

Speech by

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Ladies and Gentlemen,

[INTRODUCTION]

It is a great pleasure to be here today to formally open the 7th Hitachi Young Leaders Initiative. Allow me to begin by congratulating the 24 students from around the region on being selected for this programme. I know that the next few days are going to be very challenging for all of you. However, I urge you to make the most of this opportunity not only to share thoughts with the speakers and panellists who are attending, but also to gain some first-hand experience of how multi-lateral decisions are made – through constructive dialogue and consensus-building. If there is one thing you will learn from this experience, I would guess it will be that there truly are no right answers to the issues that we face as a region, just clearly-conceived and rigorously-planned approaches based on the best information available.

To the panellists and guest speakers: it is your support and encouragement that will help shape these young leaders and drive them to reach new heights of achievement. We will all, I hope, live long enough to see the world that is shaped by the next generation. This is an opportunity to ensure that Asia's upcoming leaders benefit from our collective experience and continue to build on the foundations that we are laying today.

To Hitachi, my thanks not only for providing this opportunity for young leaders from around the region to come together, but also for hosting this year's event here in Malaysia. Malaysia has always been an engaged and proactive voice within the Asia-Pacific and we welcome this chance to reinforce our commitment as a nation to the future of this part of the world.

[THEMATIC OVERVIEW]

What do we mean when we say "Balance"? For many people, balance is a state of equilibrium, in which all forces are evenly matched to create stasis. Let's call this "simple equilibrium". Rather like an old-fashioned set of scales, any movement on either side will destroy the balance in favour of one side or the other.

Today's theme – *Balancing People, Planet & Profit in Asia's Future* – cannot be viewed as a search for a simple equilibrium. The balance that we are talking about today is more like the balance exhibited by a tightrope walker. The illusion of stability is in fact the result of constant adjustment and readjustment to create opposing forces – let's call it "dynamic equilibrium". The quest for

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dynamic equilibrium is the challenge that faces not only the Asia-Pacific region, but the world as a whole.

Over the next two days, this forum will consider three sets of variables – the economy, the environment and education. The question we face is both simple and extremely complex – how can we develop an approach to developing the region that supports each variable to the detriment of none?

Asia is playing an increasingly important role in the global landscape. Asian companies are creating more and more of the world's manufacturing output. Asian lifestyles are impacting more and more people and cultures. Asian attitudes are being seen more and more as a viable alternative to the more mercantile focus of the developed world. And Asian economies are demanding more and more control over their destinies.

For many countries in this region, much of their potential wealth lies in the richness of their natural resources.

The abundant rainforests, fertile seas and waterways and the availability of wide areas of land for cultivation combine to create numerous opportunities for the region's less developed countries to attract capital. This capital, it is argued, is required to build local and national economies and provide the infrastructure necessary to develop a new generation of educated workers and entrepreneurs.

So for many Asian economies this is seen as a zero-sum game – any developments in the economy come at the cost of the environment. And as global demand increases and resources become more scarce, the immediate gains to be had from the exploitation and export of natural resources become more and more attractive.

The challenge, therefore, is two-fold. Create economic growth and the human capital to sustain it while, at the same time, preserve the environmental resources that are still seen as the primary drivers of these national economies.

Clearly, the solution must be a dynamic approach to the problem, not a simple one-size-fits-all solution. But what should be the path forward?

[THE REGIONAL ECONOMY]

At the heart of this forum lies the question of economic development. Asia, in general, is an outward-looking region.

Many of the economies in this region are export-oriented and, for a long time, have combined aggressive, price-driven exports with internal restrictions on the inward flow of goods and services.

Today, though, the region is increasingly relaxing market restrictions and opening up to cross-border trade in a manner that offers significant potential rewards to all parties. Asia as a region is attracting more and more inward investment and Asian companies are increasingly investing overseas.

Asian countries, though, do not have to look too far afield to find lucrative markets for their goods, skills and services. This part of the globe is home to some of the largest economies in the world and some of the fastest growing. It seems clear, therefore, that increased regional cooperation in the form of free trade agreements will bring increased opportunities to improve local economies.

This may be true, but it is also a fact that Asia is home to many divergent cultures. Between them, our 24 Hitachi Young Leaders speak eight languages or more, use five different writing systems and follow at least four different religions. Diversity is a way of life in Asia, but it also brings great challenges.

Recent experience in Europe has shown that, even among countries with a similar cultural heritage and a broadly equivalent level of economic development, the path to integration has been rocky. Indeed, the development of a European constitution was recently put on hold – some believe permanently – in part due to concerns over expanding the organisation to include less affluent nations.

Is it realistic, therefore, for Asia to pursue a multilateral model of regional integration? Or is it more appropriate to work within a network of bilateral agreements? Certainly, there are a whole range of issues that need to be considered when we talk about integration – free flow of labour, outside access to strategic industries, border controls and regional economic policy, to name but a few.

Arguably, though, the greatest challenge will be to ensure that integration does not simply benefit the wealthier economies at the expense of the less developed countries. Any steps toward regional integration must place the needs of the poorer countries at the forefront of the agenda.

[THE ENVIRONMENTAL CHALLENGE]

There is clearly a need for these countries to move toward an economic model that is less dependent on the export of non-sustainable resources. While the environment has traditionally been a source of wealth for Asia, it is increasingly clear that that source is not limitless. However, although the costs of environmental exploitation are becoming more widely recognised, there is still a long way to go before that awareness can be translated into real action.

Of course, natural resources do not have to come at a net cost to the environment. Here in Malaysia, palm oil and rubber are among our largest exports. These are sustainable and renewable resources that we have successfully managed and husbanded for decades. Nevertheless, we still read stories every week about illegal logging in our forests, poaching of our wildlife and pollution of our rivers and waterways. As long as it is easier to make money by exploiting the environment rather than by preserving it, these activities will continue.

For those who depend upon environmental resources for their living, it is all too easy to equate environmental conservation with the loss of livelihood. This is especially true when many of the loudest voices calling for conservation come from those economies that are no longer dependent upon the export of natural resources. The simple solution of punishing the people who exploit the environment is not enough. Deterrents must be matched with incentives to encourage a more responsible attitude.

The need for action in conserving the environment is not a secret. The effects of deforestation, pollution and industrialisation are well-documented. The challenge for Asia is to take that awareness and translate it into real action. When a country, or a company, or a family or an individual derives significant income from the exploitation of natural resources, what needs to be done to persuade those people to conserve the resource in question?

[THE ROLE OF EDUCATION]

That is where education comes into the mix. Education provides a path for individuals to move out of essentially a subsistence lifestyle and into a more economically productive role. That in turn allows the economy as a whole to mature to the point where less emphasis needs to be placed on the exploitation of resources.

There is a fundamental debate at the heart of the educational system that asks “What is the purpose of education?” For many, education should be about developing the individual through the pursuit of academic study. Increasingly, however, the role of education is becoming a part of the national agenda.

Education plays an important role in the national economy because it is through education that we develop the human capital needed to increase our level of development. However, there is a concomitant danger that our educational establishments will be seen simply as machines for churning out custom-built employees to fuel corporate demand.

Here in Malaysia, we are taking concrete steps to move towards a knowledge- based society by providing a high-quality, diverse education to all our citizens. It is not a task that can be achieved overnight, but Malaysia is increasingly being recognised throughout the region as a centre of educational excellence.

Education, however, is not only about the provision of centres of learning. At the other end of the scale, education and training opportunities are needed for working people. Providing training for farmers in modern agricultural methods, for example, or helping village traders build their businesses more effectively. These people need practical skills that they can implement immediately to help them build a better life for themselves and their families. That includes understanding the effects that their activities have on the environment and how to make a living that relies on sustainable resources, not finite ones.

Providing educational assistance to such people is a significant challenge, not only because of the logistical difficulties of reaching these populations, but also because the educational message must be supported by material assistance. Where this material support should come from is another significant question. Should it be funded by government, through business or through a partnership of the two?

Education, in one form or another, is inextricably linked to every facet of national development, from providing the core skills that an individual needs to participate in the economy to building the technological expertise required to take the lead in strategic industries.

[SUMMARY AND CONCLUSION]

The question before this forum is one of “balance”. Clearly, a dynamic approach needs to be taken not only to “Balancing People, Planet and Profit”, but also to balancing those variables themselves. There is no simple solution, no one-size-fits-all approach. Rather, it is our responsibility to understand the impact of the policies and practices we implement and to monitor and adjust constantly and consistently to ensure that we are acting for the betterment of ourselves, our countries and our region as a whole.

To the Hitachi Young Leaders, I have one final message. You are the people who will pick up where the current generation of leaders leaves off. It is your vision, your drive that will shape the future of this region.

As individuals you all have ideas and viewpoints on the best way forward. True leadership, though, derives from the ability to inspire and motivate, not the capacity to dominate. Come together as equal partners, respect the views of your colleagues and challenge yourselves to excel as a group, not as individuals. The search for balance must begin within yourselves.

Thank you for your attention. It now gives me great pleasure to declare the 7th Hitachi Young Leaders Initiative officially open.