

# MALAYSIA'S NEW ECONOMIC POLICY:



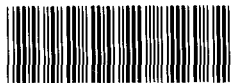
# AN OVERVIEW

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Edited by: Mukhriz Mahathir • Khairy Jamaluddin

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PUSTAKA PERDANA



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# Editorial Preface

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Since Merdeka in 1957, the economy of Malaysia has been growing as rapidly and persistently as practically any other country in the world. Along with this growth, in fact underpinning it, has gone a transformation of large proportions in the structure of the economy. In this process of massive growth – inevitably with its ups and downs mostly in response to changing fortunes in world markets – Malaysia has also shown its ability through flexible policies to adjust the course so as best to make up for both ill-fortune and mistakes and to seek out and exploit new or changing opportunities. In these respects, Malaysia is without doubt a real economic success story, holding its own well within the group of ASEAN countries, which itself is a most impressive growth area in the world economy.

In Malaysia, deep-rooted demarcations permeate the society in respect of population structures and locations, social and political organisations, economic activities and religious beliefs. While there are some strong common elements as between our various ethnic groups of goodwill, of institutions and of activities in everyday life, diversity and inequality are still very much present in the fabric of the society. These demarcations express themselves in many forms – often divisive, confrontational, and politically destabilising and damaging to the country as a whole. It has been the cardinal policy of every successive adminis-

tration since Merdeka to reverse and eventually to eradicate these various divisive structural forms, so that long term political stability and a cohesive united Malaysian nation may eventually emerge. For the last 30 years, the NEP has been the central element in the economic and political pursuit of a prosperous and equitable Malaysia where the Bumiputra effectively can play their full, proportionate part, both as producers and as beneficiaries of growth.

This *Overview* provides the reader with a condensed presentation of the NEP: its historical background, its main features and its impact on our economic life. The *Overview* presents extracts on the analysis presented by Just Faaland, Jack Parkinson and Rais Saniman in their book, *Growth and Ethnic Inequality: Malaysia's New Economic Policy*, first published in 1990 and now reprinted in a second edition. The *Overview* is not a full substitute for the book itself, which also reproduces a set of basic documents from the early years of preparation of the NEP strategy.

Thanks to the NEP, much has been achieved over the years, yet much remains as unfinished business. The future will present also new challenges for economic and social policies, requiring new and fresh responses, but ethnic balance and harmony will always remain an essential foundation for a viable and prosperous Malaysia. It is crucial, therefore, that throughout our citizenry, in all ethnic groups, we are conscious of our multi-ethnic heritage as a nation, that we are aware of both achievements and shortcomings of strategies and policies pursued over the years – notably in respect of the NEP – and that we can bring the experience of the past to bear on the challenges of today and for the future. This is why this *Overview* on the NEP has been produced.

As editors, we have seen this *Overview* as a response to the urgent but largely unmet need we perceive for objective study and active debate of the NEP, not only by academics and administrators, and by officials of political parties, but also in much wider circles, so as to ensure that the policies and actions that are put in place reflect a fully informed balance of concerns and interests of all

Malaysians. Here, we echo the urgings of the Prime Minister and the Deputy Prime Minister as expressed in their respective statements reproduced in the opening pages of this *Overview*.

For Malaysia to realise the ideals of Rukunegara and to formulate and implement the required NEP-type restructuring of the national economy, it is essential that there be broad ranging support derived from at least basic knowledge of the NEP as a guiding strategy and cornerstone in our common efforts to build a prosperous and harmonious Malaysia of the future. The *Overview* will serve, we hope, as an introduction to the NEP which will permit the reader to become an informed participant in the debate about the justification and need for NEP-type policies also today, and about the effectiveness or otherwise of alternative practices of their implementation.

**Mukhriz Mahathir**  
**Khairy Jamaluddin**