

TUN DR. MAHATHIR BIN MOHAMAD, PRIME MINISTER OF MALAYSIA

SPEECH TO THE AMERICAN MALAYSIAN CHAMBER OF COMMERCE (AMCHAM)

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TRANSCRIPT

*Tun Dr. Mahathir's opening remarks focused on the challenges of transitioning from an opposition party to a governing party, and in 'cleaning up' the civil service. The following text is a direct transcription of the Prime Minister's speech.*

I must admit we are not used to it [governing in a coalition]. When I became Prime Minister in 1981, it was so easy, all I had to do was fill in the slots. But now we have to recreate the government and we find the job very difficult because a lot of them have been subverted. Senior officers have been involved in doing something that is wrong, and we cannot continue with them. So we have to change quite a number of people. Although, we have to admit that we cannot send everybody out, otherwise we will have a skeleton for the government. So we have to retain even those people who are suspected of doing something wrong, because we need to work with them. But we hope that we can do a lot of cleaning up, and bring in new younger people to the government, and ensue them with new ideas and new values, so that they will not get involved in the kind of practice that was promoted by the last government. However, we are progressing. Our first job was to tackle the huge debt incurred by the previous government. The debt is more than RM1 trillion, and trying to reduce the amount is a tough job. However, we have cancelled a number of costly projects, so we have been able to reduce a little of the amount of money that was sold by the Malaysian Government. We hope that, in maybe a few months time, we would be able to make a substantial reduction of the money that had been borrowed by the last government.

At the same time, of course, the strange thing is that when we are doing something to improve the financial situation and the economy of the country, the market becomes disturbed. They feel uncomfortable [that] some of the money has flowed out of the country, because of this feeling in the market that something is wrong with the government. Sometimes I think that the market prefers to be told lies about how good we are than to be told the truth that we have to do a lot of cleaning up operations for this country.

But I believe that with your help the market would recover much more quickly. We are, of course, very interested in resuscitating the economy, and that will depend upon investment and trade, and we think that you can be relied upon to bring in more investors to Malaysia. I'd like to say thank you for the amount of investment that has involved American companies, and some 250,000 people have gained employment but we need to have more new investment because we have quite a lot of people who are unemployed including graduates. We need to find jobs for them. But, the people have been very kind to us. Actually, when we

were preparing for the election, if we go by the sentiments of the people, we thought we could win easily. But we expected the government not to give in easily, that they would create some trouble when there is going to be a transition from the previous government to the new government.

We thought that if we win by a very skimpy margin then there will be problems, but unexpectedly, we won with a good majority, which left no room for the previous government to create problems, and there was a relatively smooth transition from the old government to the new government. We are very grateful to that, but it all was due to the strong support by the people, a really very strong support, despite the bribery and the corruption and all that. Still, the people came out to support us strongly. We told them that it's alright to want to receive money, please receive the money and the gifts, but don't vote for them.

Well, the transition has taken place—now it is our job to fulfil our promises, of course. When we were thinking that we would not win, we made strong promises, which today we find it difficult to implement. We said that in 100 days we will achieve 10 different promises, but now we are finding it quite difficult to meet our objectives in 100 days, but still we are doing something about them and we will still deliver on our promises by emitting a little bit more time than 100 days. Still, the people are very strongly supportive of the government, they are tolerant; a lot of people say that we have to give time to this new government, [which is] very considerate of the people, but we are working very hard, day and night to try to rebuild the economy of this country. We don't have very many people with experience, because this is a government of the opposition. For 60 years they have tried to defeat the government, and they have failed, and now they have won, but they have no idea about how a government is run.

It is much easier being outside criticizing other people, but it's not so easy when you are inside and you have to deliver, but we will deliver because it is our intention to do our very best. Now, the policy of the government is that we welcome partnership with the private sector. As you know, we had Malaysia incorporated, in which the government and the private sector work together, as if Malaysia is one big corporation. Both will gain from so doing, but of course, that approach was discarded by the last two prime ministers, and now we are bringing it back. We want to work closely with the private sector, which means, of course, we will be accessible to the private sector. If you have any ideas, any problems, we would like to hear [them], and we would like to take corrective action, that is our promise. And we are quite aware we do not know everything. There are lots of things that are known by the private sector, which we never realized. But now, we want feedback from you and I can assure you that whenever we are criticized or told that we are doing something wrong we will do our best to correct them.

We want the private sector to work closely with the government because we like to see that you make a lot of money. That is because 26 per cent of that money is ours. It is the best business by the government. We don't put up any capital; the profit is shared with us. [If] you have to put up capital, you may lose. That's your

business, but when you make money, it is our business also. And because of that, we find that working with the private sector is a very good thing for any country. We don't want to be antagonistic, to be jealous, of the money that you are making because we know that the private sector will generate the wealth of this country. The government by itself cannot create wealth. Of course, we can print money and, by very soon, the value of the money will go down, but if we are enriched by collecting taxes from a very prosperous community, then we would be better off than if you were just to print money. So that is what we want to do.

We want in particular to encourage foreign direct investment, particularly at this moment for high-tech industries, which needs people to be better trained. We have a lot of graduates who are unemployed today but we will train even more people for the new kinds of industries based on IT and information technology (IT) and the electronics, et cetera. This is something that we have experienced before—the first time it was by the old Chief Minister of Penang Tun Dr. Lim Chong Eu. When he first brought a thought of an electronics industry in Malaysia, we thought that he was a little in off his head, because we didn't have any knowledge, we had no technology, we had no capital, we had no big companies, and we did not know the markets. So we could not go into these industries, but he brought the electronics industries into Penang, and today I think some of our biggest exports are the products of these electronics companies.

We want to expand on that, we know that there are new technologies coming in; it is a matter of thinking how you can make use of the technology and the data that is now easily available to anyone who has some idea about doing business. Some of us, of course, have benefitted from online marketing; that is the way to go, because now, even a villager producing something in the village has the whole world as his market through this online marketing. I know of a lady who makes cakes, and if she tried to sell the cakes through shops, she wouldn't do well, [but] then she decided to go online, and now she has 90,000 customers extending from Malaysia to the Middle East, selling cakes. So you can have access to a very big market, even if you are a small operator. But of course, big operators can have even bigger markets, because today, the world is our market—no longer the village, or the town, or the country, but the whole world is open to us. So Malaysia presents a very good location for people to invest, to supply the needs of the whole world. We have, I think, very good workers, who can deliver products that are of high quality. One of the things I would like to say is that we have a plant that assembles the Mercedes car, and the Mercedes car that is assembled in Malaysia is as good as the Mercedes car that is assembled in Germany. That is why if you buy a Mercedes car in Malaysia, it is a Malaysian-assembled Mercedes car, and the standard demanded by Mercedes, of course, is very very high, and Malaysian workers are able to meet the standards that [are] required for such products.

So we can train our Malaysians to produce good-quality products that is acceptable to the world market. I was saying just now that a lot of people are worried about China, which is a factory of the world, but I had a chat with Mr Jack Ma of Alibaba, and he told me that China now has 300 million middle-class

people. And he says that China cannot meet the demands of these 300 million. They will have to import, and he says that people can invest in Malaysia for export to China. When China was poor, of course, it was not a very good market, but now that it is rich, it is a very good market, and I think we can benefit from that. Of course, we are quarrelling a little bit with the Americans, but I hope that if America wants to export to China, they can export from Malaysia. Made in Malaysia. And if the Chinese wants to export to America, they can produce the products here. We'll put the label "Made in Malaysia." So everything that happens, whether good or bad, presents new opportunities for those who can see through the problems that are faced by them.

I would like to say thank you to AMCHAM, for all this while being very patient; I think you were waiting for us to come and rule this country again, [and] we have done that, so you know you have to compliment that by rising to the challenge of bringing in more businesses into Malaysia, so that the money will be flowing in and not flowing out, as has happened before. We will deal with the problems faced by the country. We will overcome, within, I hope, a short period, and we hope that we will once again be an attractive site for people to invest, and we will be very business-friendly.

I think that is all I have to say, and maybe you have questions for us, and I will try to answer them. Thank you.