truly the microchip has enabled all kinds of innovations to be introduced for practically anything mechanical, electrical or electronic\*

42. Then sensors are introduced which detect the condition of numerous parts\* sensors which detect the motion or movement of a platform in the sea can turn on or off the thrusters so that they keep the platform fixed in one place even though currents and waves tend to move the platform from its desired position or location\*

43. Once programming is mastered there can be all kinds of innovation in its application\*

44. There are many more areas which lend themselves to innovations so that better results for whatever are achieved\* there is no limit to innovations\* just about anything can be made to yield better results or perform better through innovation\* obviously the human mind when equipped with knowledge would enable it to keep on innovating so as to improve performance and stay competitive even as the world develops at a rapid rate\* the development itself can be studied to find out if the pace can be accelerated through innovation\* obviously those people who are not encumbered by the straight jacket of orthodoxy will be able to innovate to stay ahead of the competition all the time\*

Thank you\*

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