

Speech by Prime Minister of Malaysia Y.A.B Dato' Seri Dr. Mahathir Bin Mohanmad

Unity and Integrity - For Global Growth and Prosperity

Firstly, I would like to thank the organisers for this invitation to speak at the Seventh World Chinese Entrepreneurs Convention, here in Bandar Sunway, Selangor, Malaysia. I feel greatly honoured.

There is a common thread that links Malaysia, Thailand, Singapore, Indonesia, Vietnam, Cambodia with China, and that is the presence of the overseas Chinese. Although they largely resist assimilation, they nevertheless identify themselves with the countries they live in. Their presence has never been used as an excuse by China to invade and to colonise, as happens with other countries. Instead, adapting to local conditions, the Chinese have contributed to the development and growth of these countries. But of course the Chinese are not only in Southeast Asia but are in every country in the world. And wherever they may be they have contributed to the wealth creation of these countries. This they do because of their entrepreneurship, their willingness to take risks and their quick appreciation of the needs of the places that they migrate to. They literally see what the locals fail to see, the opportunities which abound. At times they have to pay a high price for their success, including losing their lives and all the wealth that they have accumulated. But this does not deter them, nor does it bring the wrath of China on the countries or communities concerned.

Population pressure, wars between warlords, famines, floods and epidemics were the reasons for Chinese emigration. They came usually as destitutes but were willing to work hard and to be exploited by their own people and the locals in order to escape the poverty and hardships of their own country. In time their labour paid off. Many became rich, controlling vast business empires across the borders of many countries. Hard work, entrepreneurship and a willingness to endure all kinds of privations are the ingredients for overseas Chinese success. In many countries they also gained a lot of influence in the Government.

Malaysia is one of those countries where the Chinese have done very well. It also has one of the highest percentages of Chinese in its population. In doing well for themselves they have also done well for the country. While the Malays provide a good, if not perfect administration the Chinese have provided the entrepreneurship and the business skills to enrich the country. The relationship is symbiotic - both gaining from each other's specialised role. Some would say it is cronyism between the ruling indigenous elites and the Chinese tycoons. Cronyism is a universal phenomenon found in one of degree. In Malaysia for example, the number of Chinese who succeed without knowing government leaders or officers are uncountable. Inevitably the prominent among them are recognised and are known by members of the Government especially when they are generous in charitable work. It is impossible for the rich and the generous to remain in obscurity.

The Seventh World Chinese Entrepreneurs Convention is not about China. Yet it has everything to

do with China. The roots of each member of this convention can be traced to China. The Chinese Diaspora is one of the greatest the world has ever seen. According to the Overseas Chinese Confederation, in May 2002, there were 34 million Chinese residing in 140 countries in the world. A 2002 Fletcher School of Law and Diplomacy study puts the figure at about 60 million. Whatever the figure, it is still a small proportion of the total Chinese population of China, or of the world.

With an estimated wealth of more than US\$1.5 trillion, overseas Chinese constitute what could arguably be called the third-largest economy in the world after the GNPs of the United States and Japan. It is estimated that Asia has the largest overseas Chinese population (28 million). The Americas are second (3.5 million), Europe third (1.6 million), Oceania fourth (571 thousand), and Africa fifth (137 thousand).

Going by the numbers and the wealth that this group is estimated to have generated and is capable of generating, some political observers and economists have opined that the overseas Chinese can hold sway over the global economy. John Kao, a Harvard Professor, has alluded to the eventual emergence of a "Chinese Commonwealth". Books have been written about the "The New Asian Emperors" and the "Offshore Economic Empire". But China itself has never tried to shape the international financial and economic regimes in order to ensure Chinese economic dominance of the world. The overseas Chinese are left very much to themselves to survive and to prosper.

Far from trying for domination in ideology or in restructuring the systems of the world the Overseas Chinese have tried to maintain a low profile. Not being protected by China as a superpower the overseas Chinese have always been sensitive to the question of their political and economic loyalty to the countries where they have settled.

Still their success and their wealth have been the cause of much envy and jealousy on the part of the indigenous people. Off and on there would be outbreaks of violence in which the Chinese residents were the target. But when the violence is over they still mostly opted to stay in the countries of their adoption, to rebuild their businesses and regain their wealth.

Perhaps the overseas Chinese should be more visible in the nation building process of their host country. This will also help correct the long held stereotypical view of the overseas Chinese, biased perhaps by behaviour of earlier waves of "immigrants", who appeared to be more focused on enhancing their wealth than they are on contributing to the socio-economic development of the host country. Whenever possible they should have true partnership with the locals. And the locals for their part must make serious attempts to learn and acquire the business and entrepreneurial skills of the Chinese.

In the past the overseas Chinese were not so insular. In Malaysia they developed a culture that was a unique blend of local culture and their own Chinese culture. The Babas and Nyonyas of Melaka, Singapore and Penang formed a distinct community, still Chinese but obviously not the same as

their Chinese-born ancestors. The Nyonyas, the womenfolk of their community have developed their own food which is well accepted by Malaysians of all races. It is said that these Straits Chinese had lost their business skills somewhat. But how far this is true cannot be determined. Certainly we are not made conscious of the antecedents of the successful Chinese businessmen in Malaysia. They seem to be all Chinese.

In Malaysia we do not expect or try to assimilate the Chinese or the Indians into the indigenous community. Our approach is one of integration. In this we have been quite successful. Racial clashes hardly ever happen in Malaysia, although there could be tensions at times. But there can be no doubt that the Chinese have contributed much towards making what Malaysia is today.

The role of the Overseas Chinese in Southeast Asia is crucial. We have to admit that for one reason or another the indigenous people have not been able to keep up with the evolution of business in the developed world. In East Africa when the Indians were forced to leave the country, the economy was unable to grow or even to be sustained. Perhaps without the Overseas Chinese the economic situation in Southeast Asia would not crumble as happened in East Africa. But it certainly would not be as dynamic as it is now. Undoubtedly the dynamism of the Southeast Asian countries prior to the currency crisis of the late 1990s had lifted everyone up with it. The disparity between the wealth of the overseas Chinese and the indigenous people remains but in Malaysia at least the policies to uplift the indigenous people have resulted in poverty among them being reduced to negligible numbers. At the same time many indigenous people have achieved success in business fields from which they were absent before. Given time the disparity between the indigenous people and the overseas Chinese would diminish.

There are and there will always be charges of cronyism between Government leaders and the successful businessmen, both those of Chinese origins and the indigenous. No amount of denials would convince the great moral warriors. But the truth is that true cronyism happens in the very countries from where the moral warriors come from. The only way to prove to these people that there is no cronyism is to ensure that no one succeeds in business, especially big business in developing countries. Everyone should be poor or at the most making a living as small time individual retailers living from hand to mouth. In that situation the great foreign corporations can move in to indulge in big business and to dominate the economies. The locals whether indigenous or not would be totally dependent on these great foreign banks and corporations for all their needs. Then of course their critics will condemn the Government and the people for being incompetent and incapable of exploiting the potentials of their own countries.

Between being dominated by ethnically different foreigners and getting a share of the wealth generated by local citizens of Chinese origins these countries should prefer the local Chinese. They are at least sensitive to the needs of the indigenous people, are prepared to share the opportunities and the wealth, and are not going to call upon China to force the Government of these countries to

accept systems which would work against the interest of the indigenous people.

Most overseas Chinese have become successful in practically all the countries they have migrated to. Despite being citizens of these countries they have maintained their identity. They have also remained largely loyal to their clan and family links. They therefore form a natural global network which facilitates their doing business worldwide. In today's globalised world and easy communication this network cannot but be very convenient. Together with their links with the emerging economic super power that China has proven to be, the opportunities available to the world's Chinese entrepreneurs are truly limitless.

But being sensitive to local conditions and the need to ensure that a good environment exists for business in these countries, the overseas Chinese must work closely with the indigenous people and help to reduce the economic disparities between them and the locals. It would certainly contribute not only to the fair sharing of the wealth released by Chinese entrepreneurship but it would help prevent the kind of incidents that seem to be common in many countries of Southeast Asia for example, whenever bad times come. The Chinese are well-known for their charity work and this can contribute toward greater social justice in their countries of adoption.

As you discuss the business that you can be involved in worldwide and the entrepreneurial opportunities that globalisation presents, I hope you will also ponder on the contribution that you can make to the well-being of your adopted countries and the world in general.

I wish you a fruitful convention.