

APEC CEO SUMMIT - INCLUSION IN THE AGE OF DISRUPTION: CHARTING A COMMON FUTURE

By : YAB. TUN DR. MAHATHIR BIN MOHAMAD, PERDANA MENTERI MALAYSIA

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Ladies and Gentlemen,

Good morning. First and foremost I would like to congratulate Mr Prime Minister Peter O'Neill and the people of Papua New Guinea for successfully hosting this year's APEC summit.

I would also like to take this opportunity to extend my personal gratitude to the Prime Minister and the people of Papua New Guinea for being such a good host. To my mind, no matter how efficient the hosts are, clockwork precision does not make the heart fonder. It is the warmth and those flashes of smiles that linger with the guests which I felt and saw here in Port Moresby which really tell how we feel.

Just two days short of 20 years (on 15th November 1998), Malaysia hosted the APEC business summit in Kuala Lumpur and I delivered a speech entitled "Restoring Confidence, Regenerating Growth, Managing Globalisation Better."

It was at a time when Malaysia, along with other countries in the region, was under a tremendous threat of being bankrupted, diminished and economically paralysed. In what is now popularly known as the Asian Financial Crisis (AFC), some of the East Asian nations, which prior to the crisis were dubbed Asian tigers, were thrown into utter disarray by currency speculators.

Years of hard work and progress evaporated overnight. Our economy regressed by decades even. We suffered. In a neighbouring country, nearly 40 million people lost their jobs.

Though we described them as rogue speculators, they were actually legitimate, a creature of a system which all the nations had embraced readily so that we become part of the global community.

But we were punished, whether by chance or design, while the currency speculators were laughing all the way to the banks.

Multilateral organisations provided some medicine to our weakening economy, but instead of making the economy healthier, it made us sicker. Their policies made it worse.

We decided to do it our way. We recovered much faster than those who had prescribed the conventional remedy they were advised to follow.

The rest is of course history.

Ladies and Gentlemen

The point is that, developing nations, in an effort to catch up with the leading or developed nations sometimes, if not always, end up losing and sometimes even worse than before they started. Many times, it is not because of our own doings.

But we soldiered on, some falling on the wayside; pick ourselves up only to face new challenges that are generally churned up by others.

Yes, some of us are still at it, trying to figure out what went wrong with our previous models in trade, economy, governance and political system and today we have to deal with what seems to be inevitable – the age of disruption, in particular of technological disruptions.

It is not a new phenomenon. In 19th century England, the usage of technology in the textile industry led to the machine-smashing and other forms of violence instigated by the Luddite movement.

But today, the age of disruption or simply disruption seems to be accepted, as the “catchall phrase for transformative change.” More to that, in the age of disruption we are expected to adjust our strategies and practices so as to be able to deal with the radical change.

It is not a new phenomenon, as I pointed out earlier. It is around us, be it digitalisation, robotics, artificial intelligence, big data analytics, advancement of automation and the advent of other new technologies that bring about sweeping changes in our lives and the way we do business.

In Malaysia, like in many other countries, is already being reminded of the effects of disruptive technology. The displacement of taxi-drivers to e-hailing taxi apps resulted in protests and demonstrations. Hoteliers complained of losing their clientele to home-sharing platform. Brick and mortar companies complained of losing clientele to online retailers. These scenes are repeated in other countries, of those who losses out to new technology player.

The common theme in the three examples above is the strategy of increasing market share, through low cost operations and productive manpower. This strategy would be unusual two decades ago in the age before internet and when physical human involvements at all levels of business were necessary.

We can expect more disruptions ahead when we become more automated, with unskilled and even skilled workers becoming less and less relevant.

If unattended, it will cause employment crisis and upheavals.

That brings us to the title of this forum today – “Inclusion in the Age of Disruption: Charting a Common Future.”

The challenge is how to ensure no one is left behind in the age of disruption. Some will be slow on the uptake but others will be faster. But once we understand the pace will certainly increase. Still we must be careful that the disruption will not widen inequality. And inequality is bad for growth, and bad for social stability.

However, technology itself would not widen the income gap. Bad policies will. We must learn from the experience of others about good and bad policies, so we can avoid the bad ones.

The disruptions are not limited in the technological spheres, but also in politics and economics. Some of these are within our control.

The benefits of free and fair trade and economic integration have been ruptured, exemplified by Brexit and trade war between major economies. The trade war between the US and China has amplified further the disruptions to our trade and commerce.

How then government can respond to these new norms?

First, the policy must ensure that technology is accessible, and affordable to its citizen. Affordability and accessibility are key drivers in the widespread adoption of new technology.

But the biggest challenge facing any country is to ensure that technology does not widen inequality. For this, understanding of the technological base is important. Education is the answer especially knowledge of Artificial Intelligence and its application.

This education cannot wait. It must be promoted now.

History has shown that nations which respond quickly to disruption with systematic and coherent strategies for its citizenry had always been able to ride the wave of radical changes.

Again, in Malaysia, we have introduced several schemes and programmes to face the disruption and Industry 4.0. These programmes include re-training, new educational approaches, research and more scholarships for professional and post-graduate studies, as well numerous programmes that provide our youths with the latest the technology can offer.

We are in the midst of studying the possibility of introducing latest technology modules in the curriculum. The children must be exposed to latest skills sets from a very young age. They can cope with new technologies better than old people.

Second, the policy must also take care of the 'losers'. For instance, those brick and mortar shops, taxi drivers, small hotels, and displaced workers who are losing to disruptive technologies must not lose out entirely. The policy must encourage them to be retrained and re-hired.

Third, there is a need to build capacity, especially in developing countries, to face the disruption. Investment in infrastructures such as in 5G can be facilitated by multilateral organisations. Every country must invest in advanced technologies.

Fourth, there must be a cooperation at the international level on how best to manage technological disruptions.

Are we to assume that the age of disruption that demands adjustments and sweeping changes so as to deal with the radical changes brought about by technological advancement also includes the need for us to re-evaluate trade globalisation and economic integrations?

The debate on data localisation, intellectual property rights, and other related matters will continue, but the philosophy of finding a mutual agreement is that it must benefit national government, and not just big multinational corporations or advanced economies.

There needs to be collaboration at the global level to ensure that everyone benefits from technological advancement. To a certain degree, the very process of building our capacity opens up opportunities for inclusiveness, especially in trade.

Conclusion

We have gone too far in free trade and economic integration to let them go under in this age of disruption. What we need to do is to adjust to it and from there build new partnerships and agreements to suit the changes.

What is worrying is not the strategy but the speed it is required to be implemented in order to be effective. It is a new frontier, mostly still uncharted. APEC too will have to deal with this disruption, failing which it too will become irrelevant.

It is time that member countries of APEC and other trade organisations realise that in the age of disruption, a fairer and more genuine cooperation between the developed and developing nations can help member states to deal with the disruption.

In a speech I delivered in the Malaysian Parliament last month, I mentioned that the government will focus on development that is inclusive and equitable to achieve the goals of a united country. We want to ensure that every citizen in Malaysia enjoys shared prosperity. APEC should also promote the concept of shared prosperity among its member states. I believe in the adage, 'Prosper Thy Neighbour' and not 'Beggar Thy Neighbour'. Everyone gains from the former, while only one side gains from the latter.

Only with this win-win concept among APEC members can we chart a common and an inclusive future in the Age of Disruption.

Thank you.

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