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Title : DINNER FUNCTION OF THE NATIONAL CREDIT MANAGEMENT CONFERENCE

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DISTINGUISHED GUESTS

SPEAKERS AND PARTICIPANTS

MEMBERS OF THE PRESS

LADIES & GENTLEMEN

1. I AM INDEED GLAD TO BE HERE TONIGHT. WISH TO THANK THE MALAYSIAN INSTITUTE OF ACCOUNTANTS (MIA) FOR HAVING INVITED ME TO DELIVER A SHORT SPEECH AT THIS DINNER FUNCTION. AT THE OUTSET, LET ME ASSURE YOU THAT I INTEND TO KEEP MY SPEECH RELATIVELY SHORT SO THAT WE CAN ALL ENJOY THE SUMPTUOUS DINNER THAT IS SURELY AWAITING US.

LESSON FROM THE 90S

2. WE HAVE JUST SEEN OR ARE SEEING THROUGH A TUMULTUOUS DECADE. IN THE SHORT SPAN OF A DECADE, WE SAW THE UPS AND DOWNS, THE RISE AND THE DOWNFALL OF BUSINESSES, RAPID GROWTH OF ECONOMIES THAT LED TO SOME BEING DUBBED AS MIRACLES, AS WELL AS THE EQUALLY QUICK DECLINE, INDEED THE FAILURE OF THE SAME ECONOMIES. WE HAVE BEEN THROUGH SO MUCH IN SUCH A SHORT SPAN OF TIME, THAT IT WOULD BE A PITY IF WE DID NOT PROFIT BY IT. AS WE GO THROUGH EACH EVENT, AFFECTING OR AFFECTED BY IT, WE MUST TAKE TIME TO PONDER, TO REFLECT ON ITS SIGNIFICANCE, AND SEE WHAT LESSONS THERE ARE IN IT FOR US. CERTAINLY THERE ARE MANY LESSONS, FOR WE WENT THROUGH MUCH. NEVER BEFORE IN THE HISTORY OF MANKIND HAVE WE SEEN SO MUCH HAPPENING ALL OVER THE WORLD, HAPPENINGS WHICH IN ITS ISOLATED INSTANCE MAY SEEN TO BE FAR AWAY FROM US, AND THUS HAVING NO

IMPACT ON US. UNFORTUNATELY OR FORTUNATELY, GIVEN THE FACT THAT THE WORLD HAS GROWN BORDERLESS, DISTANCE AND TIME HAVING BEEN BRIDGED BY NEW MODES OF TRAVEL AND NEW COMMUNICATION FACILITIES, EVERYTHING HAPPENING ELSEWHERE DOES AFFECT EVERYBODY. TO CAPSULE THESE CHANGES AND THUS CONCLUDE ON THE LESSONS TO BE DRAWN FROM THEM REQUIRES MUCH MORE TIME THAN WHAT WE HAVE TONIGHT. MORE SO SINCE I AM NOT SURE IF SUCH DISCOURSE WOULD LEAVE US WITHOUT AN APPETITE OR INSTEAD SPUR US TO CONSUME MORE, SINCE THE CYNIC IN US MAY LEAD US TO CONCLUDE THAT NOTHING MATTERS ANYMORE. WHAT I SHALL DO FOR TONITE, GIVEN THE VERY SPECIFIC AUDIENCE THAT WE HAVE, IS TO CONCENTRATE MORE ON THE ECONOMIC LESSONS. BUT EVEN SO, THE DISCIPLINES BEING SO RELATED, IT WOULD NOT BE POSSIBLE TO JUST TALK ON ECONOMICS WITHOUT AT THE SAME TIME ALSO REFERRING TO SOCIAL AND POLITICAL DEVELOPMENTS. EVEN THEN I CAN ONLY CHOOSE TO LIMIT TO SOME ASPECTS OF THE LESSONS, LOOKING AT BOTH THE INTERNATIONAL AS WELL AS THE DOMESTIC IMPLICATIONS.

A UNIPOLAR WORLD

3. THE FIRST EVENT THAT I WOULD LIKE TO HIGHLIGHT IS THE GEO-POLITICAL HEGEMONY THAT ARISES DUE TO THE BREAKUP OF THE ONCE MIGHTY USSR, THE UNIFICATION OF GERMANY, AND THE POSSIBLE RE-UNIFICATION OF KOREA. THE BREAKUP OF THE FEDERATION LEAVES US ONLY WITH THE UNITED STATES, THAT IS FINALLY LEFT UNCHALLENGED AS THE ONLY MAJOR SUPERPOWER ABLE TO POLICE THE WORLD. IF PRIOR TO THIS WE HAD THE SHAKY BALANCE OF MORE THAN ONE SUPER-POWER, WE NOW FIND THAT WE DO NOT HAVE THIS ANY LONGER. THE BREAKDOWN OF THE IRON CURTAIN WHICH LEADS TO THE SEEMING END OF THE COLD WAR, LEADS TO NEW EQUATIONS BEING FORMULATED. OIL AS THE BASIC ENERGY RESOURCE IS STILL A CRITICAL VARIABLE, AND THE MIDDLE EAST IS STILL THE FERMENT OF INSTABILITY. THE STRONG MILITARY AND POLITICAL POSITION OF THE UNITED STATES COUPLED WITH ITS CONTROL OVER THE WORLD MONETARY SYSTEM, HAS ALSO TAUGHT US THAT FOR THE SAKE OF HUMAN CIVILIZATION, WE NEED TO RE-ESTABLISH A MULTIPOLAR WORLD.

GLOBALIZATION AND MARKET LIBERALIZATION

4. THE SECOND MAJOR DEVELOPMENT IS THE ESPOUSAL OF THE CONCEPT OF GLOBALIZATION AND MARKET LIBERALIZATION --- CONCEPTS WHICH WE EARLIER EMBRACED WITHOUT QUESTIONING AS THE CONCEPTS WERE UNDERLINED BY CONSIDERATIONS OF EFFICIENCY. EVEN AS THE WEST DIRECTLY THROUGH THE WTO AND THE URUGUAY ROUNDS AND INDIRECTLY THROUGH VARIOUS OTHER PLATFORMS, TRIED TO CONVINCING US THAT GLOBALIZATION AND MARKET LIBERALIZATION IS THE ONLY POSSIBLE ROUTE, WE VOICED OUR CONCERN THAT GLOBALIZATION AND MARKET LIBERALIZATION CAN ONLY SUCCEED IF THERE WAS A LEVEL-PLAYING FIELD AND AT THE SAME TIME THERE WAS ALSO A CONCRETE PLAN FOR NATIONAL READINESS. WITHOUT SUCH PLANS AND WITHOUT A SINCERE DESIRE BY THE MORE-DEVELOPED NATIONS TO SHARE IN TECHNOLOGY, INTELLECTUAL PROPERTY, AND RESOURCES, GLOBALIZATION AND MARKET LIBERALIZATION BECOMES THE TROJAN HORSE FOR THE TAKEOVER OF OWNERSHIP, CONTROL, AND MANAGEMENT OF BUSINESSES IN THE LESS DEVELOPED COUNTRIES. THE SITUATION IS MORE CRITICAL TODAY AS THE MORE

DEVELOPED COUNTRIES SEEK TO STRENGTHEN ARGUMENTS FOR GLOBALIZATION AND MARKET LIBERALIZATION AS THE SOLUTION TO THE WORLD'S ECONOMIC MALADIES.

5. MORE SO, FOR YOU LADIES AND GENTLEMEN, OPERATING IN AN INDUSTRY THAT WILL BE DIRECTLY AFFECTED BY GLOBALIZATION AND MARKET LIBERALIZATION, ISSUES AND LESSONS ARE VERY REAL. FOR MUCH AS WE EXPRESS OUR RESERVATIONS, IT WOULD APPEAR THAT THE PATHWAY TO GLOBALIZATION AND MARKET LIBERALIZATION IS SOMETHING INEVITABLE. YOU NEED TO SHAPE UP OR BE SHIPPED OUT; YOU NEED TO CHANGE BEFORE OTHERS TELL YOU AND GIVE YOU STEP-BY-STEP INSTRUCTION ON HOW, WHEN AND WHAT TO CHANGE. YOU NEED TO CONSOLIDATE BEFORE OTHERS COME IN AND BUY YOU ALL OUT. THE FINANCIAL INSTITUTIONS HAVE TO REALLY LOOK AT SCALE ECONOMIES, AND FIND ALL WAYS POSSIBLE TO MERGE. IF WE DO NOT MERGE, WE WOULD BE ACQUISITION TARGETS. LET US NOT QUIBBLE TOO MUCH ON THE PRICING --- THINK OF THE LONGER TERM BENEFITS. FOR IF WE FAIL TO CONSOLIDATE AND MERGE SOON, NOT ONLY WOULD WE NOT BECOME WORLD PLAYERS, WE WOULD EVEN BE NON-PLAYERS IN OUR OWN COUNTRY.

FINANCIAL CRISIS

6. THERE ARE MANY LESSONS THAT WE MUST LEARN FROM THE FINANCIAL CRISIS. MUCH AS WE DEBATE ON THE CAUSES OF THE FINANCIAL CRISIS, AT THE MACRO LEVEL, WE COULD SEE HOW FRAGILE OUR ECONOMY WAS, HOW ILL-EQUIPPED WE WERE AT ADDRESSING CHALLENGES POSED BY MONEY TRADERS AND SPECULATORS, AND HOW SUDDENLY, WHATEVER WE LEARNT FROM THE ECONOMICS TEXTBOOKS AND MASTERS, HAVE COME TO NAUGHT. INDEED AS THE LTCM CRISIS SHOWED, EVEN MODELS DEVELOPED BY NOBEL-PRIZE WINNERS FAIL.

7. WE APPEAR TO BE SUDDENLY HELPLESS. WHATEVER WE GAINED OVER THE LAST EIGHT YEARS PRIOR TO THE CRISIS, WE LOST. IT LOOKED THEN AS THOUGH WE HAD NO CONTROL OVER OUR ECONOMIC DESTINY AT ALL, AND THIS AS WE KNOW WOULD INFLUENCE WHETHER WE COULD EVEN CONTROL OUR POLITICAL DESTINY. NEVER WAS OUR ECONOMIC MANAGEMENT SO THREATENED AND TESTED. WE LEARN NOW THAT WE HAVE TO BE STREET-WISE AND THAT, AS IN ANY OTHER GAME IN LIFE, WE MUST BE ABLE TO CONTROL THE FLOW AND THE PACE. AND BETTER STILL, IF WE COULD SET THE RULES. WE REALISE MUCH MORE FROM THE CRISIS WE WENT THROUGH THAT WE NEED TO BE CALM. THE IMF HAD THEIR REMEDIES, BUT AS MADE CLEAR TO US NOW, THE REMEDIES WERE AT SOME COST TO THE RECIPIENT NATIONS. EVEN THE IMF HAD NO ANSWER TO PROBLEMS RAISED BY INCONSIDERATE CAPITAL FLOWS, ORCHESTRATED AS THEY WERE BY UNSCRUPULOUS MONEY TRADERS.

8. THROUGH THE SETTING OF THE FIXED EXCHANGE RATE, WE SHOWED THAT WE UNDERSTOOD OUR PROBLEM BETTER THAN OTHERS DID. WE ALSO SHOWED THAT WE KNOW HOW TO SET EXCHANGE RATE, AS THE LEVEL AT WHICH WE PEGGED THE RINGGIT DID NOT CREATE A BLACK MARKET AS WONT TO HAPPEN WITH

OTHER FIXED EXCHANGE RATE SITUATIONS. WE DID THIS WITHOUT EVEN HAVING TO RESORT TO A CURRENCY BOARD SYSTEM. AS SEPTEMBER APPROACHES, WE ARE NOW IN THE DRIVER SEAT AS WE KEEP THEM GUESSING ON OUR NEXT MOVES. CERTAINLY A FIXED EXCHANGE RATE SYSTEM CANNOT BE FOR EVER BUT NOT TO HAVE USED IT AS AN INSTRUMENT TO FIGHT THE CURRENCY SPECULATORS WAS ALSO TO MISS THE ADVANTAGE IT AFFORDS. WE LEARN NOW, THAT WE NEED TO BE FLEXIBLE AND LOOK TO NON-CONVENTIONAL METHODS TO SOLVE NON-CONVENTIONAL PROBLEMS. WE HAVE SUCCESSFULLY MANAGED TO ISOLATE THE CURRENCY EFFECT, AND NOW WE CAN LOOK AT INTRODUCING FUNDAMENTAL STRUCTURAL REFORMS.

9. THE FINANCIAL CRISIS SHOWED HOW STRUCTURALLY WEAK IS A GROWTH REGIME THAT IS FUNDED BY EXCESSIVE CAPITAL FLOWS AND EXCESSIVE DEBTS. GIVEN THE FREEDOM WITH WHICH CAPITAL MOVES ACROSS BORDERS, THE SWIFTNES WITH WHICH CAPITAL MOVED OUT, LEFT US FLOUNDERING. WE LEARN NOW, THAT WE MUST UNDERSTAND CREDIT RISK BETTER. THE LESSON MORE STARKLY POSED TO US: THAT WHEN WE BORROW, WE MUST PAY, AND WHEN WE BORROW TOO MUCH, WHATEVER WE EARN GOES TO THE FINANCIER.

SOCIAL GOALS AND ECONOMIC GROWTH

10. THE CRISIS WE WENT THROUGH SHOWED US THAT WHATEVER WE GAINED FROM OUR SOCIAL ENGINEERING EFFORTS WERE LOST. THE BUMIPUTERA BUSINESSMEN WHO WE CREATED DURING THE HEYDAY OF THE NEW ECONOMIC POLICY BECAME SECTION 176 CASES, AND THE POOR WHO WE TOOK OUT OF THE POVERTY BRACKET, ARE BACK CLOSE TO WHERE THEY WERE. WE LEARN NOW, MORE THAN EVER, THAT THE GOVERNMENT MUST NEVER ABDICATE ITS SOCIAL ROLES, THAT GOVERNMENT AGENCIES MUST CONTINUE TO EXIST AND BE STAFFED BY PERSONNEL BETTER ABLE TO UNDERSTAND DISTRIBUTIONAL OBJECTIVES AND NOT BE MISGUIDED BY PURE MARKET EFFICIENCY ARGUMENTS. WE KNOW NOW, MORE THAN EVER, THAT WHATEVER WE SAID WE HAVE GAINED DURING THE OPP1 WAS ACTUALLY VERY SMALL. THE BUMIPUTERAS WERE STILL ON THE LOWER SLOPE OF WHAT IS NOW CLEARLY A VERY GRADUAL LEARNING CURVE. THEY WERE STILL LEARNING THE ROPES, AND SUDDENLY THEY FACED THE DOUBLE WHAMMY, THE CURRENCY AND THE FALL IN DEMAND. WE LEARN NOW HOW IMPORTANT IT IS THAT COMPANIES THAT USED TO SERVE AS UMBRELLA COMPANIES MUST CONTINUE TO PLAY THAT ROLE. THE VENDOR AND THE FRANCHISE PROGRAMMES THAT HELPED SO MUCH TO INTRODUCE THE BUMIPUTERAS TO COMMERCE AND INDUSTRY ARE ALSO NOW THE CAUSE FOR THE FAILURE OF THE BUMIPUTERAS

11. AND THIS ALSO MEANS THAT IF THESE COMPANIES ARE IN TROUBLE WE MUST SAVE THEM, SO THAT THEY MAY THEN BE ABLE TO GENERATE THE DEMAND TO SAVE THE SMALLER COMPANIES THAT DEPEND ON THEM FOR THE DEMAND.

HEAD-TO-HEAD COMPETITIVENESS

12. THE USE OF IMPORTED RAW MATERIALS AND TECHNOLOGY MEANT THAT WE LEAVE OURSELVES OPEN TO CURRENCY FLUCTUATIONS AND TO AN OVER DEPENDENCE ON FOREIGN RESEARCH AND DEVELOPMENT WORK. WE LAG BEHIND IN R&D AND THUS ARE NOT ABLE TO IMPROVISE. THE PRIVATE SECTOR MUST DO MORE IN R&D AND IN ENHANCING NATIONAL COMPETITIVENESS. WE LEARN THAT A NATION THAT IS OVERLY DEPENDANT ON FOREIGN TECHNOLOGY WILL FIND INDUSTRIAL DEVELOPMENT TO BE MORE COSTLY.

NEOCOLONIALISM VIA THE NET

13. I MUST NOT LEAVE YOU TONIGHT WITHOUT HIGHLIGHTING A VERY IMPORTANT LESSON OF THIS DECADE --- WHICH IS THE POTENTIAL GLOBALIZATION OF THE CITIZENRY NOT THROUGH ANY CONSCIOUS EFFORTS OF THE GOVERNMENT, BUT BY THE VOLUNTARY ACCESS TO INFORMATION MADE AVAILABLE BY THE NET. THE EASE WITH WHICH INFORMATION FLOWS ACROSS THE SUPERHIGHWAY HAS A MAJOR INFLUENCE ON OUR NATION. WE HAVE BEEN CAUTIONED EARLIER THAT INFORMATION IS VALUE-LOADED AND NOT VALUE-FREE. THESE VALUES IN MOST INSTANCES ARE ALIEN TO OUR CULTURE. AS WE INCREASE THE LEVEL OF COMPUTER LITERACY AND THE AVAILABILITY OF COMPUTERS, THE GREATER WOULD BE THE EXPOSURE TO FOREIGN VALUES. WE WOULD ULTIMATELY DILUTE THE LEARNING PROCESS IN THE SCHOOLS AND POSSIBLY NEGATE THE INFLUENCE OF TEACHERS AND PARENTS, AS CHILDREN REFER MORE TO THE WEB THAN TO TEACHERS OR PARENTS. THE WEB IS A FOREIGN TECHNOLOGY WHICH WE HAVE ADOPTED. THE QUESTIONS ASKED ON THIS SUBJECT ARE WOULD OUR EDUCATION SYSTEM AND OUR TRADITIONAL UPBRINGING BE SOLID ENOUGH TO HELP PROVIDE OUR YOUNG THE STRENGTH TO STAVE OFF THE INFLUENCE SO FREELY AVAILABLE FROM THE WEB.

14. I AM SURE THERE ARE MANY MORE LESSONS, BUT THESE SHOULD SUFFICE FOR TONIGHT. I WISH YOU ALL A SUCCESSFUL CONFERENCE.